

## 8. Securities and Shareholder Information

### 7.1 Registered and Paid-Up Capital

As of 31 December 2016, the Company has issued and paid-up registered capital at 375,000,000 baht divided into 750,000,000 common shares at a par value of 0.50 baht per share

### 7.2 Shareholders

The Company has ten major shareholders as of 14 March 2016 as follows:

Shareholders	Shares Held (Shares)	Shareholding Ratio (%)
1. LP Holding Co., Ltd.	202,269,600	26.97
2. Mr. Pipat Savetvilas	34,393,684	4.59
3. Mrs. Sunee Tantaterdtam	30,062,410	4.01
4. Union Capital Co., Ltd.	25,410,000	3.39
5. Mrs. Wimontip Pongsatorn	23,100,000	3.08
6. Kasikorn Bank Public Co., Ltd.	16,800,000	2.24
7. Dr. Ungoon Chantanavanich	14,684,848	1.96
8. Krungthai-AXA Life Insurance PCL.	13,950,300	1.86
9. Krung Thai Selective Equity Fund	11,854,700	1.58
10. SCB Dividend Stock 70/30 Long Term Equity Fund	11,143,700	1.49
<b>Total</b>	<b>383,669,242</b>	<b>51.17</b>

### 7.3 Dividend Payout Policy

The Company intends to operate on the basis of good, transparent and accountable corporate management principles with primary consideration given to the interest of every interested person group. The Company is also aware of shareholders' rights as investors and the Company's owners. Therefore, to add value for shareholders in the long-term, the Company has specified dividend payment policy for the Company and its subsidiaries as follows:

#### 1) The Company's Dividend Payout Policy

The Company has the policy to pay dividends to shareholders at no less than 50 percent of net profit from the separate financial statement after deducting juristic person income tax and every type of appropriation specified by law and the Company's regulations. However, the aforementioned dividend payout may have changes depending on necessity and other suitability as considered by the Board of Directors. Annual dividend payouts require approval from the general shareholders' meeting except for interim dividend payouts. The Board of Directors may approve occasional interim dividend payouts if the Company is seen to have sufficient profit and the Board of Directors is to report the aforementioned interim dividend payouts to the next general shareholders' meeting.

#### 2) Subsidiaries' Dividend Payout Policy

Subsidiaries' dividend payout consideration is under approval consideration by the Board of Directors and general shareholders' meeting of each subsidiary. The Company's subsidiaries have the policy to pay dividends to shareholders at the rate of no less than 50 percent of net profit from the separate financial statement after

deducting juristic person income tax and every type of appropriation specified by law and the Company's regulations. However, the aforementioned dividend payout may have changes depending on necessity and other suitability as considered by the Board of Directors and the general shareholders' meeting of each subsidiary. Annual dividend payouts require approval from the general shareholders' meeting of each subsidiary except for interim dividend payouts. The Board of Directors of each subsidiary may approve occasional interim dividend payouts if the Company is seen to have sufficient profit. And, in order for subsidiaries' dividend payouts to be in accordance with good corporate governance principles, transparency and accountability, the Board of Directors of each subsidiary is to report the aforementioned interim dividend payouts to the next Board of Directors/general shareholders' meeting.

## 9. Management Structure

### 8.1 The Board of Directors of the Company and Its Subsidiaries

The Board of Directors as of 31 December 2016 comprised 12 directors and the Boards of Directors of subsidiaries have the following details:

Name	Company	Subsidiary		
		AMARC	ABMC	LP2
Prof.Dr.Somsak Lohlekha	Chairman	-	Director	Director
Mr.Pipat Savetvilas	Deputy Chairman	-	-	Director
Dr.Somchao Tanterdtham	Director	-	-	-
Dr.Chantorntree Darakananada	Director*	-	-	-
Mrs.Vidchuda Ampornphol	Director	Director	-	-
Dr.Ungoon Chantanavanich	Director	Director	Director	Director
Mrs.Supaporn Kantamanond	Director	-	Director	Director
Assoc.Prof.Dr.Wirat Wongsangnak	Director	Director	Director	Director
Asst.Prof.Dr.Piboon Limprapat	Independent Director/Chairman of the Audit Committee	-	-	-
Mrs.Benjawan Thanapaisanpipat	Independent Director/Audit Director	-	-	-
Mr.Kunthon Nakporm	Independent Director/Audit Director	-	-	-
Miss Thippawan Uthaisang	Independent Director/Audit Director	-	-	-

Remark : Dr.Chantorntree Darakananada had resigned out of Director with 24 February 2016

#### Directors with Signatory Authority on the Company's Behalf

Directors with authority to sign and bind the Company to obligations consist of Prof. Dr. Somsak Lohlekha, Mr. Pipat Savetvilas, Assoc. Prof. Dr. Wirat Wongsangnak, Dr. Ungoon Chantanavanich and Mrs.Supaporn Kantamanond. Two out of the five aforementioned directors are to sign together on the Company's behalf and affix seals.

#### Authority, Duties and Responsibilities of the Board of Directors

The Board of Directors, as a representative for shareholders, play key roles in governing the Company's management in compliance with the law, the Company's rules and regulations and the general shareholders' meeting resolutions, including specification of the Company's visions, obligations, strategies and policies with maximum benefit for shareholders and monitoring the Management Department's performance. Furthermore, the Board of Directors also has authority and responsibilities as specified by law, rules, objectives and resolutions of the Company's general shareholders' meeting including the following actions:

- (1) Perform duties and govern the Company's business in compliance with the law, objectives, regulations, resolutions of Board of Directors' meetings including the general shareholders' meeting with responsibility, caution, honesty and attention to preserving the Company's interests.
- (2) Specify the Company's and its subsidiaries' vision, strategy, business direction, policy, goal, business plan, budget, management structure and approval authority as proposed by the Management Department in addition to governing administration and performance by the Management Department

or any person assigned to perform the aforementioned duties in order to effectively comply with specified policies and add the highest value for the Company and shareholders.

- (3) Continually and regularly monitor and evaluate performance by the Management Department to achieve strategies and be in line with plans and budgets along with ensuring systems and mechanisms for appropriate remuneration for executives.
- (4) Ensure the Company and its subsidiaries have appropriate and effective accounting systems along with arranging for reliable financial and auditing reports in addition to adequate and proper internal control and internal audit systems.
- (5) Consider approval for the acquisition or distribution of properties (in cases where transaction size does not require consideration by the general shareholders' meeting), invest in new businesses and perform in compliance with the law, notifications and related rules and regulations.
- (6) Consider approval for related transactions (in cases where transaction size does not require consideration by the general shareholders' meeting), invest in new businesses and perform in compliance with the law, notifications and related rules and regulations.
- (7) Consider interim dividend payout approval for the Company's shareholders.
- (8) Review risk management processes and policy in addition to monitoring performance.
- (9) Prevent conflicts of interest between the Company's and its subsidiaries' interested persons. Cases where any director has interests in any transactions conducted with the Company or increased or decreased shareholding ratios in the Company and its subsidiaries are to be reported to the Company by the aforementioned directors without delay.
- (10) Arrange for good corporate governance policies, corporate social responsibility policies, anti-corruption policies and effective adaptation of the aforementioned policies.
- (11) Appoint sub-committees such as the Audit Committee, the Executive Committee, The Nomination and Remuneration Committee and/or any other sub-committees in order to help and support performance of duties by the Board of Directors as deemed fitting.
- (12) Appoint the Corporate Secretary to assist the Board of Directors in working to ensure the Company's business operations are in compliance with the law and related regulations.
- (13) Request professional opinions from external organizations if necessary to accompany appropriate decision-making.
- (14) Prepare annual reports and take responsibility for financial statement preparation and disclosure to reveal the Company's financial status and performance in the past year for presentation to the Shareholders Meeting.
- (15) Host annual general shareholders' meetings within four months after the end of the Company's accounting cycle.
- (16) Consider approval on various topics by considering interested persons and interest with fairness.
- (17) Assign a director, several directors or other persons to perform any actions on behalf of the Board of Directors.

Assignment of the Board of Directors' authority, duties and responsibilities will have no characteristics of granting authority or sub-granting authority causing the Board of Directors or persons authorized by the Company to be able to approve transactions in which that person or other persons may have conflicts (as defined in the Securities and Exchange Notification or Capital Market Supervisory Board Notifications), interests or receive benefit in any characteristic or any other potential conflicts of interest with the Company or its subsidiaries except for approval granted to transactions in line with policy and criteria considered approved by the general shareholders' meeting or the Board of Directors.

#### Terms in Office for Directors

The Company's directors have a term of three years in position per term .At every annual general shareholders 'meeting, the Company's directors are out of office at one-third of all directors .If the number of directors cannot be divided into three parts, directors are to resign by the number closest to one-third .Directors who are out of office may be reselected into office .Directors who have to leave office in the first and second year after registering the Company drew lots and directors who were in position the longest in later years will be the directors who will leave their positions.

#### **Board Self- Assessment**

The Board has established an annual self-assessment for the overall performance of the Board of Directors, Sub-Committee (Executives Committee, Nomination and Remuneration Committee and Audit Committee), and of members on an individual basis. The assessment has been conducted based on the self-assessment guidelines provided by the Stock Exchange of Thailand and in accordance with the Company's Good Corporate Governance principles.

The self-assessment serves as a framework to monitor the performance of Board of Directors' duties, analysis of the functioning results, problems, and obstacles that arise in the previous year operation, and summarize in the performance evaluation report. The Company shall also use any recommendation to improve effectiveness of the Board's operation onwards. The results of self-assessment the Board of Directors and Sub-Committee for the year 2016 summarized in the Board of Directors' Meeting No.6/2016 held on December 15, 2016 are as follows:

#### **Self- Assessment for the Board of Directors**

**Principles:** The self-evaluation forms have been organized for the Board and of members on an individual basis based on the self-assessment guidelines provided by the Stock Exchange of Thailand but adapted to fit the Company's Board structure. The performance evaluation results will be a key paths to stipulate and enhance the efficiency of the Board onwards.

The assessment shall cover the following criteria:

1. Structure and qualifications of the Board of Directors;
2. Roles, duties and responsibilities of the Board of Directors;
3. Meeting of the Board of Directors;
4. Acts of duty of the Board of Directors;
5. Relationship with the Company's Management;
6. Self-development of directors and executives.

Result of 2016 Performance Evaluation of the Board of Directors and of members on an individual basis regarding the overall 6 criteria was scored at 93.21% which represented in a range of “Excellence” performance.

#### **Self- Assessment for the Executive Board**

**Principles:** The self-evaluation for the Executive Board organized in a form to evaluate the performance of the Board's duties and of members on an individual basis aimed to attain the following objectives:

- 1) To monitor the performance of the Board's duties, analysis of the functioning results, problems, and obstacles that arise in the previous year operation;
- 2) To stipulate and enhance the efficiency of the Executive Board onwards.

The assessment shall cover the major 3 criteria as follows:

1. Structure and qualifications of the Sub-Committee;
2. Meeting of the Sub-Committee;
3. Acts of duty of the Executive Board;

Result of 2016 Performance Evaluation of the Executive Board and of members on an individual basis regarding the overall 3 criteria was scored at 88.89% which represented in a range of “Very Good” performance.

#### **Self- Assessment for the Nomination and Remuneration Committee**

**Principles:** The self-evaluation for the Nomination and Remuneration Committee organized in a form to evaluate the performance of the Committee's duties and of members on an individual basis aimed to attain the following objectives:

- 1) To monitor the performance of the Committee's duties, analysis of the functioning results, problems, and obstacles that arise in the previous year operation;
- 2) To stipulate and enhance the efficiency of the Nomination and Remuneration Committee onwards.

The assessment shall cover the major 3 criteria as follows:

1. Structure and qualifications of the Sub-Committee;
2. Meeting of the Sub-Committee;
3. Acts of duty of the Nomination and Remuneration Committee;

Result of 2016 Performance Evaluation of the Nomination and Remuneration Committee and of members on an individual basis regarding the overall 3 criteria was scored at 99.11% which represented in a range of “Excellence” performance.

#### **Self- Assessment for the Nomination and Remuneration Committee**

**Principles:** The self-evaluation for the Audit Committee organized in a form to evaluate the performance of the Committee's duties and of members on an individual basis aimed to attain the following objectives:

- 1) To monitor the performance of the Committee's duties, analysis of the functioning results, problems, and obstacles that arise in the previous year operation;
- 2) To stipulate and enhance the efficiency of the Audit Committee onwards.

The assessment shall cover the major 3 criteria as follows:

1. Structure and qualifications of the Sub-Committee;
2. Meeting of the Sub-Committee;
3. Acts of duty of the Audit Committee;

Result of 2016 Performance Evaluation of the Audit Committee and of members on an individual basis regarding the overall 3 criteria was scored at 96.09% which represented in a range of “Excellence” performance.

**Report on Shareholding Changes of Directors and Executives in the Company and Its Subsidiaries in 2016**

N0	Name	Position	No. of Shares Held As of 31 Dec 2016	No. of Shares Held As of 31 Dec 2015	Increase (Decrease) in Shares	Shareholdin g Ratio in the Company (%)
1	Prof.Dr.Somsak Lohlekha	Chairman of the Board	7,765,360	7,765,360	-	1.04
2	Mr.Pipat Savetvilas	Deputy Vice Chairman of the Board	33,893,684	34,393,684	500,000	4.59
3	Dr.Somchao Tanterdtham	Director	1,987,840	1,987,840	-	0.27
4	Dr.Chantorntree Darakananada	Director	100,000	100,000	-	0.01
5	Mrs.Vidchuda Ampornphol	Director	1,141,160	1,141,160	-	0.15
6	Dr.Ungoon Chantanavanich	Director	14,684,848	14,684,848	-	1.96
7	Mrs.Supaporn Kantamanond	Director	6,078,260	6,073,260	(5,000)	0.81
8	Assoc.Prof.Dr.Wirat Wongsangnak	Director	4,232,920	3,222,920	(1,010,000)	0.43
9	Asst.Prof.Dr.Piboon Limprapat	Independent Director/Chairman of the Audit Committee	1,000,000	1,000,000	-	0.13
10	Mrs.Benjawan Thanapaisanpipat	Independent Director/Audit Director	1,096,600	1,096,600	-	0.15
11	Mr.Kunthon Nakporm	Independent Director/Audit Director	2,833,340	1,725,005	(1,108,335)	0.23
12	Miss Thippawan Uthaisang	Independent Director/Audit Director	1,000,000	1,000,000	-	0.13

## 8.2 Executives

The list of executives as of 31 December 2016 comprised six executives as follows:

Names	Positions
Dr.Ungoon Chantanavanich	Chief Executive Officer
Mrs.Supaporn Kantamanond	Managing Director
Assoc. Prof. Dr.Amporn Jongsareejit	Medical Department Administrator
Mr. Vitavas Pirmphol	Deputy Managing Director
Miss Surajit Jantawong	Deputy Managing Director
Miss Chomsri Chaiwachirasak	Deputy Managing Director

### Chief Executive Officer's Scope of Authority and Duty

The Chief Executive Officer's scope of authority and duty as approved by the Board of Directors Meeting No. 12/2014 on 12 December 2014 was as follows:

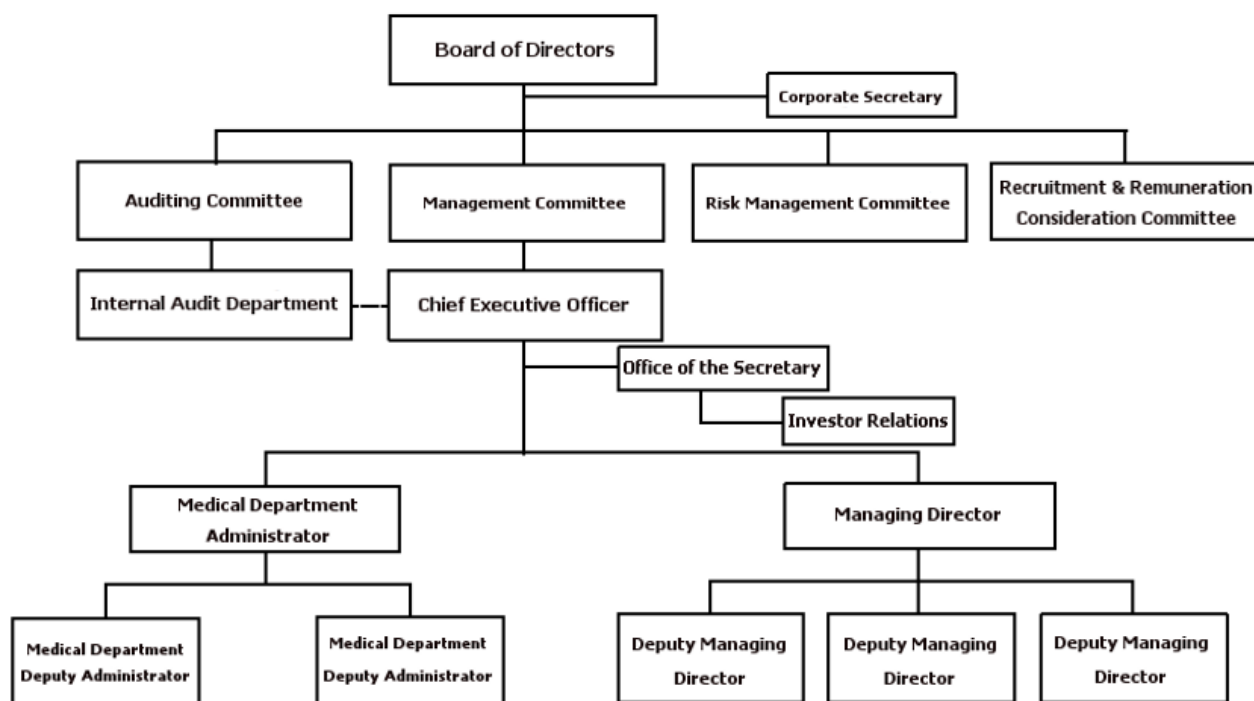
- (1) To decide in significant matters for the Company, designate the Company's missions, objectives, guidelines and policies including overall governance of performance, production, customer relations and the Chief Executive Officer is required to be responsible to the Board of Directors.
- (2) To have the authority to approve expenses or spending according to the Company's projects, investment or purchase/sale of permanent properties as approved by the Executive Committee and/or the Board of Directors within the approved balance according to scope of approval authority.
- (3) To consider the Company's fundraising topics for presentation to the Executive Committee.
- (4) To have the authority to employ, appoint, discharge, remove and fire employees. To set wage rates, rewards, raise salaries, remuneration and bonuses for employees from the level of Deputy Managing Directors and lower.
- (5) To act on the Company's behalf and represent the Company to outside persons in related businesses in the interests of the Company.
- (6) To operate businesses related to the Company's general administration.
- (7) To perform any other duties assigned by the Audit Committee, The Nomination and Remuneration Committee, the Risk Management Committee and/or the Board of Directors.
- (8) To have the authority to grant power and/or assign other persons to perform specific tasks by granting power and/or the aforementioned assignment to be within the scope for granting power according to power of attorney letters given and/or to comply with regulations, specifications or orders determined by the Company's Board of Directors.

Authority, duty and responsibility entrusted to the Chief Executive Officer are required to have no characteristics allowing the Chief Executive Officer or a person granted power by the Chief Executive Officer to approve transactions in which that person or a person with potential conflict (as defined in the Securities and Exchange Commission Notification or the Capital Market Supervisory Board) may have interests or benefits in any characteristic or may have any other conflicts of interest with the Company or its subsidiaries, except when



approving transactions in agreement with policy and criteria approved by the general shareholder's meeting or the Board of Directors.

The Company's Organization Chart as of 31 December 2016:



### 8.3 Corporate Secretary

Mr. Wittawat Permpoon functions as the Corporate Secretary for compliance with the Securities and Exchange Act of B.E. 2535 (1992) (including revisions and additions). The Corporate Secretary has the primary duty of working on behalf of the Company and/or the Board of Directors to prepare and store directors' registrations, Board of Director meeting invitation letters, minutes to the Board of Directors' meetings, the Company's annual reports, minutes to general shareholders' meetings and store reports on interest-holding reported by directors or executives in addition to performing any other action notified and specified by the Capital Market Supervisory Board in addition to sending copies of interest-holding reports according to Article 89/14 prepared by directors for the Chairman of the Board and the Chairman of the Audit Committee to acknowledge within seven business days from the date when the Company received that report. Furthermore, the Corporate Secretary also has the following duties:

- (1) Provide basic consultation regarding the law and the Company's rules and regulations enquired by the Board of Directors and monitor to have accurate and regular compliance in addition to reporting significant changes to specifications and/or the law for the Company's business operations to the Board of Directors' acknowledgement.
- (2) Manage shareholders' meetings and Board of Directors meetings in compliance with the law, the Company's regulations and related practices.

- (3) Record minutes to shareholders' meetings and Board of Directors' meetings in addition to monitoring to ensure practices according to resolutions of the shareholders' meeting and the Board of Directors' meeting.
- (4) Provide disclosure of information and information reports in areas of responsibility for related agencies in compliance with the regulations and specifications of the aforementioned agencies.
- (5) Ensure that activities performed by the Board of Directors and any other actions are compliant with the law and/or Capital Market Supervisory Board Notifications and/or assignments by the Board of Directors

#### 8.4 Directors' and Executives' Remuneration

##### 8.4.1 Monetary Remuneration

Directors' remuneration is composed of meeting gratuities paid based on the number of times when directors are in attendance at meetings as follows:

Name	Director		Audit Directors		The Nomination and Remuneration Committee		Executive Directors	
	Volume	Meeting Gratuities	Volume	Meeting Gratuities	Volume	Meeting Gratuities	Volume	Meeting Gratuities
1. Prof.Dr.Somsak Lohlekha	6/6	180,000						
2. Mr.Pipat Savetvilas	6/6	150,000						
3. Dr.Somchao Tanterdtham	6/6	120,000						
4. Assoc.Prof.Dr.Wirat Wongsangnak	6/6	120,000			3/3	60,000	12/12	120,000
5. Dr.Ungoon Chantanavanich	6/6	120,000			3/3	60,000	12/12	108,000
6. Mrs.Supaporn Kantamanond	6/6	120,000					12/12	96,000
7. Dr.Chantorntree Darakananada	5/6	100,000						
8. Mrs.Vidchuda Ampornphol	6/6	120,000						
9. Asst.Prof.Dr.Piboon Limprapat	6/6	120,000	4/4	120,000	3/3	90,000		
10. Mr.Kunthon Nakporm	6/6	120,000	4/4	80,000	3/3	60,000		
11. Mrs.Benjawan Thanapaisanpipat	6/6	120,000	4/4	80,000				
12. Miss Thippawan Uthaisang	6/6	120,000	4/4	80,000				

### Consultant's Remuneration

In 2016, the Company's subsidiary, Asia Business Management Center Co., Ltd. (ABMC), engaged in business support for the Company with the objective of supporting business expansions by the Company and its subsidiaries in the fields of medical statistics, legal work and corporation business development. Two directors were employed to provide consultation for the Company's corporation with total remuneration of 6.90 million baht.

### Executive Remuneration

In 2016, the Company paid remuneration to seven executives (other than remuneration as directors) in the form of salaries, bonuses and other returns from the Company at 22.71 million baht.

#### 8.4.2 Non-Monetary Remuneration

The Company has the policy to give other remuneration to directors and executives such as office cars, mobile phones, medical treatment expenses and expenses related to office cars and mobile phones for use in working such as fuel costs and phone service fees, etc.

### 8.5 Personnel

#### 8.5.1 Personnel Numbers

Personnel	As Of 31 December 2016	
	Regular Employees	Temporary/Irregular Employees
Doctors	46	367
Medical Department	416	50
Medical Technique Department	108	36
Management Department	125	-
Total	695	443

#### 8.5.2 Employee Remuneration

Remuneration	31 December 2016 (MB.)
Doctor's Fees	190.16
Salaries	238.78
Bonus	29.35
Overtime	64.60
Social Security Contributions	5.94
Provident Fund Contributions	2.33
Total	531.16

#### 8.5.3 Provident Fund

The Company established the Provident Fund by participating in the "Registered Advanced Retirement Provident Fund" managed by Thanachart Fund Management Co., Ltd. with the objective of building morale and encouragement among employees in addition to motivating employees to work with the Company in the long-term.

#### 8.5.4 Personnel Development Policy

It is the Company's policy to develop personnel with the objective of developing personnel to have knowledge and capabilities in working while also retaining personnel with knowledge and capabilities to work with the Company in the long-term with career advancement. The Company has provided regular training inside and outside facilities by preparing training plans every year, surveying training needs of personnel at every level in each department along with considering appropriate training preparations for work in each field.

## 10. Corporate Governance Policy

### Corporate Governance Policy

In the past, the Board of Directors complied with laws, objectives, regulations and decisions of the Company's shareholders' meeting in addition to adhering and complying with the Principles of Good Corporate Governance of Listed Companies based on the guidelines prescribed by the Stock Exchange as the Company's operational guidelines for performance efficiency while also creating transparency for investors, thereby building confidence in the Company's business operations among outside persons. The Company's good corporate governance policy covers principles in five sections with the following practice guidelines:

#### Section 1 – Shareholders' Rights

The Company recognizes and gives importance to shareholders' basic rights as investors in securities and the Company's owners such as rights to purchase, sell and transfer securities held by shareholders, the right to receive a share of the Company's profits, the right to receive adequate information, the right to attend shareholders' meetings, the right to express opinions, the right to participate in making decisions related to significant topics involving the Company such as dividend allocations, director appointment or removal, auditor appointments, significant transaction approvals impacting the Company's business operation direction, revisions to the Company's memorandum of association and regulations, etc.

The Company took the following actions in various topics to promote and facilitate shareholders in exercising rights:

(1) The Company sends meeting invitations with information accompanying meetings according to various agendas for shareholders to acknowledge no less than seven days in advance of the meeting date or at any other time required by law or other related regulations. Each meeting agenda is accompanied by the Board of Directors' opinions and adequate information accompanying the meeting to allow shareholders time to study information before meeting dates. Furthermore, the Company announces the aforementioned information on the Company's website prior to the shareholders' meeting date.

(2) In cases where shareholders are unable to personally attend meetings, the Company allows shareholders to grant proxy rights to any independent director or person to attend meetings on behalf of shareholders by using any form of letter for granting power of attorney sent by the Company with meeting appointments.

(3) The Company has policy to facilitate shareholders by holding shareholders' meetings at convenient places for traveling. Furthermore, the Company attaches shareholders' meeting maps to meeting invitations along with selecting appropriate dates and allocating sufficient times to hold meetings.

(4) Prior to the shareholders' meeting date, the Company allows shareholders to send opinions, recommendations or inquiries before the meeting date based on the criteria determined by the Company. The Company notifies the aforementioned criteria via the Company's website.

(5) At meetings, the Company allows shareholders equal rights to express opinions, recommendations or ask questions in various agendas independently before making decisions in any agenda. In addition, the Company's directors and executives who are involved will attend shareholders' meetings to answer questions at the meeting.

(6) The Company supports the use of voting ballots on every agenda for transparency and accountability.

(7) The Company arranges for independent persons to help count votes on each agenda.

(8) After meetings, the Company prepares minutes to the meeting with the recording of accurate and complete relevant information along with recording question issues and significant contents in minutes to the meeting to allow shareholders to examine. Furthermore, the Company records videos of meetings for storage and reference. Moreover, the Company disseminates votes on each agenda and the minutes to shareholders' meetings on the Company's website for shareholders to consider.

## **Section 2 – Equitable Shareholders Treatment**

The Company requires equitable treatment of every major shareholder, minor shareholder, executive shareholder, non-executive shareholder, Thai shareholder and foreign shareholder as follows:

(1) The Company notifies the Stock Exchange of Thailand regarding meeting schedules and related agendas along with disseminating via the Company's website at least 28 days before shareholders' meetings. Furthermore, the Company also prepares and disseminates meeting invitations in Thai and English on the Company's website.

(2) The Company facilitates minority shareholders in nominating directors or proposing additional agendas before the shareholders' meeting date. The Company clearly specifies criteria related to methods for allowing minority shareholders to nominate directors or criteria for consideration to add agendas proposed by minority shareholders in advance.

(3) At each meeting, the Company gives equal opportunities to every shareholder. Before convening the meeting, the Chairman of the meeting explains about exercising voting rights, methods for counting votes of shareholders in each agenda and offer opportunities for every person who is in attendance to express opinions, recommendations and enquiries in each agenda by using an appropriate amount of time. The Chairman of the meeting will continue the meeting according to agendas. In addition, the Company does not allow executives to add meeting agendas which were not announced to shareholders in advance without necessity, especially significant agendas for which shareholders require time to study information before making decisions.

(4) On the agenda to elect directors, the Company supports individual elections.

(5) The Company requires directors to report interest-holdings in any meeting agenda before giving consideration to agendas related to the Board of Directors' meeting and recording on the minutes to the Board of Directors' meeting. Furthermore, the Company forbids significant interested directors who are unable to propose independent opinions on related agendas from participation in that agenda.

(6) The Company specified guidelines to store and prevent use of the Company's inside information by forbidding persons or agencies with knowledge of inside information from disclosing the aforementioned information to unrelated agencies or persons. In cases where any person discloses the aforementioned information or uses inside information for his/hers or others' personal gain or carry out transactions with potential conflicts of interest, that person is considered to have committed severe crimes requiring disciplinary actions. Furthermore, the Company stipulates that every director and executive with duties to report securities holdings in compliance with the law to have the duty to prepare the aforementioned reports and send reports to the Corporate Secretary regularly for disclosure in the annual report.

### **Section 3 – Roles of Interested Persons**

The Company gives importance to the rights of every interested person or group such as internal interested persons consisting of the Company's shareholders and employees or external interested persons consisting of trading partners and customers, etc. The Company is well aware that support and opinions from every interested person or group will be beneficial to the Company's operations and business development. Therefore, the Company will comply with the law and related specifications to ensure the rights of the aforementioned interested persons receive good care. Furthermore, the Company considers the rights of every interested parties in the Company's business operations based on the following guidelines:

**Shareholders:** The Company operates its businesses with transparency and efficiency along with the determination to achieve excellent performance and secure growth the shareholders' maximum long-term benefits along with disclosing information to shareholders with transparency and reliability.

**Employees:** The Company treats employees equally and fairly with proper remuneration. Furthermore, the Company gives importance to the regular development of employees' skills, knowledge, abilities and capacity such as by hosting lectures, seminars and training to provide equal opportunities for every employee and create motivation for employees who are highly skilled and capable to remain to develop the organization further. Moreover, the Company has set anti-corruption guidelines and instills every employee to comply with the law and related regulations such as restrictions against use of inside information, etc.

**Trading Partners:** The Company has processes for selecting trading partners by allowing trading partners to compete based on equal information and the Company selects trading partners fairly under the Company's criteria for assessing and selecting trading partners. Furthermore, the Company prepares appropriate and fair contract forms for both parties along with arranging for systems to monitor and ensure complete compliance with contract conditions while also preventing corruption and unlawful behaviors in every step of the procurement process. The Company purchases goods from trading partners according to trade conditions and strict compliance to contracts with trading partners.

**Customers:** The Company takes responsibility for customers by maintaining goods and service quality and standards, including responding to customer needs with the utmost completeness and coverage to emphasize long-term customer satisfaction. Moreover, the Company provides post-sale services and accurate information regarding the Company's goods and services in addition to arranging processes enabling customers to report problems or improper service provision so the Company prevents and rapidly solves problems related to goods and services.

**Creditors:** The Company complies with the conditions of contracts with creditors in repaying principal amounts, interest and care for guarantees.

**Competitors:** The Company behaves within the framework of good competition with ethics inside legal frameworks along with supporting and promoting free and fair competition policies.

**Society and the Public:** The Company recognizes and gives importance to safety for society, the environment and quality of life for persons related to the Company's operations and the Company promotes conscientiousness and responsibility toward the environment and society among the Company's employees while also arranging for compliance with the law and various regulations. In addition, the Company attempts to

participate in activities to create and maintain the environment and society along with promoting culture in localities where the Company operates business.

In addition, interested persons are able to enquire for details, report complaints or clue to illegal actions, financial report accuracy, erroneous internal control systems or violations to the Company's business ethics via the Company's independent directors or audit directors. Complaints and clues will be protected and confidential.

#### **Section 4 – Disclosure and Transparency**

(1) The Board of Directors places importance on the disclosure of accurate, complete, adequate, transparent and up-to-date information, including financial information and general information as well as other information affecting the Company's securities prices, all of which influence the decision-making processes of the Company's investors and stakeholders by disclosing information based on the criteria of the Securities and Exchange Commission and the Stock Exchange of Thailand.

(2) The Company arranges Investor Relations Department staff to perform the duty of communicating with investors or shareholders. The Company holds regular meetings to analyze performance along with disseminating the Company's financial information and general information to shareholders, securities analysts, reliability ranking companies and related government agencies via various channels such as reports to the Securities and Exchange Commission, the Stock Exchange of Thailand and the Company's securities. Furthermore, the Company places importance on regular information disclosure in Thai and English to provide regular news for shareholders via the Company's website. The data on the Company's website is regularly updated and includes the Company's vision, mission, financial statement, public relation news, annual report, corporate structure and executives including shareholding structure and major shareholders, meeting invitations, the Company's registration documents and various charters, etc.

(3) The Company gives importance to the Company's financial statements and financial information appearing in annual reports. The Audit Committee reviews financial report and internal control system quality in addition to adequately disclosing significant information in remarks accompanying financial statements and reports for the Board of Directors along with preparing reports on the Committee's responsibilities to financial reports for presentation with the auditor's report in annual reports. Furthermore, the Committee supports the Management Department to prepare management discussion and analysis to accompany financial statement disclosure in every quarter.

(4) The Company discloses information regarding each director, the Board of Directors' and sub-committees' roles and duties, number of meetings and attendance during the past year and opinions from performing duties including continual professional training and knowledge improvements on annual reports and forms showing the Company's annual information in addition to disclosing remuneration policy and remuneration characteristics and details for the Company's and its subsidiaries' directors and high-ranking executives (if any).

(5) The Company provides disclosure of auditing fees and fees for other services performed by the auditor.

(6) The Company arranges for summaries of approved reports on corporate governance and business ethics policy, risk management policy and environment and social care policy including performance in compliance with the aforementioned policies and cases where the aforementioned policies could not be carried out



with reasons for disclosure by reporting via various channels such as annual reports and the Company's website, etc.

## **Section 5 – Responsibilities of the Board of Directors**

### **1. Board of Directors and Sub-Committee Structure**

The Board of Directors is composed of persons with knowledge, ability and experience capable of benefiting the Company with significant roles in setting the organization's policies and overall view, including significant roles in governing, auditing and evaluating the Company's performance according to plans.

The Board of Directors is currently composed of 12 directors with three directors from the Management Department and five non-executive directors. The Board of Directors has directors with independent qualifications or one-third of the Board, creating proper balance in considering and voting on various topics. Directors have a term in office of no more than three years as prescribed by related laws. Furthermore, the Company's directors and executives may hold positions as directors or executives in other companies in the corporation or other companies while maintaining compliance with specifications of the Securities and Exchange Commission, the Stock Exchange of Thailand and related agencies in addition to requirements for reports to Board of Directors' meetings.

In addition, the Board of Directors appoints sub-committees to help in corporate governance as follows:

(1) The Executive Committee: The Executive Committee consists of four executive directors who perform the duty of supporting the Board of Directors with managing the Company's business in accordance with any policy, plan, regulation and order, including goals set under frameworks assigned by the Board of Directors.

(2) The Audit Committee: The Audit Committee consists of four audit directors who perform the duty of supporting the Board of Directors in governance, management audits, internal control, risk management and good governance along with financial report preparations in order for the Company's operations and information disclosure to be transparent and reliable.

(3) The Nomination and Remuneration Committee: This committee is composed of four directors who function to recruit appropriate persons to become directors and high-ranking executives, consider remuneration forms and criteria for directors and high-ranking executives and present opinions to the Board of Directors to consider approval and/or present to the shareholders' meeting for further consideration of approval (depending on the case) in order to be concurrent with the Company's good corporate governance policy and principles of good corporate governance of the Stock Exchange of Thailand in order to ensure transparency and fairness for every interested person, including being effective for the organization.

(4) The Risk Management Committee: The Risk Management Committee comprises eight risk management directors who support the Board of Directors in setting risk management policies to cover the entire organization and governing to ensure proper risk management systems or processes to reduce impacts on the Company's business.

The Chairman of the Board of Directors is not the same person as the Chairman of the Executive Committee in order to divide duties in setting overall policy and governance from regular management. Independent directors are elected to become the Chairman of the Board of Directors.

Moreover, the Company has arranged for the Corporate Secretary to perform duties related to Board of Directors' meetings and shareholders' meetings in addition to supporting the work of the Board of Director by

providing consultation related to specifications of the law and regulations related to performance of duties by the Board of Directors including coordinating compliance with the Board of Directors' resolutions.

## 2. Board of Directors' Roles, Duties and Responsibilities

The Board of Directors has responsibilities to shareholders regarding the Company's business operations with duties to specify the Company's policies and operational directions including governing management based on goals and creating guidelines leading to long-term benefits for shareholders under legal specifications and business ethics. In the meantime, the Board of Directors also considers the interest of every interested party with details appearing on the Board of Directors' charter.

### (1) Corporate Governance Policy

The Company prepared the Company's corporate governance policy in writing and presented the policy to the Board of Directors' meeting for approval. In addition, the Company prepared good corporate governance handbooks to provide guidelines for directors, executives and employees in complying with the aforementioned policy. The Board of Directors arranges annual reviews for the aforementioned policy.

### (2) Business Operation Ethics

The Company intends to operate the Company's business with transparency, morals and responsibility to interested persons including society and the environment. The Company specified practices in writing for the Board of Directors, executives and employees to uphold as principles for practice as follows:

- (a) Business Ethics on Responsibility to Shareholders.
- (b) Business Ethics on Customer Relations.
- (c) Business Ethics on Trading Partner, Trading Competitor and Creditor Relations.
- (d) Business Ethics on Responsibility to Employees.
- (e) Business Ethics on Responsibility to Society and the Environment.

The Company will announce and notify for every employee to acknowledge and have strict compliance.

### (3) Conflicts of Interest

The Company has policy for considering the elimination of problems from conflicts of interest with attention to detail, honesty, reason and independence under a good ethical framework primarily for the benefit of the Company by specifying for persons who are involved or related to considered transactions to disclose information regarding personal interests and the interests of related persons to the Company without participating in considerations or having the authority to approve the aforementioned transactions.

The Company has policy to carry out related transactions and transactions with conflicts of interest while having consistency with the law including regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Furthermore, the Company will disclose the aforementioned transactions in annual reports and the annual disclosure report form (Form 56-1).

### (4) Internal Control

The Company has effective internal control systems for internal governance and control at the executive and operational level. The Company has established the Internal Audit Department to assess internal control system sufficiency and report to the Audit Committee according to auditing plans.

### (5) Risk Management

The Company established the Risk Management Committee to support the Board of Directors in setting risk management policy to cover the entire organization and govern to sure there are risk management systems or processes to appropriately reduce impacts on the Company's business.

#### (6) Committee Reports

The Audit Committee is under obligation to review financial reports by holding meetings with the Accounting Department and the auditor before presenting financial reports to the Board of Directors on a quarterly basis. The Board of Directors is responsible for the consolidated financial statement of the Company and its subsidiaries (if any) including financial information appearing on annual reports.

#### 3. Board of Directors' Meetings and Self-Assessment

The Company hosts Board of Directors' meetings at least every quarter with additional meetings as necessary by clearly setting meeting agendas in advance and having an agenda to regularly consider performance monitoring. The Company sends meeting invitations with meeting agendas and documents accompanying meetings to every director for no less than seven days before the meeting to allow the Board of Directors to have sufficient time for studying information before participation in the meeting except for cases with necessary and urgent causes. The Company also records minutes to the meeting and collects certified documents for use as reference and accountability. At every meeting, executives and people involved should attend to provide accurate and information and details in time to accompany decisions.

In reaching a resolution, the Board of Directors' meeting uses a majority vote with one director casting one vote. Interested directors will not participate in meetings and vote on that topic. In case of tied votes, the Chairman of the meeting will cast another vote to decide the vote.

Furthermore, the Board of Directors supports annual performance evaluations at least once a year to modify and review performance by setting clear meeting topics before measuring the aforementioned evaluation outcomes to collect opinions for presentation to the meeting in addition to disclosing criteria, steps and overall evaluation outcomes on the annual report.

#### 4. Remuneration

Directors' remuneration may be in the form of meeting gratuities, monthly salaries, traveling expenses and quartering expenses, all of which are required to be within average criteria when compared to the same industry by considering adequacy to duties and responsibilities of directors. Executives receive remuneration in the form of salaries and annual bonuses mainly by considering the Company's performance. Total annual remuneration for the Board of Directors and executives must not be abnormally high when compared to mean returns of companies listed on the Stock Exchange of Thailand by considering maximum shareholder benefits.

Directors' remuneration requires approval from the Company's annual shareholders' meeting.

#### 5. Director and Executive Development

The Board of Directors has the policy to promote and provide convenience, training and education for persons involved in the Company's corporate governance system such as directors, audit directors, executives and the Corporate Secretary, etc., in order to continually improve performance. Training and education may be carried out in the Company or by outsourcing to other institutes.

In cases with changes in directors or new directors, the Management Department will provide documents and information beneficial to the work of new directors in addition to providing recommendations on the Company's business characteristics and business operation guidelines for new directors.

The Board of Directors will arrange for rotations in assignments with the expertise of executives and employees by considering the suitability of tasks and time. The Chief Executive Officer will specify time range and consider performance to create development and succession plans for the Company while also developing more knowledge and ability among executives and employees in order to be able to work with interchangeably.

6. Board of Directors

The Board of Directors' structure is composed of five committees, namely, the Board of Directors, the Audit Committee, the Executive Committee, The Nomination and Remuneration Committee and the Risk Management Committee. The scope of authority and duty of the Company's various sub-committees are as follows:

(1) Audit Committee

As of 31 December 2015, the Executive Committee has four directors as follows:

- |    |                               |   |
|----|-------------------------------|---|
| 1. | Asst.Prof.Dr.Piboon Limprapat | Audit Committee Chairman/Independent Director |
| 2. | Mr.Kunthon Nakporm            | Audit Director/Independent Director           |
| 3. | Mrs.Benjawan Thanapaisanpipat | Audit Director/Independent Director           |
| 4. | Miss Thippawan Uthaisang      | Audit Director/Independent Director           |

Miss Jintana Tongprayoon is the Secretary of the Audit Committee.

Remarks: Two audit directors had sufficient knowledge and experience to review financial statement reliability, namely, (1) Mrs.Benjawan Thanapaisanpipat, who graduated with a master's degree in business management from Thammasart University and a bachelor's degree in accounting from the Faculty of Commerce and Accountancy, Chulalongkorn University, while she is also a manager at Benj Auditing Office, and (2) Miss Thippawan Uthaisang, who graduated with a master's degree in business management from Thammasart University and a bachelor's degree in accounting from the Faculty of Commerce and Accountancy, Thammasart University.

Audit Committee's Authority, Duty and Responsibility

(1) Review to ensure the Company has accurate financial reports and sufficient disclosure of information.

(2) Review for the Company to have proper and effective internal control and internal audit systems in addition to considering independence of internal audit agencies and approving consideration to appoint, transfer and terminate employment of internal audit agency supervisors or any other agencies responsible for internal audits.

(3) Review to ensure the Company's compliance with laws on securities and exchange, specifications of the Stock Exchange of Thailand and any other laws related to the Company's business.

(4) Consider, select and nominate persons with independence to perform duties as the Company's auditor and propose remuneration for the aforementioned persons, including participating in meetings with the auditor without the Management Department in attendance at least once per year.

(5) Consider related transactions or transactions with potential conflicts of interest in accordance with laws on securities and exchange including notifications, specifications of the Stock Exchange of Thailand and any other laws related to the Company's business in order to ensure that the aforementioned transactions are logical and made for the Company's maximum benefit.

(6) Prepare the Audit Committee's reports by disclosing on the Company's annual report. The aforementioned report is required to be signed by the Chairman of the Audit Committee and contain at least the following information:

- (a) Opinions regarding the accuracy, completeness and reliability of the Company's financial reports.
  - (b) Opinions regarding the sufficiency of the Company's internal control systems.
  - (c) Opinions regarding compliance with laws on securities and exchange, specifications of the Stock Exchange of Thailand and any other laws related to the Company's business.
  - (d) Opinions regarding the auditor's suitability.
  - (e) Opinions regarding transactions with potential conflicts of interest.
  - (f) Number of Audit Committee meetings and attendance by each audit director.
  - (g) Overall opinion or observation of the Audit Committee from working in compliance with the charter.
  - (h) Other transactions which the Audit Committee consider that shareholders and investors in general should have knowledge under the scope of duties and responsibilities assigned by the Board of Directors.
- (7) Review the Company's risk management efficiency and appropriateness.
- (8) Review and propose revisions to the Audit Committee's scope of authority, duty and responsibility in concurrence with situations.

(9) Audit and interrogate related persons under the authority and duty of the Audit Committee with the power to employ or use special experts to help with audits and interrogations.

(10) If the following transactions or actions with potentially significant impacts on the Company's financial status and performance were encountered, the Audit Committee is to report to the Board of Directors to make corrections within the time considered appropriate by the Audit Committee.

- (a) Transactions with conflicts of interest.
- (b) Corruption, abnormalities or significant errors in internal control systems.
- (c) Violations of laws on securities and exchange, specifications of the Stock Exchange of Thailand or laws related to the Company's business.

If the Board of Directors or executives fail to make corrections within the aforementioned time, any audit director may report the aforementioned transactions or actions to the Securities and Exchange Commission or the Stock Exchange of Thailand.

(11) Provide opinions regarding appointment, termination of employment, performance, budget and rates of the Internal Audit Department for the Management Department.

(12) Prepare the Audit Committee's performance reports for the Board of Directors at least once a year.

(13) Revise and review corporate governance, corporate social responsibility and anti-corruption policies and processes.

(14) Perform any other tasks assigned by the Board of Directors with approval from the Audit Committee.

(2) Executive Committee

As of 31 December 2015, the Executive Committee consists of four directors as follows:

1. Assoc.Prof.Dr.Wirat Wongsangnak Chairman of the Executive Committee
2. Dr.Ungoon Chantanavanich Deputy Executive Director
3. Mrs.Supaporn Kantamanond Executive Director
4. Assoc. Prof. Dr.Amporn Jongsareejit Executive Director

Mr. Vitavas Pirmphol is the Secretary of the Executive Committee.

Executive Committee's Authority, Duty and Responsibility

(1) Prepare and set visions, missions, policies, strategies, budgets, management structure and management authority for presentation to the Board of Directors for consideration of approval and operate as approved by the Board of Directors including checking and monitoring the aforementioned performance effectively.

(2) Manage and control business operations related to the Company's general management.

(3) Approve entry into contracts and/or any transactions related to the Company's normal business operations (such as purchases/sales, investments or joint ventures with other persons to carry out the Company's normal transactions for benefits in operating according to the Company's objectives) within authority limits.

(4) Approve loans and any loan requests from financial institutes, borrow and pawn, mortgage or guarantee the Company and its subsidiary within the authority limits.

(5) Approve the appointment of various necessary consultants in various fields for the Company's operation under the framework of budgets approved by the Board of Directors in each year.

(6) Set frameworks and policies for determining salaries, monthly salary raises, bonus payments, remuneration and rewards for employees and executives (except for high-ranking executives).

(7) Perform any other actions assigned by the Board of Directors or policies specified by the Board of Directors.

(8) Authorize any person or persons to perform any actions on behalf of the Executive Committee.

The granting of authority, duty and responsibility by the Executive Board will not have characteristics of granting authority and allowing the Executive Committee or persons authorized by the Executive Committee to be able to approve transactions in which that person or persons with conflict (as defined in Securities and Exchange Commission Notifications or Capital Market Supervisory Board Notifications) may have interest or benefits in any characteristics or any other conflicts of interest with the Company and its subsidiaries, except for transactions approved in compliance with the policy and criteria approved by the Board of Directors' meeting.

(3) The Nomination and Remuneration Committee

As of 31 December 2015, The Nomination and Remuneration Committee has four directors as follows:

1. Asst.Prof.Dr.Piboon Limprapat The Nomination and Remuneration Chairman
2. Mr.Kunthon Nakporm The Nomination and Remuneration Director

3. Assoc.Prof.Dr.Wirat Wongsangnak The Nomination and Remuneration Director
4. Dr.Ungoorn Chantanavanich The Nomination and Remuneration Director

Mr. Vitavas Pirmphol is the Secretary of The Nomination and Remuneration Committee.

The Nomination and Remuneration Committee Authority, Duty and Responsibility

#### Nomination

(1) Set director recruitment policy, qualifications, criteria and methods (including the Company's sub-committees) including for high-ranking executives to propose to the Board of Directors for consideration of approval.

(2) Select and nominate persons with approval qualifications in accordance with specified regulations and laws to hold positions as the Company's directors, sub-committee directors and high-ranking executives in order for the Board of Directors to consider and/or present to the shareholders' meeting for further consideration of approval (depending on the case).

In nominating directors, The Nomination and Remuneration Committee will consider experience in at least one field which are vital for positions (such as in the field of medicine, finance, business management, marketing, human resource management, law and management, etc.) in addition to considering ability to help the Board of Directors' performance be more thorough, ability to make business decisions with reason, ability to think strategically and leadership experience demonstration including high professional expertise and honesty along with other appropriate personal qualifications.

(3) Ensure that the Board of Directors and sub-committees have appropriate sizes and components for the organization including appropriate adjustments to be concurrent with the environment. The Board of Directors and sub-committees must be composed of persons with knowledge, capabilities, skills and experience in various areas necessary for business operations.

(4) Disclose recruitment process policy and details in the Company's annual report.

(5) Review and summarize succession plan preparation outcomes and appropriate management consistency for high-ranking executives on an annual basis along with reporting to the Board of Directors.

(6) Perform any other tasks assigned by the Board of Directors or policies specified by the Board of Directors.

#### Remuneration

(1) Specify policies, criteria or methods for consideration of remuneration and other benefits including proposing remuneration for directors and high-ranking executives to the Board of Directors' meeting for approval and/or the shareholders' meeting for further consideration of approval (depending on the case) by having clear, transparent and appropriate criteria in line with good practice guidelines. Consideration is to take place by comparing with the same industry at the same level in addition to considering experience and scopes of duties and responsibilities.

(2) Ensure the Company's directors and high-ranking executives receive appropriate returns for duties and responsibilities.

(3) Perform any other tasks assigned by the Board of Directors or policies specified by the Board of Directors.

(4) Risk Management Committee

As of 31 December 2015, the Risk Management Committee has seven directors as follows:

- |    |                                     |  |
|----|-------------------------------------|--|
| 1. | Dr.Ungoon Chantanavanich            | Chairman of the Risk Management Committee        |
| 2. | Assoc. Prof. Dr.Amporn Jongsareejit | Deputy Chairman of the Risk Management Committee |
| 3. | Mr. Vitavas Pirmphol                | Risk Management Director                         |
| 4. | Miss Chomsri Chaiwachirasak         | Risk Management Director                         |
| 5. | Miss Surajit Jantawong              | Risk Management Director                         |
| 6. | Mrs. Plernpit Leelahoot             | Risk Management Director                         |
| 7. | Miss Poonyanoot Titchayapat         | Risk Management Director                         |

Miss Surajit Jantawong is the Secretary of the Risk Management Committee

Risk Management Committee's Authority, Duty and Responsibility

The Risk Management Committee has the following scope of authority, duty and responsibility:

(1) Identify risks encountered by the Company or expected to occur and impact the Company in addition to setting policy for risk management outside the organization and inside the organization to cover at least the following four issues:

- (a) Financial Risk
- (b) Operational Risk
- (c) Strategic Risk
- (d) Compliance Risk

(2) Specify strategy, structure and resources used in organization risk management to be consistent with the Company's risk management policy, strategy and business director.

(3) Set balance or activity type according to risk for use as operational criteria according to each type of risk situation to present to the Board of Directors for consideration of approval.

(4) Oversee and review policies, strategies and methods of practice to ensure appropriate risk management strategy implementation in practice

(5) Appoint work committees to assess and monitor risk in the entire organization.

(6) Perform any other tasks assigned by the Board of Directors.

The Chairman of the Risk Management Committee or assigned persons are to report outcomes from Risk Management Committee meetings to the Audit Committee to consider before presentation to the Board of Directors in every quarter.

7. Recruitment and Appointment of Directors and the Highest-Ranking Executives

Persons selected to be appointed as the Company's directors and executives are required to have all qualifications according to Article 68 of the Public Company Limited Act of B.E. 2535 (1992) and the Company's regulations in addition to not having forbidden characteristics according to the Capital Market Supervisory Board Notification No. Tor. Jor. 28/2551 on Permission Request and Permission to Sell New Shares dated 15 December 2008 with the criteria for selecting and appointing directors and executives:

- (1) The Board of Directors

The Board of Directors' components are as follows:



(1) The Board of Directors is not required to be the Company's shareholders.

(2) The Board of Directors are to have numbers as specified by the shareholders' meeting with the requirement to have at least five directors and no less than half of all directors are required to have residence in the Kingdom.

(3) The Board of Directors is composed of independent directors at no less than one-third of all directors and no less than three directors.

The Board of Directors will select and nominate persons with specified qualifications to be the Company's directors before presenting the names of the aforementioned persons to the shareholders' meeting for further consideration of election approval. Qualifications for the Company's directors are as follows:

(1) Knowledge, ability, honesty, business ethics and sufficient time to devote knowledge, capabilities and perform duties for the Company.

(2) Complete qualifications without forbidden characteristics according to laws of public companies limited and other related laws including characteristics demonstrating lack of appropriateness to receive confidence to manage a business with public shareholders as specified by the Securities and Exchange Commission.

(3) No operation in businesses with the same conditions in competition with the Company's business or status as a partner or director in other juristic persons operating businesses with the same conditions as the Company in competition with the Company's business for his/her or others' personal gains unless the shareholders' meeting was notified before appointment decisions.

(4) Independent directors are required to have independence qualifications specified by the Company in agreement with the same guidelines as the Capital Market Supervisory Board Notification which specified independent director specifications. In addition, independent directors are required to be capable of equal care for the benefit of every shareholder without causing conflicts of interest. Furthermore, independent directors are required to be able to participate in Board of Directors' meetings and present independent opinions.

The Company stipulates that directors without executive duties be independent directors from the Management Department and shareholders with controlling authority who have no business relationships with the Company which will create limitations in expressing independent opinions. Moreover, independent directors must have the following additional qualifications:

(a) Shareholding at no more than one percent of all shares with rights to vote in the Company, the mother company, subsidiaries, joint ventures, major shareholders or persons with authority to control the Company. This includes shares held by persons related to that independent director.

(b) Independent directors must not be or have never been directors involved in management, hired workers, employees, consultants with regular salaries or persons with authority to control the Company, the mother company, subsidiaries, joint ventures, subsidiaries at the same level, major shareholders or persons with authority to control the Company unless independent directors did not have the aforementioned characteristics for no less than two years prior to submitting requests for permission to the Securities and Exchange Commission.

The aforementioned forbidden characteristics do not include cases where independent directors were civil servants or consultants for the government sector as the Company's major shareholders or persons with authority to control the Company.

(c) Independent directors are required to not be related by blood or legal registration as a father, mother, spouse, sibling and child including a spouse of the children of other directors, executives, major shareholders, persons with control authority or persons who will be nominated to become a director, executive or person with authority to control the Company or its subsidiaries.

(d) No business relationships or never had business relationships with the Company, the mother company, subsidiaries, joint venture, major shareholders or persons with control authority in the Company with characteristics potentially preventing independent judgment including not being or having been a significant shareholder or person with control authority of persons who have business relationships with the Company, the mother company, subsidiaries, joint ventures, major shareholders or persons with authority to control the Company unless that person did not have the aforementioned characteristics for no less than two years before submitting requests for permission to the Securities and Exchange Commission.

The aforementioned business relationships include normal trade transactions for business operations, real-estate rents or leases, transactions related to assets or services, financial assistance provision or receipt by receiving or providing loans, guarantees or assets as collateral for liabilities including other similar behaviors causing the Company or contract parties to have debts to pay to the other party at three percent of the Company's net tangible assets or twenty million baht and up, depending on which amount is lower. The aforementioned debt calculation is to be in accordance with methods for calculating related transactions according to the Capital Market Supervisory Board Notification on Criteria for Related Transactions. However, in considering the aforementioned debts, debts incurred in the period of one year before business relationships with the same person are to be included.

(e) Independent directors are required to not be or had been an auditor for the Company, subsidiaries, joint ventures, major shareholders or persons with authority to control the Company while also not being a significant shareholder, a person with control authority or a partner in an auditing office which provides auditors for the Company, the mother company, subsidiaries, joint ventures, major shareholders or persons with authority to control the Company unless that independent director has not had the aforementioned characteristics for no less than two years before the date requests for permission were submitted to the Securities and Exchange Commission.

(f) Independent directors are required to not be or had been a provider of any professional service including service provision as a legal or financial consultant with service fees exceeding two million baht per year for the Company, the mother company, subsidiaries, joint ventures, major shareholders or persons with authority to control the Company while also not being a significant shareholder, a person with control authority or a partner of persons who provide services in the aforementioned professions unless that independent director has not had the aforementioned characteristics for no less than two years before the date requests for permission were submitted to the Securities and Exchange Commission.

(g) Independent directors are required to not be directors appointed to represent the Company's directors, major shareholders or shareholders related to major shareholders.

(h) Independent directors are required to not operate in businesses with the same conditions and significant competition with the business of the Company or its subsidiaries or be a significant partner in a partnership or a director involved in management of hired workers, employees, consultants with regular salaries or a person holding shares exceeding one percent of all shares with rights to vote in other companies operating in the same business as the Company with significant competition against the business of the Company or its subsidiaries.

(i) No other characteristics preventing independent opinions regarding the Company's performance.

(2) Audit Directors

The Board of Directors or the shareholders' meeting is to appoint independent the Company's independent directors as audit directors. The Audit Committee is composed of at least three independent directors with at least one audit director who has sufficient accounting or financial knowledge and experience to perform the duty of reviewing the financial statement. Audit directors are required to have the following qualifications.

(1) Complete qualifications in being an independent director according to criteria and conditions prescribed by the Securities and Exchange Commission, the Capital Market Supervisory Board and/or the Stock Exchange of Thailand.

(2) Audit directors are required to not be directors assigned by the Board of Directors to make decisions involving business operations of the Company, the mother company, subsidiaries, joint ventures, subsidiaries at the same level, major shareholders or persons with authority to control the Company.

(3) Audit directors are required to not be directors of the Company, subsidiaries or subsidiaries at the same level which are registered companies.

(4) Sufficient knowledge and experience to perform duties as an audit director. At least one audit director is required to have sufficient knowledge and experience to review financial statement reliability.

(3) Executive Directors

The Board of Directors selects and appoints persons to hold positions as executive directors. The Executive Committee is composed of at least three members who are not required to have positions as the Company's directors. Executive directors are required to have the following qualifications:

(1) Knowledge, ability, honesty, business ethics and sufficient time to devote knowledge, abilities and perform duties for the Company.

(2) Complete qualifications and no forbidden characteristics according to laws on public limited companies and other related laws.

(3) Executive directors are required to not be persons who operate businesses with the same characteristics as the Company's business and in competition with the Company's business or participate as a partner or director in other juristic persons which operate businesses with the same characteristics in competition with the Company's business for his/her or others' personal gains unless the Board of Directors' meeting was notified before appointment decisions.

(4) The Nomination and Remuneration Directors

The Nomination and Remuneration Committee consists of at least three members who are the Company's directors. One independent director is to hold position as the Chairman of the The Nomination and Remuneration Committee. Executive directors are required to have the following qualifications:

(1) Knowledge, ability, honesty, business ethics and sufficient time to devote knowledge, abilities and perform duties for the Company.

(2) Complete qualifications and no forbidden characteristics according to laws on public limited companies and other related laws.

(3) Executive directors are required to not be persons who operate businesses with the same characteristics as the Company's business and in competition with the Company's business or participate as a partner or director in other juristic persons which operate businesses with the same characteristics in competition with the Company's business for his/her or others' personal gains unless the Board of Directors' meeting was notified before appointment decisions.

(4) The Chairman of The Nomination and Remuneration Committee is required to be an independent director to help in being a leader to push for independent performance of duties by The Nomination and Remuneration Committee.

(5) Risk Management Directors

The Board of Directors selects and appoints persons who will become risk management directors. The Risk Management Committee is composed of at least five members who are not required to be the Company's directors. Risk management directors are required to have the following qualifications:

(1) Knowledge, ability, honesty, business ethics and sufficient time to devote knowledge, abilities and perform duties for the Company.

(2) Complete qualifications and no forbidden characteristics according to laws on public limited companies and other related laws.

(3) Executive directors are required to not be persons who operate businesses with the same characteristics as the Company's business and in competition with the Company's business or participate as a partner or director in other juristic persons which operate businesses with the same characteristics in competition with the Company's business for his/her or others' personal gains unless the Board of Directors' meeting was notified before appointment decisions.

(6) Executives

The Company has the policy to recruit executives by selecting persons with knowledge, abilities and experience related to the business with approval from the Board of Directors and/or persons assigned by the Board of Directors.

#### 8. Governing the Performance of the Company's and Its Subsidiaries

The Company has policy to invest and manage subsidiaries and joint ventures by investing in related, similar or beneficial businesses which support the Company's business operations to improve the Company's security and performance.

Furthermore, in governing the performance of the Company and its subsidiaries, the Company sends the Company's representatives who have suitable qualifications and experience for the business in which the Company

has invested to become directors of the Company's aforementioned subsidiaries and joint ventures. The aforementioned representatives may be a chairman, the chief executive officer, director, a high-ranking executive or any person from the Company without conflicts of interest with the business of the aforementioned subsidiaries and joint ventures. The Company's representatives are required to manage the business of subsidiaries and joint ventures according to regulations and criteria specified in regulations and laws related to business operations of that subsidiary and/or joint venture in order for the Company to be able to control businesses and performance of subsidiaries and joint ventures as an agency of the Company. Furthermore, representatives sent to become a director in the aforementioned subsidiaries and joint ventures are in accordance with the Company's shareholding ratio and/or agreements in the case of joint ventures.

The Company monitors performance of subsidiaries and joint ventures closely while also ensuring data collection and recording of accounts belonging to subsidiaries and joint ventures for the Company to examine.

#### 9. Inside Information Utilization Oversight

The Company has policies and methods to oversee directors and executives in using the Company's inside information which are undisclosed to the public for personal gain as follows:

The Company places importance on preventing use of the Company's inside information by having a policy forbidding the Company's directors, executives, employees and hired workers from disclosing the Company's secrets and/or inside information undisclosed to the public or directly and indirectly seeking his/her or others' personal gain for returns or no returns. Furthermore, the Company's directors, executives, employees and hired workers are forbidden from purchasing/selling the Company's securities by using inside information, the Company specified the following guidelines to prevent inside information utilization:

(1) The Company educates the Company's directors and executives regarding duties to report securities held by the Company's directors and executives, spouses and children who have not reached legal age to the Securities and Exchange Commission according to Article 56 and punishments according to Article 275 of the Securities and Exchange Act of B.E. 2535 (1992) (including revisions and additions) along with reporting acquisition or sale of securities owned by the Company's directors and executives, spouses and children who have not reached legal age to the Securities and Exchange Commission according to Article 246 and punishments according to Article 298 of the Securities and Exchange Act of B.E. 2535 (1992) (including revisions and additions).

(2) The Company requires the Company's directors and executives including spouses and children who have not reached legal age to prepare and disclose reports on securities holdings and reports on changes in the Company's securities holding to the to the Securities and Exchange Commission according to Article 59 and punishments according to Article 275 of the Securities and Exchange Act of B.E. 2535 (1992) (including revisions and additions) along with preparing copies of this report to deliver to the Company on the same date as sending reports to the Securities and Exchange Commission.

(3) Directors, executives, employees and hired workers belonging to the Company and its subsidiaries who are aware of significant inside information with influence or effects on changes in the price of securities are required to abstain from purchasing/selling the Company's securities in the period of 30 days before that financial statement or inside information is disclosed to the public. Furthermore, the aforementioned information is required to not be disclosed to others in the period of 24 hours after the aforementioned information was

disclosed to the public until that information has been reported to the Stock Exchange of Thailand. Violations of the aforementioned regulations are considered as violations to discipline by the Company according to the Company's work regulations and the Company will consider appropriate punishments in each case ranging from verbal warnings, written warnings, probationary periods and termination of employment.

10. Conflicts of Interest Policy

The Board of Directors has specified a policy to prevent conflicts of interest based on the principle that any decision to carry out business activities are required to be made only for the Company's ultimate benefit. Furthermore, actions causing conflicts of interest should be avoided by specifying for persons who are related or interested in transactions being considered to notify the Company of relationships or personal interests in the aforementioned transactions along with abstaining from participation in decision considerations in addition to having no power to approve that transaction.

11. Auditor's Fee

For the accounting cycle ended on 31 December 2015, the General Shareholder's Meeting of 2015 of the Company and its subsidiaries held on 3 April 2015 considered and approved remuneration paid by the Company and its subsidiaries to the auditor, Dharmniti Auditing Co., Ltd., at 1,825,000 baht and fees for auditing services and certification of practice according to conditions of subsidiaries' Board of Investment (BOI) cards at 35,000 baht per card (not including out of pocket expenses according to contract conditions).

## 11. Corporate Social Responsibilities

The Company has realized and committed to providing best care with integrity for the community and environment since the Company was established by operating Company's business with ethical care and corporate social responsibilities towards all stakeholders, the economy, society and the environment as the main mission that would be strictly adhered to as practices so as to lead to a commitment to a sustainable development and a meaningful social contribution.

### 1. Policy and Framework for CSR

The core mission and responsible governance policy of Ladprao General Hospital Public Co., Ltd. is to engage in the business of providing health care and medical treatment to serve quality healthcare to all patients with efficient, advanced and high standard technology medical equipment and modern technology, impressive services, corporate social responsibilities and ongoing quality development. The Company's mission then set out the policy and framework focusing on corporate social responsibility of strong governance hospital business practices, decisions and daily tasks with social contribution especially public interests and concerns that address health issues of the various underprivileged which then leads to ongoing sustainable quality development. The CSR framework and initiatives are to ensure transparency, good governance and fair practices for vendors and interested parties that involved in CSR, safety standards, environmental care, and a meaningful social contribution.

Hence, the Company has set the policy and framework for corporate social responsibilities comprising CSR in process that has been involved in business operation and CSR after-process of all activities for social and environmental contribution.

### 2. Performance and Preparing Reports

The company has initiated and committed to engage in social responsibility activities which is part of CSR in-process as follows:

#### 1) Fair Business Practices

The company is firmly committed to operating its business with honesty, fairness, a code of conduct and persistence in trade competition based on the principles of business ethics, the law and equitable trade competition, including the refusal of any behavior that would obstruct fair competition, e.g. searching for the trade secrets of competitors, collecting, receiving and offering any dishonest trade benefits in the purchase of medical supplies, equipment and instruments by setting up product evaluation and standardization to by considering the maximum benefit for patients while maintaining consistent standards for all vendors. In addition, the Company respects the intellectual rights of other people. The company has policy for personnel to engage in practice that is compliant with the law or specifications regarding intellectual property rights such as using computer programs that are properly copyrighted in compliance with the law, etc. In addition, the Company has campaigns to promote and instill sub-consciousness among company employees at every level in order to build corporate social responsibility.

#### 2) Anti-Corruption

The company manages its business based on a foundation of transparency, ethics, firm commitment to the principles of good governance and legal practice concerning the prevention and resistance to corruption, the offering or acceptance of bribery with public or private sector officials. The company has established a corporate structure for clearly delegating duties and responsibilities, work processes and chain of

command in each unit. Neither direct nor indirect engagement in practice or consenting to corruption of any type is prohibited covering every unit involved and compliance with the anti-corruption policy on a regular basis. The objective is to create a balance of authority and strictness in proper auditing. Any actions falling under the scope of corruption involving the Company must be reported to a superior or a responsible person for the examination which the guilt must be considered for disciplinary actions as prescribed by company regulations or subject to legal penalties if are illegal. The company supports parties to contracts, trade partners or other persons who are under obligation to perform duties in relation to the Company, reports on violations of the Company's anti-corruption policy. In addition, the Company supports parties to contracts, trade partners or other persons who are under obligation to perform duties in relation to the Company, reports on violations of the Company's anti-corruption policy.

### **3) Respecting Human Rights**

The company has policy for supporting and respecting the protection of human rights by stipulating that the employees, patients and customers are entitled to fair treatment without discrimination due to issues concerning personal health or economic, or social status. The company's business must not involve in any violation of human rights, e.g. use of child labor and sexual harassment, etc. In addition, the Company is responsible for having all patients informed of their rights and developing channels for filing complaints from people whose human rights are violated due the Company's business operations. Moreover, the aforementioned are remedied as deemed fitting.

### **4) Fair Treatment of Labor**

The company recognizes the importance of developing human rights and fair treatment of labor as factors that will contribute to added value for the business and build competitive capacity with sustainable growth for the Company in the future. Hence, the Company has set the policies in Section 7: Human Resources Management to serve as guidelines for the standard treatment of all employees in recruitment and selection, welfare and remuneration policies, annual performance evaluation, termination of employment. The Company has also arranged for annual health examination for personnel at all levels and offer good occupational safety and hygiene in the workplace for all employees.

### **5) Responsibility to Customers**

The company is firmly committed to continually develop the service of high quality to meet the needs and satisfaction of customers adhered with the principle of responsibility, honesty and responsiveness to customers as being parts of the Company's family members. Doctors and experts in various fields are to provide high quality services to ensure customers receive the best appropriate treatment with proper quality meeting international standards. The company has established a customer relations and communication system for use in hearing of customer opinions so as to efficiency handling complaints about service provision. Customer information are maintained as the confidentiality and not illegally used. In addition, the company holds various activities to build and promote sustainable relationships with customers.

### **6) Environmental Care Policy**

The company recognizes the importance as CSR aimed to operate its business safely and with consideration of impacts in the areas of occupational health and the environmental care and conservation. The company holds its activities under environmental management standards, including performance and control of



practice in compliance with the laws governing environmental conservation, regulation on infectious waste disposal, the collection, transport and disposal of garbage or waste, and the control of pollution, including other related laws with strict compliance. In addition, the Company gives attention to other related details, e.g. using recycled paper bags for drugs etc.

Energy conservation is also a policy that is communicated to staff at all levels and implemented in accordance with the hospital's energy conservation measures. In addition, the Company participated in the energy management project run by the Department of Alternative Energy Development and Efficiency.

#### 7) Participation in Community or Social Development

The Company recognizes its responsibility to communities and society. Thus, it has policy for offering social assistance and development with a commitment to healthcare service provision to society, e.g. projects for the promotion of health knowledge and mobile medical units in Bangkok Metropolitan area, including support for key health campaigns, e.g. training on health care in communities. In addition, the Company publicizes about health knowledge for society via the Company's website and has policy for supporting education for the youth by making donations and offering student scholarships.

### 3. CSR-after Process Activities for Social and Environmental Benefits

The Company, with the recognition of being a leading community medical service provider, has initiated and continued to engage in a number of social and community projects and perform CSR-after-process activities as part of sustainable society development in the following 5 areas:

#### 1) Society and Religious Promotion

The Company realizes of the belief that Religious is the center of heart and soul and is the guidance for people developing good moral and ethics. The following activities have been incorporated among the employees to cultivate customs and traditions satisfied with religious.

- "Ladprao Hospital Kathin Ceremony" at Oawyai Temple, Amphur Muang, Trat Province. This Kathin Project jointly established and organized by the Company and Ladprao Hospital Foundation. The donated fund was utilized for the renovation of the ancient decayed sermon hall in a monastery so as to be used as holy place for religious activities as normal.

- Campaign for Attending Temple Activities: Merit Making 9 Monastery in Singh Buri Province. This Project welcomed and encouraged employees to participate to cultivate the preservation of respectable customs and traditions.

Beside the religious promotion activities, we are committed to supporting the communities and society through various activities for sustainable development of society well-being as follows:

- Project to Construct Rest Room for Elderly and Disable of Oawyai Hospital. This project was jointly organized by Ladprao Hospital Foundation to ensure their safety and hygiene.

- Donation of Fund for food serving the disability and their caretakers including ordinary medicines given for basic treatment of general patients residing in Bangpakong Community.

- Donation of Fund for Football League of Nawaminthrachinuthit Triamudomsuksanomklao Football Association aimed to promote the national sports for the youth.

- Being A Promoter of Gifts for holding children's activities regarding Children's Day celebrated at Wanthonglang District Office and Ladprao Fire Station on National Children's Day for the year 2016.
- Provision of hospital aid for a female child age of 6 years old named Kanokwan Nakpan residing in Angthong Province for her serious injury from hot water scalded accident.

## 2) Youth and Education

The Company recognizes the importance of education and youth as importance driving forces for the future of the nation through the following supportive social activities for youth and education, for instances:

- Donation for School Renovation Project organized by Ladprao Hospital Foundation. The purpose of donated fund is to renovate school library, acquire computer and sport equipment and appliance, and develop learning and teaching activities so as to enhance the education of underprivileged students to gain advance up to standard to extent their quality of being good citizen.
- Scholarships Project granted to the qualified students at Watbuengthonglang School who possess good behavior and strong academic performance but have financial need in order to support their future study and leverage their knowledge for future development of their community.
- Academic Loan Support for the Company's employees to stimulate their knowledge and skills for their superior work contribution.

## 3) Health Promotion

The Company intends to cultivate consciousness of the people in society to realize the importance of health care in order to have good physical health and mental health, as well as to cultivate an awareness of living with good health care as well as physical exercise through various health promotion activities, for instances of the followings:

- Futsal league against contract parties. The purpose of the league is to promote health exercise and build up inter-companied relationships of all participating the activities.
- Health Promotion Project through Internal 2016 Futsal league. The purpose is not only to strengthen Company employees' health and relationships among participants but to have them spend time to benefit and unite the harmony.
- Health Visit Project. The project is to have hospital pediatrician and nurses go out to visit community school and carry out health checks for schoolchildren. The 2016 Health Visit covering 1) Ladprao Bilingual School 2) Udomsuksa School 3) Settabutr Upathum School and 4) Chokchai (Teacher Kiew) Ladprao School.
- Free Mobile Medical Care Service Project. This project was sponsored by MCOT and the Hospital in the 12th Anniversary Celebration Event for Mahanakorn Folk Song LTM FM95MHz "Sing Father's Song Altogether" on December 18,2016 dedicated to the Royal Charity carrying out basic health, skin and face, as well as bone mineral density checks, and blood & eye pressure tests for cataract screening.

## 4. Environmental Care Promotion

The Company recognizes the importance of environment protection and conservation by building knowledge and cultivating consciousness of all staff and people in neighboring community through Environmental Care Projects as follows:

- “Green Hospital” and “Offer Pintoware via Reduce Foam Box Use” Project.
- Campaign: Green Roof for Reducing Heat Absorption”.
- Energy Saving Project by changing fluorescent lamps or Thin Tube:T8 to Slim Tube:T5.

**5. Organizational Relationships Promotion**

The Company emphasizes on continually strengthening relationships among all in organization through various relation activities of which in 2016 comprising:

- 23rd Anniversary Celebration of Ladprao General Hospital With (Annual Merit Making).
- Annual Merit Making for Employee residing at Welfare Hall of residence.
- Annual Sacrifice Making for Brahma.
- 12th Anniversary Celebration of Ladprao Special Care Center.
- New Year Celebration Party.

### 1. Board of Directors' opinion about the Company's internal control system

According to Board of Directors' Meeting No. 1/2016 on the 24th of February 2016 which all four audit committees attended the meeting, the Board had reviewed and evaluated the Company's internal control system by gathering all information and evidence from the management executives and internal auditor of the following five aspects comprising corporate and environmental conditions, risk assessment, control and compliance activities, information technological communication and the monitoring system. The Board then rendered the opinion that the Company internal control system currently has an appropriateness and effectiveness to ensure the business and the assets undertaking of the Company and its subsidiaries have been well protected from such an illegal or unauthorized use by the executives. The Company has demonstrated a commitment to integrity and governance to comply with the internal control system regarding the connected transactions with the Company's shareholders directors, executive and related parties including any potential conflicts of interest.

### 2. Performance in Relation to the Company's Internal Control System

Since the year 2014, the Company has appointed "Aim to Prosperity Co., Ltd" as the independent internal audit firm to perform the auditing duty in assessing the associated risks and adequacy of the internal auditing systems for the Company and its subsidiaries by coordinating with Company's internal auditing unit and team. The duty has been carried out by coordinating with and gaining recommendation by the (outsourced) independent auditor and consequently monitored to ensure the improvement and compliance with such recommendations.

According to the duty conducting for the assessment of Company's internal control system, the internal auditor had audited and evaluated the adequacy of such systems in and across departments throughout totaling 35 system units in November 2016. The auditing demonstrated that the Company has already governed with an appropriately efficient internal control system and adequate main risk control activities undertaking of corporate environment and administration, accounting, finance, human resources, purchasing, HA quality center, information technology, property management and security, and medical treatment and administration which can be summarized as follows:

#### (1) Purchasing System

- Strive to validate list of qualified suppliers (ASL "Approved Supplier List")
- Obtain competitive price by comparing of at least two traders for each purchase.
- A drug committee was set up to consider new drugs' appearance and justify ethical buying consequences.
- Organize an asset inspection commission comprising personnel from various units to ensure the conformity of the receiving materials and goods.
- Requisition notes for purchases must be authorized in compliance with the Company's authorizing instruction.
- Purchase orders should be properly clarified by the responsible officials/units.

## **(2) Accounting System**

- The company has set the policy to review management accounts on a regular monthly basis.
- The signatures in the disbursement requests must be reviewed to ensure the proper authorization prior to have the finance official authorized such payments.
- Bank reconciliations statements have been prepared on a monthly basis for all bank accounts.
- The accounting and finance program and database are holdup in the Company's server and regularly back-up to secure such data on monthly basis.
- Bookkeeping documents and database have been categorized and stored in proper section and order.

## **(3) Finance System**

- Corporate cheque-books have been safely kept in the secured place undertaking by the Finance Department Manager.
- "A/C Payee Only" has been stamped on every check paid.
- Financial reports including receipts and their copies have been printed out and reviewed by the finance supervisor on regular daily basis.
- An internal system has been set for controlling all cashiers on each shift to inflexibly deliver all cash received together with its financial documents to the central safe cabinet of the Finance Department.

## **(4) Human Resources System**

- The utilization of Human Resource Management Software (HRMI) to professionally and efficiently manage Company's workforce.
- Employee codes have been set to record the actual working hours.
- Everyone must be complied with the proper guideline regarding authorized form.
- Employee performance evaluation has been conducted by supervisors at least twice a year.
- Any application documents submitted for employment have been securely kept in a safe cabinet with an organized manner.
- The company application standard form has been regularly revised and updated.

## **(5) Information Technology Management System**

- All information technology server and its computer network appliances have been stored in a secured room under proper temperature air-conditioner.
- The IT database has been regularly holdup in back-up tape on daily basis.

**(6) Corporate and Environmental Management**

- The authorized organizational chart showing proper lines of organized duty has been announced to all employees across the organization.
- Work procedure and job description has been set for each and every department.
- Lines and levels of authority has been organized and communicated to acknowledge all employees.
- Corporate goals and objectives have been set with annual budget and plan.
- Employee discipline has been set and communicated to one and all.
- A strong room has been arranged for the storage of the Company's vital official papers.
- The hospital has committed to engage in high level quality system and standard and been granted accreditation HA from the Healthcare Accreditation Institute (Public Organization).
- The Company has the effective risk management process governed by risk management commission and closely monitor by the executive board on regular monthly basis.

## 12. Related Transaction

As of 31 December 2016, the Company had the following three subsidiaries:

### 1. Asia Medical and Agricultural Laboratory and Research Center Company Limited (AMARC)

AMARC is engaged in the business of providing medical and agricultural testing & analysis, and research. The company has a 97.14-percent shareholding in AMARC. AMARC then holds the status of the Company's subsidiary with the following three directors in common: Mr. Wirat Wongsangnak, Mr. Ungoon Chantanavanich and Mrs. Vidchuda Ampornphol.

### 2. Asia Business Management Center (ABMC)

ABMC is engaged in the business of medical service provision and business development support. The company bought investment in ABMC from LP Holding for the amount of 449,930 shares at a-Baht 10 par value each on the 22nd of September 2014 resulted in an increase from 55.00 percent to 99.99 percent of shareholding. It holds the status of the Company's subsidiary with the following four directors in common: Mr. Somsak Lohlekha, Mr. Wirat Wongsangnak, Mr. Ungoon Chantanavanich and Mrs. Supaporn Kantamanond.

### 3. Ladprao General Hospital 2

At present, LP2 is not yet operated, but is currently engaged in the process of conducting investment planning and strategies for the construction and/or operations of a new established private hospital as planned. It holds the status of the Company's subsidiary having the Company hold 99.99 percent stake and have the following five directors in common: Mr. Somsak Lohlekha, Mr. Wirat Wongsangnak, Mr. Ungoon Chantanavanich, Mrs. Supaporn Kantamanond and Mr. Pipat Savetvilas.

During the year 2016, the Company conducted the following related transactions with its subsidiaries and related persons comprising: dividend income/expense, a service provision contract for medical treatment; management fee for medical statistics, marketing events with activities including advertising media and public relations, office rental charge and land lease; miscellaneous services and general security deposits; (additional details described in the notes to financial statements).

### 1. Characteristics of Relationships

In 2016, the Company and its subsidiaries engaged in related transactions with connected persons subject to potential conflicts of interest regarding shareholders, directors, executives and/or affiliated and related persons/ companies as follows:

Persons/Juristic Persons with Potential Conflicts of Interest	Characteristics of Relationships
LP Holding Co., Ltd.	LP Holding is engaged in the business as a holding company. LP Holding holds 26.80 percent of the Company's paid-up capital at the par value of Baht 375.00 million and holding the status of a major shareholder in the Company with the following six directors in common with the Company comprising: Mr.Somsak Lohlekha, Mr.Wirat Wongsangnak, Mr.Ungoon Chantanavanich, Mrs.Supaporn Kantamanond, Mr.Pipat Savetvilas and Mr.Somchao Tanterdtham.

Persons/Juristic Persons with Potential Conflicts of Interest	Characteristics of Relationships
Ladprao Education Co., Ltd. (LBS)	LBS is engaged in education business of operating Ladprao Bilingual School serving for preschool and primary levels. Partly, LBS shareholders are of the same group as the Company's and have the following three directors in common: Mr.Somsak Lohlekha, Mr.Wirat Wongsangnak, Mr.Ungoon Chantanavanich.
Ladprao General Hospital Foundation (Foundation)	<p>Ladprao General Hospital Foundation was established on 10 September 2007 with the following objectives:</p> <ul style="list-style-type: none"> <li>- Promoting community health.</li> <li>- Funding medical treatment assistance for serious and chronic diseases for which without government support.</li> <li>- Promoting education and sports for the nation's youths.</li> <li>- Supporting medical research.</li> <li>- Performance or cooperation in other public interest charity</li> <li>- Prohibited involvement in any political activities of any kind.</li> </ul> <p>The Foundation has the following three directors in common with the Company: Mr.Somsak Lohlekha, Mr.Ungoon Chantanavanich and Mrs.Supaporn Kantamanond.</p>
Oregon Aluminum Co., Ltd. (Oregon)	<p>Oregon's business is being a contractor for glass and aluminum installation.</p> <ul style="list-style-type: none"> <li>- Mr.Pipat Savetvilas, as a director and shareholder in Oregon with a shareholding of 22.00 percent and being a director and shareholder in the Company, together with related persons defined under Section 258 directly and indirectly have an 8.12-percent of paid-up capital valued at par of Baht 375 million shareholding in the Company and serve as a director in the following subsidiaries: LP2</li> <li>- Mr. Pipat Savetvilas is Mrs. Somchit Savetvilas' husband who is the older sister of Mr.Ungoon Chantanavanich and Mrs.Supaporn Kantamanond.</li> </ul>
Adtech Co., Ltd. (Adtech)	<p>Adtech is engaged in the business of building design &amp; related service provision and construction management.</p> <ul style="list-style-type: none"> <li>- Mr. YongYuth Winyoonpradit, a director and shareholder in Adtech, has a shareholding of 33 percent. Mr. Winyoonpradit is Mrs. Somjai Winyoonpradit's husband who is the older sister of Mr.Ungoon Chantanavanich and Mrs.Supaporn Kantamanond.</li> <li>- The Winyoonpradit together with Adtech group directly and indirectly hold shares in the Company-amounting to 1.83 percent of the paid-up capital valued at par of Baht 375 million.</li> </ul>



Persons/Juristic Persons with Potential Conflicts of Interest	Characteristics of Relationships
Mr.Ungoorn Chantanavanich	<p>The company shareholder directly and indirectly hold totaling the amount of 9.85 percent of the paid-up capital valued at par of Baht 375.00 million.</p> <ul style="list-style-type: none"> <li>▪ Holds the positions of direction and chief executive officer in the Company.</li> <li>▪ Holds the position of director in AMARC, ABMC, LP2, LP Holding, and LBS.</li> <li>▪ Older brother of Mrs.Supaporn Kantamanond.</li> </ul>
Mrs. Supaporn Kantamanond	<p>Direct and indirect company shareholdings at 1.32 percent of the paid-up capital valued at par of Baht 375.00 million</p> <ul style="list-style-type: none"> <li>▪ Holds the positions of director and managing director of the Company.</li> <li>▪ Holds the position of director in ABMC, LP2 and LP Holding.</li> <li>▪ Younger sister of Mr.Ungoorn Chantanavanich.</li> </ul>
Mr.Wirat Wongsangnak	<p>Holds the position of director in the Company. Mr.Wirat Wongsangnak and related persons defined under Article 258 directly and indirectly hold shares in the Company at 1.26 percent of the paid-up capital valued at par of Baht375.00 million and is a director in the following subsidiaries: AMARC, ABMC and LP2.</p>
Mr.Somsak Lohlekha	<p>Holds the position of chairman of the Company's board of directors; directly and indirectly holds Company shares amounting to 2.54 percent of the paid-up capital valued at par of Baht375.00 million and services as a director in the following subsidiaries: ABMC and LP2.</p>

## 2. Related Transaction Value and Balance for Persons and/or Juristic Persons with Potential Conflicts of Interest

Person/Juristi c Person with Potential Conflict	Type of Related Transaction	As of 31 December 2016		Necessity & Reason
		Transaction Value	Balance	
Asia Medical and Agricultural Laboratory and Research Center Co, Ltd.	Rental Security Deposit	0.00	1,667,940.00	The company ordinary collected a deposit for the rental charge.
	Rental Income -Building Lease	6,672,000.00	0.00	A contract was made to lease the parts of building area with related out space located at Ladprao soi 122 covering floor 1st-4th in approximately 3,500 sq.m. to AMARC for its use of head office at monthly rental charges of Baht 556,000.
	Medical Treatment Service Provision	663,320.85	245,632.45	In case of medical services provided for AMARC personnel, AMARC directly paid the agreed portion to the Company while the remaining part was collected from the service recipients as per general clients.
	Dividend Income	3,399,882.50	0.00	- According to resolution of 2015 Annual General Shareholders' Meeting held on 25 <sup>th</sup> of May 2016, AMARC paid dividends to the shareholders from its 2015 performance at the rate of Baht 0.35 each share.
	Infectious waste charge	32,550.00	4,800.00	Reimburse and charge for the cost of infectious waste disposal fee.
Asia Business Management Center Co.,Ltd.	Dividend Income	9,999,300.00	0.00	-Paid out the dividend (No.2/2016) on May 19, 2016 at the rate of Baht 6.00 per share following the decision of the Annual General Shareholders' Meeting No.9/2016.  -Paid out the interim dividend (No.4/2016) on September 9, 2016 at the rate of Baht 4.00 per share regarding the Board of Directors' resolution of the Annual General Shareholders' Meeting No.3/2016 held on August 11, 2016.

Person/Jurist c Person with Potential Conflict	Type of Related Transaction	As of 31 December 2016		Necessity & Reason
		Transaction Value	Balance	
Asia Business Management Center Co.,Ltd.	Management Fee	33,600,000.00	8,150,000.00	<p>*The Company has an obligation regarding the payment of management fees under the Social Security section for three-year Service agreement comprising:</p> <ul style="list-style-type: none"> <li>▪ November 1, 2015 to March 31, 2016; at the rate of Baht 2.00 million monthly with the service fee at 20% of surplus during the forecasted annual revenue the Company has received from the Office of Social Security.</li> <li>▪ April 1, 2016 to October 31, 2018; the monthly rate was agreed at the rate of Baht 2.80 million monthly due to the greater workload from the incremental SS Quota to 161,000 heads.</li> </ul> <p>* Additional contract signed on October 1, 2016 to perform marketing and advertising media &amp; public relation activities during 12-months-period of October 1 2016 till September 30 2017 to support the opening of new service centers totaling budget of Baht 3,600,000.</p> <p>* The additional service contract commencing November 1, 2016 under the Social Security section on supportive statistics corresponding to the expansion scope of social security services such as the incremental medical check-up starting in 2017. The budget of Baht 320,000 was agreed for 4-months period of work.</p> <p>* The 6-months-work contract signed on December 1, 2016 with the budget of Baht 3,000,000 for implementing streamline of all media relations, promotion &amp; marketing via the Company information technology system and web base.</p>

Person/Jurist c Person with Potential Conflict	Type of Related Transaction	As of 31 December 2016		Necessity & Reason
		Transaction Value	Balance	
	Building no. 4 Rental	162,250.00	15,000.00	A contract No.LPH010/2016 of a 3-year term starting from 1st January 2016 to 31 December 2018 was made to rent the building used for office work at a monthly rental fee of Baht 13,225.  - Monthly rental was agreed to adjust to Baht 15,000 starting October 1, 2016 onwards.
	Building no 4 electricity fee	52,854.56	4,519.45	Electricity service fee collected based on the bill from EGAT.
Ladprao Education Co., Ltd.	Laundry Service Fee Income	159,503.00	0.00	The Company earns other income from LBS regarding laundry and ironing services at fair charge.
	Guide Post Rental	73,488.00	6,246.00	Fee for the installation and space of LBS Guide Post. The company made a contract with the Expressway Authority of Thailand.
	Land lease	2,400,000.00	0.00	The Company had leased its land property to ALTC on 3-years-period contract staring from November 26, 2013 to November 25, 2016 and a monthly rental charge of Baht 100,000.00. Lessee continued its renewable condition. The amendment was made on July 20, 2015 to reduce the rental area from 4,401 sqw to 1,742 sqw but the charge was to Baht 200,000 on monthly basis. The amendment was for the period of August 2015 till November 25, 2016.  * Attached the aforesaid amended contract was made on November 30, 2015 to change only the lessee from ALTC to LBS but the rest of every condition stayed the same for the rental period of January 1, till November 25, 2016.  * The renewed contract between LPH and LBS was made on November 26, 2016 to extend the 3-years lease agreement for the next 3 years of November 26, 2016 to November 25, 2019.

Person/Jurist c Person with Potential Conflict	Type of Related Transaction	As of 31 December 2016		Necessity & Reason
		Transaction Value	Balance	
	Medical treatment service provision	941,492.58	114,786.11	LBS made a contract for group medical treatment services for its students and school personnel of which its terms and conditions were in general as contract parties.
LP holding Co., Ltd.	Dividend payment	30,148,080.00	0.00	- According to decision of the Annual General Shareholders' Meeting, the Company paid the annual dividend via 2015 performance on May 24, 2016 at the rate of Baht 0.15 per share which Baht 0.08 was from its net profit and Baht 0.07 was from Retained Earnings.0
Oregon Aluminium Co., Ltd. (Oregon)	Purchase of materials for building decoration.	80,250.00	0.00	- The Company purchased decorating glass for hospital buildings via standard market prices.
Adtech Co., Ltd. (Adtech)	Construction Management Fee	2,339,831.73	0.00	The Company has engaged Adtech as the construction consultant for the new expansion including new hospital building. The contract was commencing on June 15, 2015 and reviewed by the Company audit committee to be in compliance with code of engineering practice standard with reasonable and fair price. The project started the eye center located on the 2 <sup>nd</sup> floor of Building no.2.