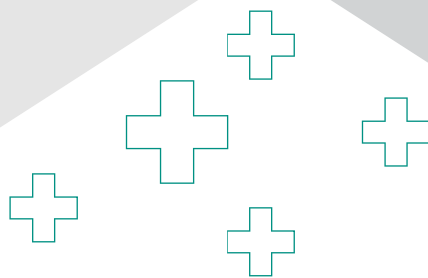
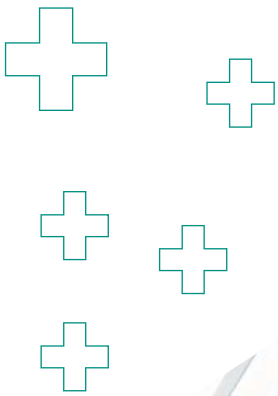


# ANNUAL REPORT 2017



**NONTHAVEJ  
HOSPITAL**

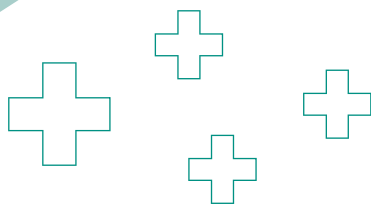
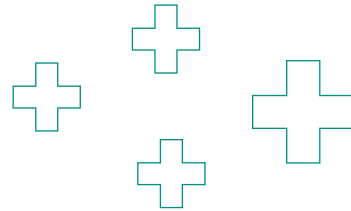


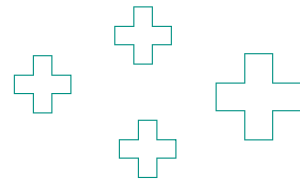
Nonthavej Hospital Public Company Limited

ANNUAL  
REPORT  
2017



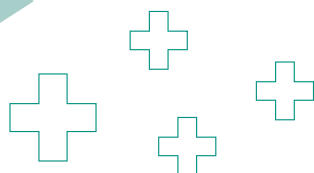
**NONTHAVEJ  
HOSPITAL**

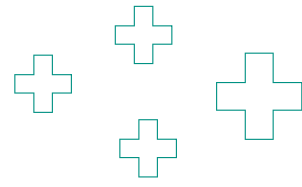




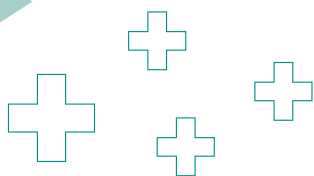
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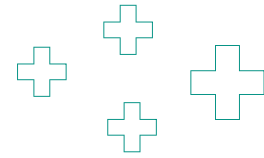
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# Message From The Chairman



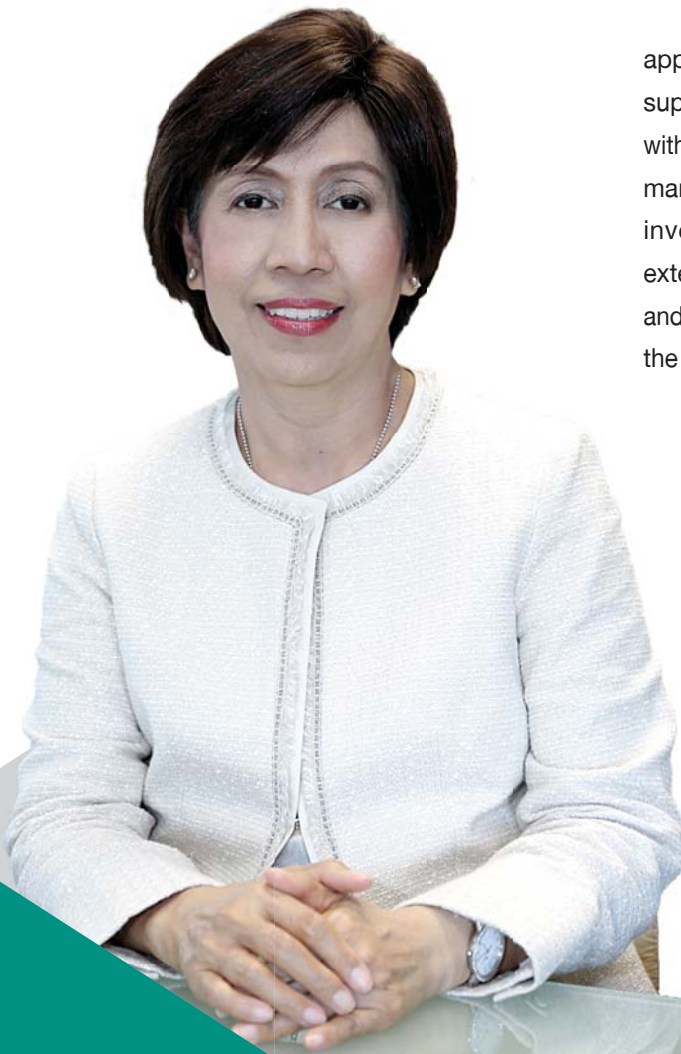


## Dear Shareholders,

Nonthavej Hospital Public Company Limited is committed to improve the quality of medical care and quality of service, initiate new medical services, enhance service capabilities with state-of-the-art medical technology for effective and efficient treatment and diagnosis, along with knowledge development among personnel in all professional fields, and inculcate sense of duty, morality and ethics among all staff for good and prosperous society.

We celebrated our 36th Anniversary last year by jointly launching a project called “36 Eyes for Restoration of Life” with Nonthaburi Province, which offered treatment service to cataract patients, and a project called “Do Good Deeds for our Father : Thai Red Cross Blood Donation Campaign in Remembrance of His Majesty the late King Bhumibol Adulyadej”.

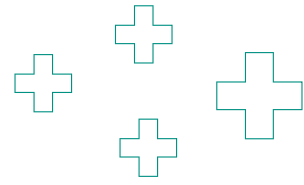
For our overall operation, the Company’s net profit has increased by 11.57% as a result of the management and control of costs and expenses, and expansion of market both domestically and internationally. With regard to corporate governance, the Company has been rated at “very good” level by the Corporate Governance Report of Thai Listed Companies (CGR) for three consecutive years.



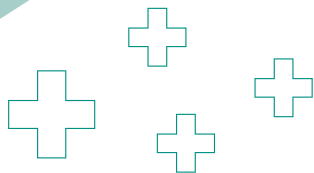
The Board of Directors would like to extend our appreciation to all shareholders who have trusted and supported our business operation. We strive to operate with the principle of good governance and in a transparent manner for maximum benefits of our shareholders and investors. At the same time, we also would like to extend our gratitude to the medical team, medical staff and all personnel who have been cooperating to develop the quality of medical treatment with their best efforts.

*P. Prommas.*

**Mrs. Pattama Prommas**  
Chairman of the Board of Directors



# Board of Directors



## Mrs.Patama Prommas

Chairman / Chief Executive Officer(CEO) /  
Vice Hospital Director / Executive Director /  
Authorized Director



Ages	<ul style="list-style-type: none"> <li>62 years old</li> </ul>
Date as the Director	<ul style="list-style-type: none"> <li>September 29, 1993</li> </ul>
Relationship of Management	<ul style="list-style-type: none"> <li>Daughter of Mr. Lopchai Kaenrattana and Spouse of Dr. Prompan Prommas, M.D.</li> </ul>
Education	<ul style="list-style-type: none"> <li>Master Degree of Administration from Kasertsart University</li> </ul>
Training	<ul style="list-style-type: none"> <li>- Role of the Chairman Program (RCP37/2015)</li> <li>- Directors Certification Program</li> <li>- Company Secretary Program</li> <li>- Investors ' Relations Program</li> </ul>
Experience	<ul style="list-style-type: none"> <li>2006 - Present : Vice Executive Officer (CEO)/ Vice Hospital Director</li> <li>1984 - Present : Executive Director/ Authorized Director</li> </ul>
Position Director / Executive in other Listed Company	<ul style="list-style-type: none"> <li>- Position in other Listed Company <ul style="list-style-type: none"><li>-None-</li></ul></li> <li>- Position in other Unlisted Company <ul style="list-style-type: none"><li>-None-</li></ul></li> </ul>
Positions in other companies, which may cause a conflict of interest.	<ul style="list-style-type: none"> <li>- Position in other Listed Company <ul style="list-style-type: none"><li>-None-</li></ul></li> <li>- Position in other Unlisted Company <ul style="list-style-type: none"><li>-None-</li></ul></li> </ul>
Shares in Company	<ul style="list-style-type: none"> <li>15,710,000 shares (In name of spouse 9,670,000 shares)</li> </ul>
% of Share	<ul style="list-style-type: none"> <li>9.82% % ( In name of spouse 6.04 % )</li> </ul>
Legal Disputation	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Conflict of interest	<ul style="list-style-type: none"> <li>No conflict of interest in any of the agenda</li> </ul>



## Dr.Prawit Ninsuvannakul ,Ph.D

Non-Executive Director (Independence director)/  
Chairman of the Audit Committee

Ages	• 75 years
Date as the Director	• May 13, 2009
Relationship of Management	• - None -
Education	<ul style="list-style-type: none"> <li>• 1965 : Bachelor's Degree, Accounting, Chulalongkorn University</li> <li>• 1969 : Master's Degree ,Accounting Science, University of Illinois, U.S.A.</li> <li>• 1974 : Doctorate , Accounting, University of Illinois, U.S.A Courses in Directors' Duties.</li> <li>• 1965 : Certified Public Accountants (C.P.A.) Chartered Director, IOD.</li> <li>• Training</li> <li>• 2000 : Chairman 2000 Program 1/2000 , Thai Institute of Directors Association. (IOD).</li> <li>• 2003 : Directors Accreditation Program: DAP 6/2003 , Thai Institute of Directors Association. IOD.</li> <li>• 2004 : Directors Certification Program: DCP 42/2004 , IOD.</li> <li>• 2005 : Audit Committee Program: ACP 6/2005, IOD.</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• Since 2013 : Member of the audit Committee, Federation of the Accounting Profession.</li> <li>• Since 2005 :- Director, Public Sector Audit and Evaluation Committee . <ul style="list-style-type: none"> <li>- Chairman, Public Sector Audit and Evaluation Sub-Committee, Southern Province Group ,The Prime Minister's Office.</li> <li>- Chairman, Sub-Committee for Preparation of Memorandum of Understanding between State Enterprise-Public Finance Institute, Ministry of Finance.</li> <li>- Director, Government Accounting Standards and Policies, The Comptroller General's Department, Ministry of Finance.</li> </ul> </li> <li>• Since 2002 : Director, Sub-committee for Formulating Financial Reports from Public and Private Higher Education Institutions, Commission on Higher Education, Ministry of Education.</li> <li>• Since 2002 : Independence Director / Chairman of the Audit Committee, Thai Plastic and Chemicals ,PCL.</li> <li>• Since 2000 : Director, Internal Audit Development for Civil Service, Ministry of Finance.</li> <li>• Since 1997 : Director, Fund Management Committee, King Prajadhipok's Institute.</li> <li>• Since 1996 : Director and Member of the Audit Committee ,The Fund for Educational Loans, Ministry of Finance.</li> <li>• Since 1994 : Director Finance and Property Committee , Suranaree University of Technology, Mae Fah Luang University, Walailak University, Mahachulalongkorn – rajavidyalaya University.</li> <li>• Other experience : <ul style="list-style-type: none"> <li>- Dean, Faculty of Business Administration, National Institute of Development Administration (NIDA)</li> <li>- Director of NIDA Consulting Center, National Institute of Development Administration (NIDA).</li> <li>- Associate Dean, Faculty of Commerce and Accountancy, Chulalongkorn University.</li> <li>- Head of Department of Accountancy Chulalongkorn University.</li> <li>- Chairman of Doctoral (Ph.D.) Curriculum, Chulalongkorn University.</li> <li>- Director, Petroleum Authority of Thailand.</li> <li>- Director and Chairman of the Audit Committee, Krung Thai Bank Public Co., Ltd.</li> <li>- Director and Member of the Audit Committee, MCOT Public Co., Ltd.</li> <li>- Director and Member of the Audit Committee Port Authority of Thailand.</li> <li>- Associate Judge, The Centra Intellectual and International Trade Court.</li> </ul> </li> </ul>
Position Director / Executive in other Listed Company	
- Position in other Listed Company	• Independence Director and Chairman of the Audit Committee, Thai Plastic and Chemicals ,PCL.
- Position in other Unlisted Company	<ol style="list-style-type: none"> <li>1. Ninsuvan Company Co.,Ltd. Position : Chairman of the Board of Director</li> <li>2. Ninsuvan Management Consultants Co.,Ltd. Position : Chairman of the Board of Director</li> </ol>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	• -None-
- Position in other Unlisted Company	• -None-
Shares in Company	• -None-
% of Share	• -None-
Legal Disputation	• -None-
Conflict of interest	• No conflict of interest in any of the agenda





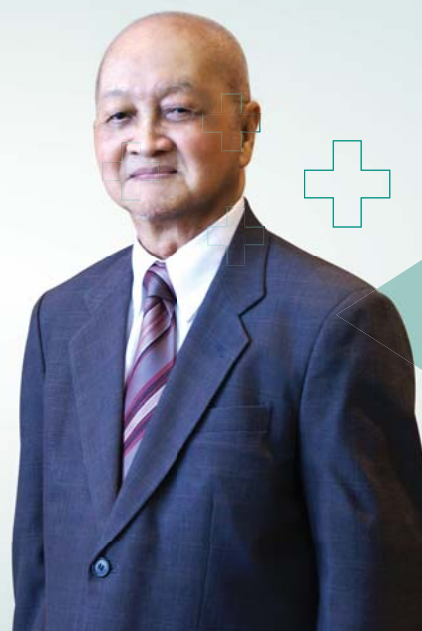
## Mrs.Prompan Siripat

Non-Executive Director(Independence Director)/  
Chairman of Nomination and Remuneration Committee

Ages	<ul style="list-style-type: none"> <li>90 years old</li> </ul>
Date as the Director	<ul style="list-style-type: none"> <li>September 29, 1993</li> </ul>
Relationship of Management	<ul style="list-style-type: none"> <li>Sister of Dr. CharoonCharoon Chairroj,M.D.</li> </ul>
Education	<ul style="list-style-type: none"> <li>- Prasanmit Vithayalai</li> <li>- Diploma in Accounting from Thammasat University, and politics.</li> </ul>
Training	<ul style="list-style-type: none"> <li>Directors Certification Program</li> </ul>
Experience	<ul style="list-style-type: none"> <li>1977 – Present : Owner Promphanvittaya School</li> </ul>
Position Director / Executive in other Listed Company	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Shares in Company	<ul style="list-style-type: none"> <li>90,000 Shares</li> </ul>
% of Share	<ul style="list-style-type: none"> <li>0.06 %</li> </ul>
Legal Disputation	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Conflict of interest	<ul style="list-style-type: none"> <li>No conflict of interest in any of the agenda</li> </ul>

## Mr.Lopachai Keanratana

Executive Director / Authorized Director



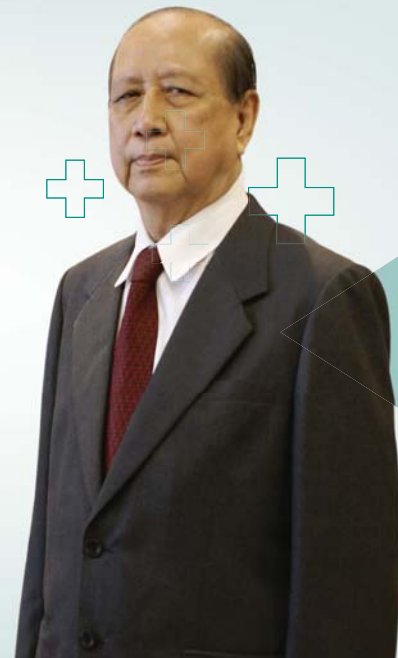
Ages	<ul style="list-style-type: none"><li>• 92 years old</li></ul>
Date as the Director	<ul style="list-style-type: none"><li>• September 29, 1993</li></ul>
Relationship of Management	<ul style="list-style-type: none"><li>• Father of Mrs. Patama Prommas</li></ul>
Education	<ul style="list-style-type: none"><li>• High school from Treamudomsuksa</li></ul>
Training	<ul style="list-style-type: none"><li>• -None-</li></ul>
Experience	<ul style="list-style-type: none"><li>• 1979 – 2015 : Chairman of Nonthavej Hospital PLC.</li></ul>
Position Director / Executive in other Listed Company	
- Position in other Listed Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
Shares in Company	<ul style="list-style-type: none"><li>• 1,500,000 Shares</li></ul>
% of Share	<ul style="list-style-type: none"><li>• 0.94 %</li></ul>
Legal Disputation	<ul style="list-style-type: none"><li>• -None-</li></ul>
Conflict of interest	<ul style="list-style-type: none"><li>• No conflict of interest in any of the agenda</li></ul>



## Dr.Kamales Santivejkul ,Ph.D

Executive Director (Director) Authorized Director /  
Chairman of the Corporate Governance Committee

<b>Ages</b>	<ul style="list-style-type: none"> <li>• 67 years old</li> </ul>
<b>Date as the Director</b>	<ul style="list-style-type: none"> <li>• September 29, 1993</li> </ul>
<b>Relationship of Management</b>	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• Ph.D.(Business Administration) Oklahoma State University, U.S.A.</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>• Directors Certification Program</li> </ul>
<b>Experience</b>	<ul style="list-style-type: none"> <li>• 2015-present : Advisor Computer Center Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>• 2012-2015 : Director Computer Center Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>• 2008 – 2012 : Associate Professor Department of Banking and Finance Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>• 2004 – 2008 : Vice President &amp; CIO Chulalongkorn University.</li> <li>• 1996 - 2000 : Director Office Information Technology Chulalongkorn University.</li> <li>• 1986 - 2004 : Director Computer Center of Commerce and Accountancy Chulalongkor University.</li> <li>• 1988 – 2007 : Assistant Professor Department of Banking and Finance Faculty of Commerce and Accountancy Chulalongkorn University.</li> <li>• 1995 – 2004 : Director Centers of Academic Resources Chulalongkorn University.</li> </ul>
<b>Position Director / Executive in other Listed Company</b>	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>• 1995 – Present : Independence Director/Audit Committee Chairman of Seafresh Industry PCL.</li> <li>• 2016 – Present : Independence Director / Audit Committee / Risk Management Committee /Nomination &amp; Remuneration Committee of MFEC PCL.</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>• 2006 – Present : Director of Innovation Chamchuri Co.,Ltd.</li> </ul>
<b>Positions in other companies, which may cause a conflict of interest.</b>	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
<b>Shares in Company</b>	<ul style="list-style-type: none"> <li>• 275,000 shares</li> </ul>
<b>% of Share</b>	<ul style="list-style-type: none"> <li>• 0.17 %</li> </ul>
<b>Legal Disputation</b>	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
<b>Conflict of interest</b>	<ul style="list-style-type: none"> <li>• No conflict of interest in any of the agenda</li> </ul>



## Dr.Charoon Chairoj, M.D.

Non-Executive Director (Independence Director)/  
Audit Committee Director

Ages	<ul style="list-style-type: none"> <li>• 86 years old</li> </ul>
Date as the Director	<ul style="list-style-type: none"> <li>• September 29,1993</li> </ul>
Relationship of Management	<ul style="list-style-type: none"> <li>• Brother of Mrs.Prompan Siripat</li> </ul>
Education Training	<ul style="list-style-type: none"> <li>• B.Sc.MD.Diploma Thai Board of Anesthesiology</li> <li>• Directors Certification Program</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 1989 - 1998 : Director Member Royal Society Anaesthesia of Thailand</li> </ul>
Position Director/Executive in other Listed Company	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Shares in Company	<ul style="list-style-type: none"> <li>• 700,000 Shares</li> </ul>
% of Share	<ul style="list-style-type: none"> <li>• 0.44 %</li> </ul>
Legal Disputation	<ul style="list-style-type: none"> <li>• -None-</li> </ul>
Conflict of interest	<ul style="list-style-type: none"> <li>• No conflict of interest in any of the agenda</li> </ul>



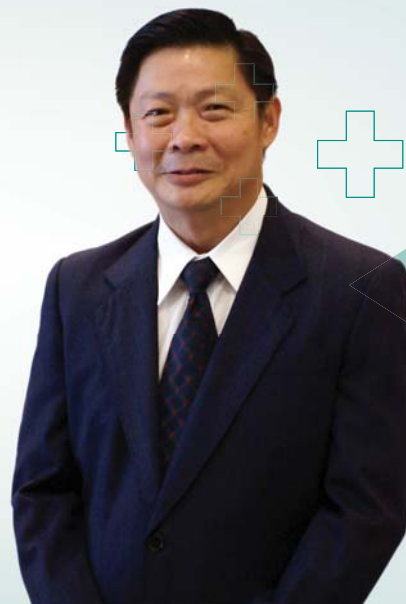
## Dr.Sravudhi Sonthikaew, M.D.

Executive Director( Director) / Hospital Director /  
Authorized Director Corporate Governance Director /  
Nomination and Remuneration Director

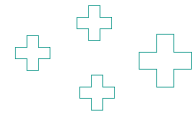
Ages	<ul style="list-style-type: none"> <li>65 years old</li> </ul>
Date as the Director	<ul style="list-style-type: none"> <li>September 29, 1993</li> </ul>
Relationship of Management	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Education Training	<ul style="list-style-type: none"> <li>B.Sc.MD. Diploma Thai Board of Internal Medicine</li> <li>- Directors Certification Program</li> <li>- Anti-Corruption : The Practical Guide 31/2016</li> </ul>
Experience	<ul style="list-style-type: none"> <li>2012 - Present : Director of Human Resources Committee of Navamindradhiraj University.</li> <li>2009 – 2012 : Executive Director Department of Medical Service BMA.</li> <li>1988 – Present : Director Benjamabophit Foundation</li> </ul>
Position Director / Executive in other Listed Company	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>Director of Pongpanpattana Co., Ltd.</li> </ul>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Shares in Company	<ul style="list-style-type: none"> <li>1,332,000 shares</li> </ul>
% of Share	<ul style="list-style-type: none"> <li>0.83 %</li> </ul>
Legal Disputation	<ul style="list-style-type: none"> <li>-None-</li> </ul>
Conflict of interest	<ul style="list-style-type: none"> <li>No conflict of interest in any of the agenda</li> </ul>

## Dr.Viroonporn Prompangsa, M.D.

Non-Executive Director(Independence Director) /  
Audit Committee Director



Ages	<ul style="list-style-type: none"><li>• 65 years old</li></ul>
Years as the Director	<ul style="list-style-type: none"><li>• September 29,1993</li></ul>
Relationship of Management	<ul style="list-style-type: none"><li>• -None-</li></ul>
Education	<ul style="list-style-type: none"><li>• - B.Sc.MD.FRCST Certificate of Proficiency in General Surgery</li><li>• - Diploma Board of Neurological Surgery</li></ul>
Training	<ul style="list-style-type: none"><li>• Directors CertificationProgram</li></ul>
Experience	<ul style="list-style-type: none"><li>• 1984-Present : Chief – Neurological Surgery. Department Surgery .Vajira Hospital.</li><li>• 1984-2013 : Chief - Neurological Surgery. Faculty of medicine. Vajira Hospital. Navamindradhirai University.</li></ul>
Position Director/Executive in other Listed Company	
- Position in other Listed Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
Positions in other companies, which may cause a conflict of interest.	
- Position in other Listed Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
- Position in other Unlisted Company	<ul style="list-style-type: none"><li>• -None-</li></ul>
Shares in Company	<ul style="list-style-type: none"><li>• 224,000 Shares</li></ul>
% of Share	<ul style="list-style-type: none"><li>• 0.14 %</li></ul>
Legal Disputation	<ul style="list-style-type: none"><li>• -None-</li></ul>
Conflict of interest	<ul style="list-style-type: none"><li>• No conflict of interest in any of the agenda</li></ul>



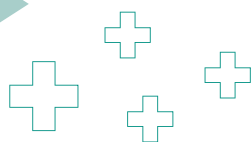
# Report of the Audit Committee


The Audit Committee of Nonthavej Hospital Public Company Limited consists of three independent directors, none of whom are corporate executives, employees, or consultants. The members of the Audit Committee are Dr.Prawit Ninsuvannakul as Chairman, Dr.Viroonporn Prompangsa, M.D. and Dr.Charoon Chairroj, M.D.

The Audit Committee implemented the duties and accepted the responsibilities assigned to it by the Board of Directors, according to the regulations pertaining to the Audit Committee. This year, the Audit Committee found that the operations of the company are transparent and open to scrutiny, that internal controls are satisfactory, that the system of risk management is appropriate, and that financial reports are accurate, complete, and credible.

In 2017, the Audit Committee had 5 meetings where all the directors duly attended every meeting. Meetings were also held with corporate executives, the Auditor, and the Internal Auditor when appropriate. The main activities may be summarized as follows:

1. Initial review , on behalf of the Board of Directors, of the Company's quarterly and annual financial statements of the Company for 2017 to ensure that they were prepared in accordance with generally accepted accounting standards, and that everything was performed fairly and consistently according to the regulations of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee also examined whether the information in the financial statement was disclosed in an adequate and timely manner, for the benefit of the investors or users of financial statements to make investment decisions. Regarding the review of the financial statements, the Auditor was invited to take part in every meeting. His observations were used to improve corporate operations and enhance the quality of the financial statements. The Audit Committee has reviewed the Audit plan for 2017 and monitored the Auditor's work. The Audit Committee also met the Auditor without the presence of management in order to consult freely in matters of importance on the investigation results. Moreover, the Audit Committee has reviewed financial statements in accordance with International Financial Reporting Standards (IFRS). The Committee found that the company has compliant with accounting standards and sufficient disclosure in notes to financial statements.
2. Review of the Company's compliance with the SET's Principles of good corporate governance. The Company's adherence to these principles was commendable, and the Company disclosed all relevant matters in its annual report. It seeks, moreover, to establish within the organization a process of continuous development in corporate governance.
3. This year, the Audit Committee met the Working Group of Risk Management Committee in order to follow up the progress of the management to ensure a systematic tracking on Company's risk and provide advices for continuous improvement.
4. Review of the suitability and adequacy of the Company's systems of internal controls and internal auditing. The Audit Committee and the Auditor had the same opinion that there were no significant problems or deficiencies. The Audit Committee provided some suggestions to improve the efficiency of internal operational systems.



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5. Review of the work of the Department of Internal Audit. The review covered auditing plan, auditing operations, as well as reports from the audit and follow-up. In addition, the Audit Committee considers the budget and manpower of the Office of Internal Audit annually. Suggestions concerning ways to make its performance more effectiveness with which it implements its operations plan. Furthermore, the Audit Committee evaluated the annual audit plan for 2017 on the basis of assessments of the Company's internal controls and risk management, the Audit Committee constantly offered advice regarding the quality of audits in terms of personnel and operations by way of supporting the independence of the Internal Auditor. Together with management, the Audit Committee considered the matter of appointing, withdrawing, transferring, or dismissing the manager of the Office of Internal Audit.
  6. Consideration with external and internal auditors in determining the objectives, plans, results, and main topics of consideration in corporate audits and investigations of compliance with the legislation and regulations pertaining to securities, the stock market, and the Company's business.
  7. Ongoing monitoring of and consultation with management concerning general matters of management that could affect the Company. If any matter is found to significantly affect the Company's financial status or operational results, the Audit Committee is to make a report to the Board of Directors and seek prompt rectification. If no such resolution is undertaken, the Audit Committee is to submit a further report to the SEC or the SET.
  8. Considering and proposing an auditor and his compensation to the Board of Directors, for subsequent submission to shareholders for approval. Consideration of this matter is to be based upon performance, professionalism, and the reasonableness of the auditing fee. It is proposed that either Dr. Preecha Suan or Mr. Chaikorn Aunpitipongsa or Mr. Apiruk Atianuwat of Dr. Virach & Associates Office Co., Ltd. to be appointed as the Company auditor for 2018.

The Audit Committee was independent and impartial in its deliberations and recommendations, in order that operational results might conform to corporate objectives and manifest greater efficiency. The Audit Committee received excellent cooperation from all parties involved, for which we would like to express our appreciation at this time.

On behalf of the Audit committee

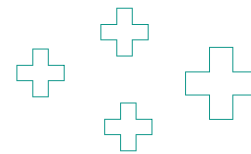
In the Audit Committee



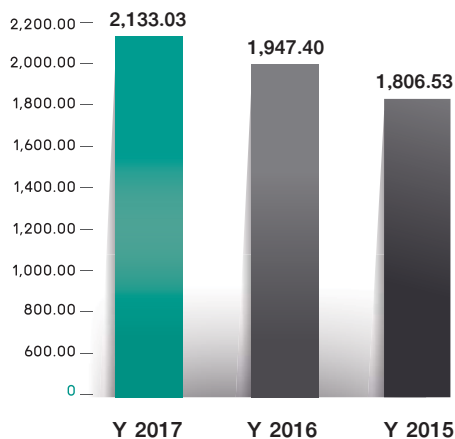
**Prawit Ninsuvannakul**  
Ph.D., C.P.A., Chartered Director (IOD)  
Chairman of the Audit Committee



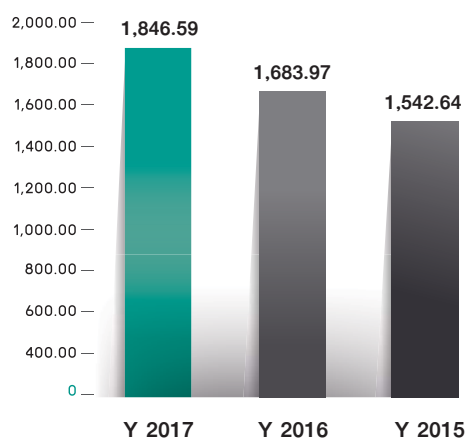
# Summary of results important.



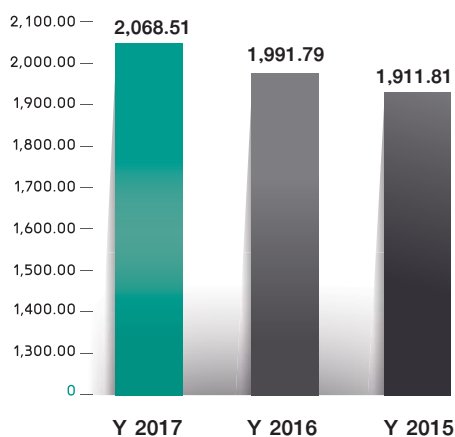
### Total Assets (million baht)



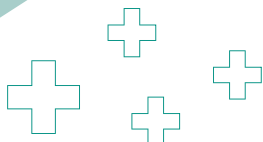
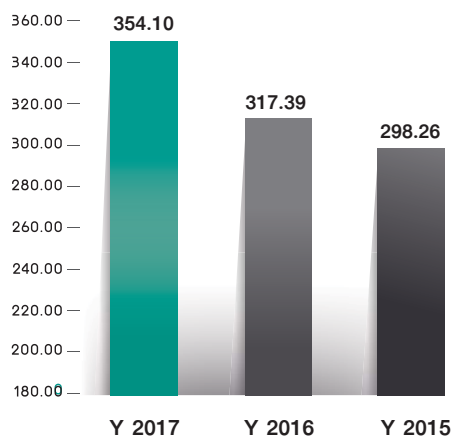
### Total Owners' Equity (million baht)

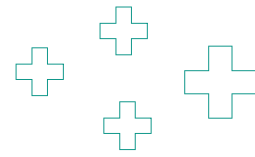


### Total Revenues (million baht)

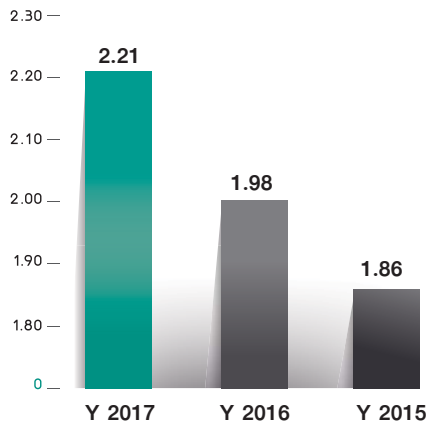


### Profit (million baht)

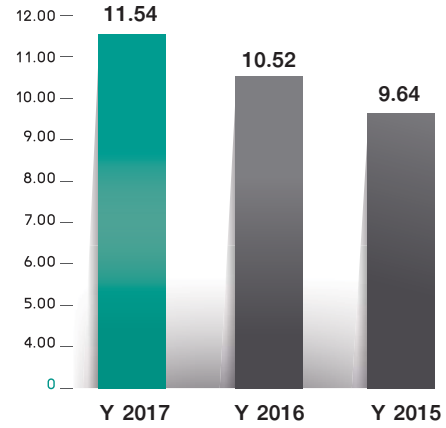




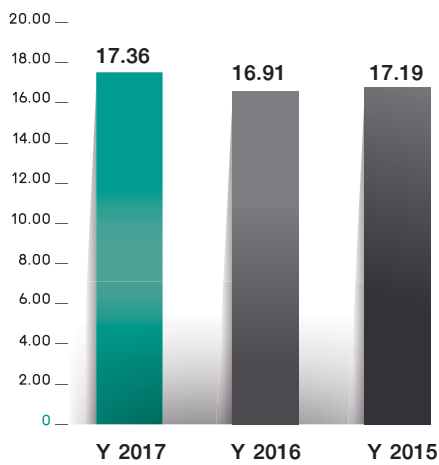
### Earning per share (million baht)



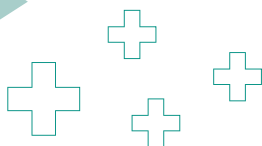
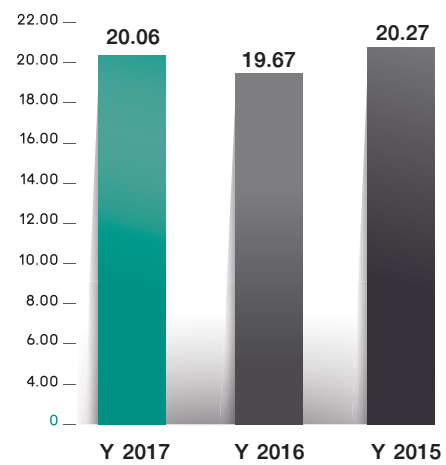
### Book value per share (million baht)



### ROA (%)



### ROE (%)





## Summary of the Company's Financial Informations



## Summary of the Company 's Financial Informations

### Statements of Financial Position

	(Unit : Thousand baht)		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Asssets	708,628	516,378	416,794
Total Assets	2,133,034	1,947,400	1,806,529
Current Liabilities	229,296	212,279	219,584
Total Liabilities	286,448	263,433	263,886
Issued and Paid - up share capital	160,000	160,000	160,000
Shareholders' Equity	1,846,586	1,683,968	1,542,643

### Statement of Comprehensive Income

	(Unit : Thousand baht)		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues from medical treatment	2,053,887	1,979,391	1,901,847
Total Revenues	2,068,513	1,991,790	1,911,806
Cost of medical treatment	1,374,930	1,333,572	1,289,728
Selling expenses	6,367	3,843	6,403
Administrative expenses	253,511	263,350	239,929
Directors' remuneration	3,937	3,823	3,203
Total Expenses	1,638,745	1,604,588	1,539,263
Profit before Income Tax Expenses	429,768	387,202	372,543
Income Tax Expenses	75,669	69,816	74,287
Profit for the years	354,099	317,385	298,256
<b>Share Data (Baht)</b>			
Basic Earnings per share	2.21	1.98	1.86
Bookvalue per share	11.54	10.52	9.64
<b>Growth Rate</b>			
Total Assets (%)	9.53	7.80	8.54
Total Equity (%)	9.66	9.16	10.16
Total Revenues from medical treatment (%)	3.76	4.08	1.00
Total Revenues (%)	3.85	4.18	0.89
Net Profit (%)	11.57	6.41	12.38

## Financial Ratio

### Liquidity Ratio

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Ratio	3.09	2.43	1.90
Quick Liquidity Ratio	2.85	2.18	1.65
Cash Flow Ratio	1.30	1.68	1.03
Receivables Turnover Ratio	20.35	20.13	19.86
Average collection period	17.69	17.88	18.12
Inventory Turnover	39.14	39.68	32.36
Average Inventory period	9.20	9.07	11.12
Payable turnover	7.52	7.33	6.53
Repayment Period	47.89	49.11	55.13
Cash Cycle	-21.00	-22.16	-25.89

### Profitability Ratio

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Gross margin (%)	33.06	32.63	32.19
Gross profit from operations	20.92	19.56	19.59
Cash to profitability	67.27	93.71	60.9
Net Profit (%)	17.24	16.03	15.68
Return on Equity (%)	20.06	19.67	20.27

### Efficiency Ratio

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Return on Total assets (%)	17.36	16.91	17.19
Return on Fixed assets (%)	35.23	33.09	31.99
Asset Turnover	1.01	1.06	1.1

### Financial Policy Ratio

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt to Equity	0.16	0.16	0.17
Interest Coverage Ratio	-	-	-
Coverage Obligations (Cash Basis)	0.92	1.02	1.17
Rate of Dividend	60.00	60.08	60.29



# Analysis and Explanation of Management



## Analysis and Explanation of Management

### Summary

Nonthavej Hospital Public Company Limited reported 2017 performance compared to last year, the company had net profit increased of 37 million baht or 11.57%. The Company had total income from hospital business of 2,069 billion baht, an increase of 77 million baht or 3.85%. Medical treatment cost was 1,375 billion baht, an increase of 41 million baht or 3.10%. Sales and Administration Expense was 260 million baht, an decrease of 7 million baht or 2.74%, Directors' remuneration was 3.94 million baht, a increase of 0.11 million baht or 2.98% and Income Tax Expenses was 76 million baht, an increase 6 million baht or 8.38%. The details and descriptions of the operation is as follows.

### 1. Performance

#### 1. Performance

**1.1 Income** : The Company had total income in 2017 of 2,069 billion baht compared with 2016, which was 1,992 billion baht, an increase of 77 million baht or 3.85%.

- Income from hospital business in 2017 was 2,054 billion baht compared with 2016, which was 1,979 billion baht, an increase of 75 million baht or 3.76% as follow :

- Income from Out patient in 2017 was 1,119 billion baht compared with 2016 an increase of 54 million baht or 5.03%

- Income from In patient in 2017 was 935 million baht compared with 2016 an increase of 21 million baht or 2.29%

- Other incomes in 2017 was 15 million baht compared with 2016, which was 12 million baht, a increase of 3 million baht or 17.96%.

**1.2 Medical Treatment Cost** : The Company had total medical treatment cost in 2017 of 1,375 billion baht compared with 2016, which was 1,334 billion baht, an increase of 41 million baht or 3.10%.

Proportion of medical treatment cost to medical treatment revenue in 2017 was 66.94% compared with 2016, which was 67.37%. It was obvious that the proportion in 2017 decreased from 2016 by 0.43%.

**1.3 Sales Expense** : The Company had a total sales expense in 2017 of 6.37 million baht compared with 2016, which was 3.84 million baht, an increase of 2.52 million baht or 65.69%.

**1.4 Administrative Expense** : The Company had a total administrative expense in 2017 of 253 million baht compared with 2016, which was 263 million baht, an decrease of 10 million baht or 3.74%.

Proportion of sales and administrative expense to medical treatment revenue in 2017 was 12.65% compared with 2016, which was 13.49%. It was obvious that the proportion in 2017 decreased from 2016 by 0.84%.

**1.5 Director Remuneration** The Company had director remuneration in 2017 of 3.93 million baht compared with 2016, which was 3.82 million baht, an increase of 0.11 million baht or 2.98%.

**1.6 Income tax expense** The Company had income tax expense in 2017 of 76 million baht compared with 2016, which was 70 million baht, a increase of 6 million baht or 8.38%.

The measure of the tax benefit from the expenditure for investment in assets to help keep taxes down. Investments in fixed assets of 121 million baht. Tax savings per year 2.42 million baht. (Years 2017-2021)

## 2. Profitability

(in percentage)	Y2017	Y2016	Y2015
Gross Profit Margin	33.06	32.63	32.19
Operating Profit Margin	20.92	19.56	19.59
Net Profit Margin	17.24	16.03	15.68
Return on Shareholder's Equity	20.06	19.67	20.27

Based on the above, it is obvious that in 2017, the Company had net profit of 17.24% compared with 2016, which was at 16.03%, a increase of 1.21% , because Tax measures in relation to the acquisition of Fixed Assets.

## 3. Operational Efficiency

	Y2017	Y2016	Y2015
Return on Total Assets	17.36	16.91	17.19
Return on Fixed Assets	35.23	33.09	31.99
Assets Turnover	1.01	1.06	1.10

The Company's operational efficiency in 2017 was Return on Total Assets increased compared with 2016 of 0.45%, due to the net book value of Fixed Assets increased from net profit increased. Return on Fixed Assets decreased compared with 2016 of 2.14% and Assets Turnover decreased from the previous year of 0.05%.



## 2. Statements of Financial Position

### 1. Capital Structure

The capital structure of the company (in percentage) can be summarized as follows:

Current Assets	33%	Current Liabilities	11%
Non Current Assets	67%	Non Current Liabilities	3%
		Shareholders' Equity	86%
<b>Total Assets</b>	<b>100%</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>100%</b>

The Company's capital structure consists of asset : liabilities ratio + The Company's capital of 100 : 14+86. The Company has current liabilities payable at 11 percent compared to total liabilities of the company. For the asset that the Company has ownership, it can be divided into current asset of 33 percent, fixed asset of 67 percent.

### 2. Assets

#### Asset Components

Total asset as of December 31, 2017 was 2,133 billion baht compared to the end of 2016 of 1,947 billion baht, an increase of 186 million baht or 9.53%, which has the following changes;

2.1 **Current Asset** as of December 31, 2017 was 709 million baht or 33.22% of total assets compared with the end of 2016, which was at 516 million baht, as increase of 193 million baht or 37.23%, which has the following details?

2.1.1 Cash and cash equivalents as of December 31, 2017 was 15 million baht or 0.71% of total assets

2.1.2 Temporary investment as of December 31, 2017 consists of investment in open-end fund and trading securities was 489 million baht or 22.92% of total assets compared with the end of 2016, which was at 308 million baht increase 181 million or 58.57%.

2.1.3 Net accounts receivable as of December 31, 2017 was 149 million baht or 6.96% of total assets compared with the end of 2016, which was 122 million baht, an increase of 27 million baht or 22.23%. This consists of accounts receivable and credit pending deposit.

2.1.4 Inventory as of December 31, 2017 was 39 million baht or 1.83% of total assets compared with the end of 2016 of 31 million baht, an increase of 8 million baht or 24.89%. This consists of medicine and pharmaceutical products and medical supplies.

2.1.5 Other current assets as of December 31, 2017 was 17 million baht or 0.81% of total assets compared with the end of 2016, which was 15 million baht, a decrease of 2 million baht or 15.07% .

**2.2 Non-current assets** as of December 31, 2017 was 1,424 billion baht or 66.78% of total assets compared with the end of 2016, which was 1,431 billion baht, an decrease of 7 million baht or 0.46%, which has the following details;

2.2.1 Longterm investment as of December 31, 2017 was 8.40 million baht, which consists of;

- Available for sales securities as of December 31, 2017 was 8.40 million baht or 0.39% of total assets compared with the end of 2016, which was 9.75 million baht, an decrease of 1.35 million baht or 13.86% due to unrealized gain from the decrease in value of investment in available for sales securities.

2.2.2 Land, building, and equipment as of December 31, 2017 was 1,385 billion baht or 64.92% of total assets compared with the end of 2016, which was 1,387 billion baht, an decrease of 2 million baht or 0.14%.

2.2.3 Intangible assets as of December 31, 2017 was 13 million baht or 0.61% of total assets compared with the end of 2016, which was 19 million baht, a decrease of 6 million baht or 30.75%.

2.2.4 Deferred tax asset as of December 31, 2017 was 9.53 million baht or 0.45% of total assets compared with the end of 2016, which was 8.69 million baht, an increase of 0.84 million baht or 9.65%.

2.2.5 Other non-current assets as of December 31, 2017 was 8.65 million baht or 0.41% of total assets compared with the end of 2016, which was 7.06 million baht, a increase of 1.59 million baht or 22.54%.

### **3. Liabilities**

#### **Liabilities Components;**

Total Liabilities as of December 31, 2017 was 286.45 million baht compared with the end of 2016, which was 263.43 million baht a increase of 23.02 million baht or 8.74%. There were significant changes as follows;

**3.1 Current Liabilities** as of December 31, 2017 was 229.30 million baht or 10.75% of total assets compared with the end of 2016, which was 212.28 million baht, an increase of 17.02 million baht or 8.02%, which has the following details;

3.1.1 Accounts payable and other payables as of December 31, 2017 was 179 million baht or 8.38% of total assets compared with the end of 2016, which was 173 million baht, a increase of 6 million baht or 3.25%.

3.1.2 Asset payable as of December 31, 2017 was 4 million baht or 0.17% of total assets compared with the end of 2016, which was 6 million baht, a decrease of 2 million baht or 38.46%.

3.1.3 Payable corporate income tax as of December 31, 2017 was 41 million baht or 1.90% of total assets compared with the end of 2016, which was 28 million baht, a increase of 13 million baht or 46.80%.

3.1.4 Other current liabilities as of December 31, 2017 was 6.37 million baht or 0.30% of total assets compared with the end of 2016, which was 5.63 million baht, an increase of 0.74 million baht or 13.32%.

**3.2 Non-current Liabilities** as of December 31, 2017 was 57 million baht or 2.68% of total assets compared with the end of 2016, which was 51 million baht, an increase of 6 million baht or 11.72%.

## 2. Asset Quality

Net accounts receivable as of December 31, 2017 was 149 million baht or 6.96% of total assets compared with the end of 2016, which was 122 million baht, an increase of 27 million baht or 22.23%. The company set a reserve for allowance for doubtful account for bad debt, which is considered from debt period as criteria. In 2017, the company recorded allowance for doubtful account of 2.95 million baht.

Inventory consists of medicine, pharmaceutical product, and medical supplies. The company indicated value in cost price or lowered market price, and obsolete and deteriorated products had already been sorted out.

The compositions of The Company's fixed assets as of December 31, 2017 were as follows :

(in million baht)

	Historical Cost	Appropriated Depreciations	Net Value
Land	575	0	575
Building& Infrastructures	1,039	665	374
Medical Equipments	712	403	309
Vehicles	16	13	3
Furniture and Fixtures	78	69	9
Office equipment	65	48	17
Computer equipment	116	82	34
Other equipment and tools	30	21	9
Assets under construction	55	0	55
<b>Total Fixed Assets</b>	<b>2,686</b>	<b>1,301</b>	<b>1,385</b>

The Company recorded fixed asset in cost price without adjusting value of fixed asset whatsoever due to the company has analyzed depreciation and deemed that the recorded value was appropriate.

The Company had return on fixed asset as of December 31, 2017 of equivalent to 35.23% compared with the end of 2016, which was 33.09%, a increase of 2.14% , investment building& Infrastructures and medical equipment for ther services.

### **3. Liquidity**

The Company had cash and cash equivalents as of December 31, 2017 of 15.08 million baht or 0.71% of total assets compared with the end of 2016, which was 40.42 million baht, a decrease of 25.34 million baht or 62.70%. The detail of acquisition and usage of cash and major short term investments as follows;

The Company had net cash flow acquired from business operation as of December 31, 2017 of 289 million baht compared with the end of 2016, which was 363 million baht, a decrease of 74 million baht.

In 2017, the company had income before tax of 430 million baht.

- Adjusted income before tax as cash acquired from operation of 142 million baht. There were adjusted depreciation, amortization of deferred expenses, amortization of computer softwares, loss on disposal of building and equipment, bad debts and longterm employee benefit expense.

- Adjusted income before tax as cash paid from the operation of 4 million baht. There were income from unrealized gain on open-ended funds, unrealized gain on trading securities, doubtful debts decrease, dividend income and interest income.

- Operating on profit before change in components of assets and operating debt as of December 31, 2017 was 568 million baht compared with the end of 2016, which was 536 million baht, an increase of 32 million baht, deducting the change in components of assets of 218 million baht and including the change in components of operating debt of 2 million baht, which caused cash acquired from the operation of 352 million baht, paid income tax of 63 million baht and paid interest of 0.14 million baht.

- Cash flow spent for investment activities in various assets of 124 million baht, which caused Investment in plant and equipment and computer softwares.

- Cash flow acquired from fund raising activities of 190 million baht. This is a paid for dividend .

**The company has financial liquidity in each year as follows;**

- Liquidity ratio as of December 31, 2017 was 3.09 times increased to compared with the end of 2016, which was 2.43 times.

- The company accounts receivable turnover rate as of December 31, 2017 was 20.35 times increased to compared with the end of 2016, which was 20.13 times.

- Average collection period as of December 31, 2017 was 17.69 days decrease to compared with the end of 2016, which was 17.88 days., This indicated that the company had efficient collection management.

- Inventory turnover rate as of December 31, 2017 was 39.14 times increased to compared with the end of 2016, which was 39.68 times.

- Average days to sell product as of December 31, 2017 was 9.20 days decreased to compared with the end of 2016, which was 9.07 days. This indicated that the company had efficient inventory management.

- Payable turnover rate as of December 31, 2017 was 7.52 times increased to compared with the end of 2016, which was 7.33 times.

- Average days to payment period as of December 31, 2017 was 47.89 days decreased to compared with the end of 2016, which was 49.11 days.

## Report on the Board of Directors' responsibilities for financial statements

To : The Shareholders of  
Nonthavej Hospital Public Company Limited

The Board of Directors takes responsibility for the financial statements of Nonthavej Hospital Public Limited Company. These financial statements were prepared according to generally accepted accounting principles. The appropriate accounting policies were applied consistently and the financial statements were prepared in a prudent and reasonable manner with adequate and transparent disclosure of information in the notes to the financial statements for the benefit of general shareholders and investors.

The Board of Directors has maintained good corporate governance through the risk management and internal control systems in order to ensure that accounting data is recorded accurately, completely, promptly and adequately to safeguard assets and prevent significant fraud or irregularities.

The Board of Directors has appointed the audit committee, which is comprised of independent directors, to oversee and review the reliability and accuracy of the financial statements, and to assess the effectiveness of the internal control system and internal audit. The opinions of the audit committee on these matters are in the auditor's report, which is part of this annual report.

The Board of Directors is of the opinion that the internal control system and internal audit are able to confirm that the financial statements of Nonthavej Hospital Public Limited Company for the year ending 31 December 2017 present The Company's financial position, operating results and cash flows accurately in all major respects according to generally accepted accounting principles. The auditor's opinions are contained in the auditor's report, which is part of this annual report.



Mrs. Patama Prommas

(Chairman)

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

## AUDITOR'S REPORT

**To : The Shareholders of**

**Nonthavej Hospital Public Company Limited**

### ***Opinion***

I have audited the accompanying financial statements of Nonthavej Hospital Public Company Limited, which comprise the statement of financial position as at December 31, 2017, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonthavej Hospital Public Company Limited as at December 31, 2017, its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### ***Basis for Opinion***

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

### ***Key Audit Matters***

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

1. Impairment evaluation of asset under construction

As at December 31, 2017, the financial statements of Company have asset under construction in outstanding since 2006 amount of Baht 34.47 million, which includes the cost of building design and the cost of initial preparation for the construction of the building were shown as part of the total asset under construction amount of Baht 55.30 million in Note 8. Currently, the asset under construction has no progress which may result in impairment of asset under construction. The management must consider as indication of impairment of asset under construction. If impaired, the allowance for impairment of construction in progress is depended on the management judgment.

I have audited the supporting documents in relation to the management consideration of impairment indicators for asset under construction.

Based on our testing, in my opinion, the asset under construction is fairly presentation.

2. The completeness of revenue recognition from medical treatment for inpatients.

The recognition of revenue on medical treatment for inpatients at the end of the year. The Company has recognized revenue by using the data from the resource base of the Company, which may result the accuracy and completeness of revenue recognition from medical treatment for inpatients.

I have assessment and testing of it systems and revenue recognition system and subsequence event testing for revenue on medical treatment for inpatients to ensure the revenue recognition from medical treatment of inpatients are properly recorded and complete.

Based on our testing, in my opinion, the revenue from medical treatment for inpatients are properly recorded and complete.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and my auditor's report thereon. I have received such other information in the annual report that has been prepared for issuance before the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



(Dr. Preecha Suan)

Certified Public Accountant Registration No. 6718

Dr. Virach & Associates Office Co., Ltd.

Bangkok : February 22, 2018

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

**ASSETS**

	<i>Notes</i>	BAHT	
		2017	2016
<b>Current Assets</b>			
Cash and cash equivalents	<i>3.2 and 4</i>	15,077,423	40,418,942
Short-term investments			
Open-ended funds	<i>3.3 and 5.1</i>	486,869,274	306,486,156
Trading securities	<i>3.3 and 5.2</i>	1,917,744	1,751,516
Trade and other receivables	<i>3.4 and 6</i>	148,535,725	121,523,134
Inventories	<i>3.5 and 7</i>	39,018,463	31,243,299
Other current assets			
Prepaid expenses		15,682,481	13,723,212
Other current assets		1,526,481	1,232,002
Total other current assets		17,208,962	14,955,214
<b>Total Current Assets</b>		<b>708,627,591</b>	<b>516,378,261</b>
<b>Non-current Assets</b>			
Available-for-sale securities	<i>3.3 and 5.3</i>	8,396,023	9,746,800
Property, plant and equipment	<i>3.6 and 8</i>	1,384,797,315	1,386,705,510
Intangible assets	<i>3.7 and 9</i>	13,031,130	18,817,583
Deferred tax assets	<i>3.8 and 16</i>	9,533,750	8,694,774
Other non-current assets	<i>3.9 and 10</i>	8,647,843	7,057,201
<b>Total Non-current Assets</b>		<b>1,424,406,061</b>	<b>1,431,021,868</b>
<b>TOTAL ASSETS</b>		<b>2,133,033,652</b>	<b>1,947,400,129</b>

Notes to the financial statements form an integral part of these statements.

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2017**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		BAHT	
	<i>Notes</i>	2017	2016
<b>Current Liabilities</b>			
Trade and other payables	<i>11</i>	178,778,120	173,151,216
Assets acquisition payable		3,636,381	5,908,641
Accrued corporate income tax		40,507,373	27,593,981
Other current liabilities		6,374,597	5,625,073
Total Current Liabilities		229,296,471	212,278,911
<b>Non-current Liabilities</b>			
Provision for long-term employee benefits	<i>3.12 and 12</i>	57,151,196	51,153,634
Total Non-current Liabilities		57,151,196	51,153,634
<b>TOTAL LIABILITIES</b>		<b>286,447,667</b>	<b>263,432,545</b>
<b>Shareholders' Equity</b>			
<b>Share capital</b>			
<b>Authorized share capital</b>			
160,000,000 common stocks of Baht 1 par value		160,000,000	160,000,000
<b>Issued and paid-up share capital</b>			
160,000,000 common stocks at Baht 1 each		160,000,000	160,000,000
<b>Additional paid-in capital</b>			
Premium on common stocks		172,000,000	172,000,000
<b>Retained earnings</b>			
<b>Appropriated</b>			
Legal reserve	<i>13</i>	16,000,000	16,000,000
Unappropriated		1,492,047,004	1,328,347,981
Other components of shareholders' equity		6,538,981	7,619,603
Total Shareholders' Equity		1,846,585,985	1,683,967,584
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,133,033,652</b>	<b>1,947,400,129</b>

Notes to the financial statements form an integral part of these statements.

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

		BAHT	
	<i>Notes</i>	2017	2016
<b>REVENUES</b>			
Revenues from medical treatment		2,053,887,253	1,979,390,987
Other income		14,625,661	12,399,071
Total Revenues		2,068,512,914	1,991,790,058
<b>EXPENSES</b>			
Cost of medical treatment		1,374,930,025	1,333,572,098
Selling expenses		6,367,432	3,843,003
Administrative expenses		253,510,463	263,349,880
Directors' remuneration	14	3,937,000	3,823,000
Total Expenses	15	1,638,744,920	1,604,587,981
Profit before Income Tax Expenses		429,767,994	387,202,077
Income Tax Expenses	3.10 and 16	75,668,971	69,816,495
Profit for the years		<b>354,099,023</b>	<b>317,385,582</b>
<b>Other Comprehensive Income (Loss) :-</b>			
Surplus (discount) on changes in value of available-for-sale securities		(1,350,777)	3,923,700
Income tax on net change from the remeasuring of investment in available-for-sale securities		270,155	(784,740)
Other comprehensive income (loss) for the years-net of tax		(1,080,622)	3,138,960
Total comprehensive income for the years		353,018,401	320,524,542
<b>Earnings Per Share</b>			
Basic Earnings Per Share	3.11	<b>2.21</b>	<b>1.98</b>
The number of 160,000,000 common stocks used in computation.			

Notes to the financial statements form an integral part of these statements.

**NONHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BAHT					
	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of shareholders' equity Other comprehensive income Available for sale securities	Total shareholders' equity
<i>Notes</i>			Legal reserve	Unappropriated		
Balances as at January 1, 2016	160,000,000	172,000,000	16,000,000	1,190,162,399	4,480,643	1,542,643,042
Total comprehensive income for the year	-	-	-	317,385,582	3,138,960	320,524,542
Dividend payment	<i>14</i>	-	-	(179,200,000)	-	(179,200,000)
Balances as at December 31, 2016	160,000,000	172,000,000	16,000,000	1,328,347,981	7,619,603	1,683,967,584
Total comprehensive income for the year	-	-	-	354,099,023	(1,080,622)	353,018,401
Dividend payment	<i>14</i>	-	-	(190,400,000)	-	(190,400,000)
Balances as at December 31, 2017	160,000,000	172,000,000	16,000,000	1,492,047,004	6,538,981	1,846,585,985

Notes to the financial statements form an integral part of these statements.

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BAHT	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES :		
PROFIT BEFORE INCOME TAX EXPENSES		
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX	429,767,994	387,202,077
EXPENSES TO NET CASH PROVIDED FROM (USED IN) OPERATION :-		
Depreciation	125,258,702	122,321,842
Amortization of deferred expenses	2,048,662	2,798,589
Amortization of computer softwares	6,772,240	10,370,058
Unrealized gain on open-ended funds	(3,302,425)	(330,165)
Unrealized gain on trading securities	(166,228)	(172,006)
(Gain) loss on disposal of building and equipment	(198,225)	6,885,576
Bad debts	-	1,025,442
Doubtful debts (decrease)	315,195	(287,479)
Dividend income	(133,302)	(134,635)
Interest income	(141,552)	(143,259)
Long-term employee benefits expenses	8,080,512	6,851,829
PROFIT FROM OPERATION BEFORE CHANGE IN		
OPERATING ASSETS AND LIABILITIES ITEMS	568,301,573	536,387,869
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS		
Open-ended funds	(177,080,693)	(92,646,826)
Trade and other receivables	(27,327,786)	(7,543,445)
Inventories	(7,775,164)	4,722,287
Other current assets	(2,253,748)	4,580,119
Other non-current assets	(3,639,304)	(4,245,661)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS		
Trade and other payables	5,626,904	(903,949)
Assets acquisition payable	(2,272,260)	(2,193,702)
Other current liabilities	749,524	331,629
Provision for long-term employee benefits	(2,082,950)	-
Cash received from operation	352,246,096	438,488,321
Interest income	141,552	143,259
Income tax paid	(63,324,400)	(75,770,097)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	289,063,248	362,861,483

Notes to the financial statements form an integral part of these statements.

**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	BAHT	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in plant and equipment	(123,458,282)	(172,271,326)
Proceeds from disposal of plant and equipment	306,000	460,286
Purchase of computer softwares	(985,787)	(3,053,251)
Proceeds from dividend income	133,302	134,635
NET CASH USED IN INVESTING ACTIVITIES	(124,004,767)	(174,729,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(190,400,000)	(179,200,000)
NET CASH USED IN FINANCING ACTIVITIES	(190,400,000)	(179,200,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,341,519)	8,931,827
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	40,418,942	31,487,115
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	15,077,423	40,418,942
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS		
Non-cash flows items comprise :		
Unrealized gain (loss) on available-for-sale securities	(1,350,777)	3,923,700
Increase in plant and equipment from assets payable	-	202,379
Increase in equipment from transferring deposits	-	139,100

Notes to the financial statements form an integral part of these statements.



**NONTHAVEJ HOSPITAL PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. GENERAL INFORMATION**

<b>1.1</b>	Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
<b>1.2</b>	Company location	432, Ngamvongwan Road, Tambol Bangkhen, Amphur Muangnonthaburi, Nonthaburi, Thailand.
	Branch	530, Rattanathibeth Road, Tambol Bangkrasor, Amphur Muangnonthaburi, Nonthaburi, Thailand.
<b>1.3</b>	Type of business	Hospital

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

2.1 The financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

2.2 Accounting standards that became effective in the current accounting year are as follow:

**Thai Accounting Standards (TAS)**

- |                           |   |
|---------------------------|---|
| 1. TAS 1 (revised 2016)   | Presentation of Financial Statements                            |
| 2. TAS 2 (revised 2016)   | Inventories   |
| 3. TAS 7 (revised 2016)   | Statement of Cash Flows   |
| 4. TAS 8 (revised 2016)   | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2016)  | Events after the Reporting Period                               |
| 6. TAS 11 (revised 2016)  | Construction Contracts  |
| 7. TAS 12 (revised 2016)  | Income Taxes  |
| 8. TAS 16 (revised 2016)  | Property, Plant and Equipment                                   |
| 9. TAS 17 (revised 2016)  | Leases  |
| 10. TAS 18 (revised 2016) | Revenue   |
| 11. TAS 19 (revised 2016) | Employee Benefits   |

- |                            |  |
|----------------------------|--|
| 12. TAS 20 (revised 2016)  | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2016)  | The Effects of Changes in Foreign Exchange Rates                         |
| 14. TAS 23 (revised 2016)  | Borrowing Costs  |
| 15. TAS 24 (revised 2016)  | Related Party Disclosures  |
| 16. TAS 26 (revised 2016)  | Accounting and Reporting by Retirement Benefit Plans                     |
| 17. TAS 27 (revised 2016)  | Separate Financial Statements  |
| 18. TAS 28 (revised 2016)  | Investments in Associates and Joint Ventures                             |
| 19. TAS 29 (revised 2016)  | Financial Reporting in Hyperinflationary Economies                       |
| 20. TAS 33 (revised 2016)  | Earnings Per Share   |
| 21. TAS 34 (revised 2016)  | Interim Financial Reporting  |
| 22. TAS 36 (revised 2016)  | Impairment of Assets   |
| 23. TAS 37 (revised 2016)  | Provisions, Contingent Liabilities and Contingent Assets                 |
| 24. TAS 38 (revised 2016)  | Intangible Assets  |
| 25. TAS 40 (revised 2016)  | Investment Property  |
| 26. TAS 41 (revised 2016)  | Agriculture  |
| 27. TAS 104 (revised 2016) | Accounting for Troubled Debt Restructuring                               |
| 28. TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities                 |
| 29. TAS 107 (revised 2016) | Financial Instruments Disclosure and Presentation                        |

**Thai Financial Reporting Standards (TFRS)**

- |                            |  |
|----------------------------|--|
| 30. TFRS 2 (revised 2016)  | Share-based Payment  |
| 31. TFRS 3 (revised 2016)  | Business Combinations  |
| 32. TFRS 4 (revised 2016)  | Insurance Contracts  |
| 33. TFRS 5 (revised 2016)  | Non-current Assets Held for Sale and Discontinued Operations |
| 34. TFRS 6 (revised 2016)  | Exploration for and Evaluation of Mineral Resources          |
| 35. TFRS 8 (revised 2016)  | Operating Segments   |
| 36. TFRS 10 (revised 2016) | Consolidated Financial Statements                            |
| 37. TFRS 11 (revised 2016) | Joint Arrangements   |
| 38. TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities                    |
| 39. TFRS 13 (revised 2016) | Fair Value Measurement                                       |

### **Thai Accounting Standard Interpretations (TSIC)**

- 40. TSIC 10 (revised 2016) Government Assistance - No Specific Relation to Operating Activities
- 41. TSIC 15 (revised 2016) Operating Leases - Incentives
- 42. TSIC 25 (revised 2016) Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
- 43. TSIC 27 (revised 2016) Evaluating the Substance of Transactions in the Legal Form of a Lease
- 44. TSIC 29 (revised 2016) Service Concession Arrangements : Disclosures
- 45. TSIC 31 (revised 2016) Revenue - Barter Transactions Involving Advertising Services
- 46. TSIC 32 (revised 2016) Intangible Assets - Web Site Costs

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

- 47. TFRIC 1 (revised 2016) Changes in Existing Decommissioning, Restoration and Similar Liabilities
- 48. TFRIC 4 (revised 2016) Determining Whether an Arrangement Contains a Lease
- 49. TFRIC 5 (revised 2016) Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- 50. TFRIC 7 (revised 2016) Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies
- 51. TFRIC 10 (revised 2016) Interim Financial Reporting and Impairment
- 52. TFRIC 12 (revised 2016) Service Concession Arrangements
- 53. TFRIC 13 (revised 2016) Customer Loyalty Programmes
- 54. TFRIC 14 (revised 2016) TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- 55. TFRIC 15 (revised 2016) Agreements for the Construction of Real Estate
- 56. TFRIC 17 (revised 2016) Distributions of Non-cash Assets to Owners
- 57. TFRIC 18 (revised 2016) Transfers of Assets from Customers
- 58. TFRIC 20 (revised 2016) Stripping Costs in the Production Phase of a Surface Mine
- 59. TFRIC 21 (revised 2016) Levies

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

2.3 The Federation of Accounting Professions has issued the new accounting standards but not yet effective.

Effective for fiscal years beginning on or after January 1, 2018

**Thai Accounting Standards (TAS)**

- |                           |  |
|---------------------------|--|
| 1. TAS 1 (revised 2017)   | Presentation of Financial Statements                                     |
| 2. TAS 2 (revised 2017)   | Inventories  |
| 3. TAS 7 (revised 2017)   | Statement of Cash Flows  |
| 4. TAS 8 (revised 2017)   | Accounting Policies, Changes in Accounting Estimates and Errors          |
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| 6. TAS 11 (revised 2017)  | Construction Contracts   |
| 7. TAS 12 (revised 2017)  | Income Taxes   |
| 8. TAS 16 (revised 2017)  | Property, Plant and Equipment  |
| 9. TAS 17 (revised 2017)  | Leases   |
| 10. TAS 18 (revised 2017) | Revenue  |
| 11. TAS 19 (revised 2017) | Employee Benefits  |
| 12. TAS 20 (revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2017) | The Effects of Changes in Foreign Exchange Rates                         |
| 14. TAS 23 (revised 2017) | Borrowing Costs  |
| 15. TAS 24 (revised 2017) | Related Party Disclosures  |
| 16. TAS 26 (revised 2017) | Accounting and Reporting by Retirement Benefit Plans                     |
| 17. TAS 27 (revised 2017) | Separate Financial Statements  |
| 18. TAS 28 (revised 2017) | Investments in Associates and Joint Ventures                             |
| 19. TAS 29 (revised 2017) | Financial Reporting in Hyperinflationary Economies                       |
| 20. TAS 33 (revised 2017) | Earnings Per Share   |
| 21. TAS 34 (revised 2017) | Interim Financial Reporting  |
| 22. TAS 36 (revised 2017) | Impairment of Assets   |
| 23. TAS 37 (revised 2017) | Provisions, Contingent Liabilities and Contingent Assets                 |
| 24. TAS 38 (revised 2017) | Intangible Assets  |
| 25. TAS 40 (revised 2017) | Investment Property  |
| 26. TAS 41 (revised 2017) | Agriculture  |

### **Thai Financial Reporting Standards (TFRS)**

- |                            |  |
|----------------------------|--|
| 27. TFRS 2 (revised 2017)  | Share-based Payment  |
| 28. TFRS 3 (revised 2017)  | Business Combinations  |
| 29. TFRS 4 (revised 2017)  | Insurance Contracts  |
| 30. TFRS 5 (revised 2017)  | Non-current Assets Held for Sale and Discontinued Operations |
| 31. TFRS 6 (revised 2017)  | Exploration for and Evaluation of Mineral Resources          |
| 32. TFRS 8 (revised 2017)  | Operating Segments   |
| 33. TFRS 10 (revised 2017) | Consolidated Financial Statements                            |
| 34. TFRS 11 (revised 2017) | Joint Arrangements   |
| 35. TFRS 12 (revised 2017) | Disclosure of Interests in Other Entities                    |
| 36. TFRS 13 (revised 2017) | Fair Value Measurement                                       |

### **Thai Accounting Standard Interpretations (TSIC)**

- |                            |   |
|----------------------------|---|
| 37. TSIC 10 (revised 2017) | Government Assistance - No Specific Relation to Operating Activities      |
| 38. TSIC 15 (revised 2017) | Operating Leases - Incentives   |
| 39. TSIC 25 (revised 2017) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders |
| 40. TSIC 27 (revised 2017) | Evaluating the Substance of Transactions in the Legal Form of a Lease     |
| 41. TSIC 29 (revised 2017) | Service Concession Arrangements : Disclosures                             |
| 42. TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services              |
| 43. TSIC 32 (revised 2017) | Intangible Assets - Web Site Costs  |

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

- |                             |  |
|-----------------------------|--|
| 44. TFRIC 1 (revised 2017)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| 45. TFRIC 4 (revised 2017)  | Determining Whether an Arrangement Contains a Lease  |
| 46. TFRIC 5 (revised 2017)  | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds             |
| 47. TFRIC 7 (revised 2017)  | Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies |
| 48. TFRIC 10 (revised 2017) | Interim Financial Reporting and Impairment   |
| 49. TFRIC 12 (revised 2017) | Service Concession Arrangements  |
| 50. TFRIC 13 (revised 2017) | Customer Loyalty Programmes  |

- |     |                         |  |
|-----|-------------------------|--|
| 51. | TFRIC 14 (revised 2017) | TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 52. | TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate   |
| 53. | TFRIC 17 (revised 2017) | Distributions of Non-cash Assets to Owners   |
| 54. | TFRIC 18 (revised 2017) | Transfers of Assets from Customers   |
| 55. | TFRIC 20 (revised 2017) | Stripping Costs in the Production Phase of a Surface Mine  |
| 56. | TFRIC 21 (revised 2017) | Levies   |

The Company's management is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Revenues and expenses recognition**

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales and medicine sales, are recognised as income when services have been rendered or medicine delivered.

Service income is recognized when services have been rendered.

Revenue from rental is recognized over the term of rental agreement.

Dividend income is recognized when the right to receive is established.

Other revenues and expenses are recognized on an accrual basis.

#### **3.2 Cash and cash equivalents**

Cash and cash equivalents are cash on hand and deposits at the financial institutions due not more than 3 months from the acquisition date and not subject to withdrawal restrictions.

#### **3.3 Investments**

Trading securities are investments in listed securities and open-ended fund stated at fair value. The Company recognizes revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income.

Available-for-sale securities are investments in listed securities stated at fair value. The objective of holding these securities is for long-term investments. The Company

recognizes revaluation of available-for-sale securities as separate item in statements of comprehensive income under the caption “Surplus on changes in value of available-for-sale investments”.

The Company calculated cost of the disposed securities during the year by weighted average method.

### **3.4 Allowance for doubtful accounts**

The Company provided allowance for doubtful accounts which are expected to be uncollectible accounts receivable based on the past experience in debt collection and the current status of outstanding debtors on the statement of financial position date.

Bad debts are immediately written off during the year whenever incurred.

### **3.5 Inventories**

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the moving average method.

### **3.6 Property, plant and equipment**

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method based on the estimated useful life of the following assets :

PARTICULARS	USEFUL LIFE (YEARS)
Land	No calculation for depreciation
Temporary building	3
Building and structure	10-50
Medical tools and equipment	5-10
Others	5-15

### **3.7 Intangible assets**

Deferred computer software is stated at cost net from cumulative amortization which is calculated by the straight-line method within 5 years.

### **3.8 Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets/liabilities.

As each statements of financial position date, the Company reviews and adjusts the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets or deferred tax liabilities to be utilised.

### **3.9 Deferred expenses**

Deferred expenses are stated at cost net from cumulative amortization which is calculated by the straight-line method within 3-5 years.

### **3.10 Income tax expenses**

Income tax expenses are calculated from profit/loss for the years consist of current tax and deferred tax. Income tax expenses recognized in statements of comprehensive income unless part of transaction recorded in shareholders' equity recorded directly to equity.

### **3.11 Earnings per share**

Basic earnings per share is calculated by dividing the profit for the years by the number of weighted average common stocks held by outsiders during the years.

### **3.12 Employee benefits**

#### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### Long-term employee benefits

##### Defined contribution plan

The Company provides a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of comprehensive income in the incurred year.



### Defined benefits plan

Provision for employee retirement benefits is recognised as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

### **3.13 Significant accounting judgments and estimates**

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgment on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, depreciation of plant and equipment, amortization of intangible assets, amortization of deferred expenses and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

#### 4. CASH AND CASH EQUIVALENTS

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Cash	4,058,266	3,215,816
Deposits at financial institutions	11,019,157	37,203,126
Total	15,077,423	40,418,942

#### 5. INVESTMENTS

##### 5.1 Open-ended fund

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Open-ended fund	482,525,959	305,445,266
Valuation adjustment	4,343,315	1,040,890
Open-ended fund-Fair value	486,869,274	306,486,156

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Unrealized gain on open-ended fund	3,302,425	330,165

##### 5.2 Short-term investments - Trading securities

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Short-term investments-at cost	2,007,731	2,007,731
Valuation adjustment	(89,987)	(256,215)
Short-term investments-Fair value	1,917,744	1,751,516

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Unrealized gain on trading securities	166,228	172,006

### 5.3 Available-for-sale securities

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Acquisition cost	222,296	222,296
Surplus on changes in value of available-for-sale securities	8,173,727	9,524,504
Fair value at ending years	8,396,023	9,746,800

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Surplus (discount) on changes in value of available-for-sale securities	(1,350,777)	3,923,700

### 6. TRADE AND OTHER RECEIVABLES

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
The trade accounts receivable are classified by outstanding balances of aging as follows :		
Current	142,040,909	116,448,648
Overdue within 3 months	5,427,861	2,643,386
Over 3 - 6 months	1,227,403	1,334,460
Over 6 - 12 months	914,368	1,130,660
Over 12 months	1,769,793	2,505,394
Total	151,380,334	124,062,548
Allowance for doubtful debts	(2,944,609)	(2,629,414)
Trade accounts receivable-net	148,435,725	121,433,134
Other receivables	100,000	90,000
Total trade and other receivables	148,535,725	121,523,134

**7. INVENTORIES**

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Medicines and medical supplies	32,173,218	24,390,568
General supplies	6,845,245	6,852,731
Total	39,018,463	31,243,299

## 8. PROPERTY, PLANT AND EQUIPMENT

	AMOUNT IN BAHT									
	Land	Building and structure	Medical tools and equipment	Vehicles	Furniture and fixtures	Office equipment	Computer equipment	Other equipment and tools	Assets under construction	Total
<u>Cost</u>										
January 1, 2016	575,208,866	985,648,779	593,095,987	16,603,676	75,500,165	68,644,624	85,955,249	26,284,501	71,092,637	2,498,034,484
Increase for the year 2016	-	3,365,602	129,622,176	33,705	265,506	749,880	4,863,111	4,718,986	28,993,839	172,612,805
Sold	-	(7,797,919)	(43,962,375)	-	(4,119,369)	(6,504,896)	(7,751,720)	(2,194,727)	-	(72,331,006)
Transfer to/from	-	23,239,539	-	-	2,266,312	1,614,408	15,622,000	145,639	(42,887,898)	-
December 31, 2016	575,208,866	1,004,456,001	678,755,788	16,637,381	73,912,614	64,504,016	98,688,640	28,954,399	57,198,578	2,598,316,283
Increase for the year 2017	-	7,558,720	61,314,164	-	3,182,793	2,128,171	17,263,281	2,503,738	29,507,415	123,458,282
Sold	-	(1,209,988)	(28,457,144)	(512,500)	(1,969,764)	(1,923,812)	-	(1,623,850)	-	(35,697,058)
Transfer to/from	-	28,565,859	-	-	2,375,400	290,000	-	175,656	(31,406,915)	-
December 31, 2017	575,208,866	1,039,370,592	711,612,808	16,124,881	77,501,043	64,998,375	115,951,921	30,009,943	55,299,078	2,686,077,507
<u>Accumulated Depreciation</u>										
January 1, 2016	-	572,485,253	368,714,293	12,766,062	60,427,758	46,579,803	72,011,779	21,289,127	-	1,154,274,075
Depreciation for the year	-	49,527,794	47,366,630	440,090	7,735,263	5,730,107	9,750,526	1,771,432	-	122,321,842
Disposals	-	(7,635,505)	(37,003,611)	-	(4,114,649)	(6,472,426)	(7,574,043)	(2,184,910)	-	(64,985,144)
December 31, 2016	-	614,377,542	379,077,312	13,206,152	64,048,372	45,837,484	74,188,262	20,875,649	-	1,211,610,773
Depreciation for the year	-	51,762,641	51,992,403	418,240	6,711,346	4,412,935	7,993,697	1,967,440	-	125,258,702
Disposals	-	(1,209,448)	(28,369,369)	(512,499)	(1,969,759)	(1,919,309)	-	(1,608,899)	-	(35,589,283)
December 31, 2017	-	664,930,735	402,700,346	13,111,893	68,789,959	48,331,110	82,181,959	21,234,190	-	1,301,280,192
<u>Net book value</u>										
December 31, 2016	575,208,866	390,078,459	299,678,476	3,431,229	9,864,242	18,666,532	24,500,378	8,078,750	57,198,578	1,386,705,510
December 31, 2017	575,208,866	374,439,857	308,912,462	3,012,988	8,711,084	16,667,265	33,769,962	8,775,753	55,299,078	1,384,797,315

In 2017 and 2016, part of Company's land at book value of Baht 7.87 million are mortgaged as collateral for bank overdrafts and loans from certain commercial bank.

**9. INTANGIBLE ASSETS**

	AMOUNT IN BAHT		
	DEFERRED COMPUTER SOFTWARES	COMPUTER SOFTWARES UNDER INSTALLATION	TOTAL
<u>Cost</u>			
January 1, 2016	117,409,580	8,861,105	126,270,685
Increase for the year 2016	2,961,183	92,068	3,053,251
Unused	(34,492,492)	-	(34,492,492)
Transfer to/from	8,568,995	(8,568,995)	-
December 31, 2016	94,447,266	384,178	94,831,444
Increase for the year 2017	660,762	325,025	985,787
Transfer to/from	106,893	(106,893)	-
December 31, 2017	95,214,921	602,310	95,817,231
<u>Accumulated amortization</u>			
January 1, 2016	100,136,295	-	100,136,295
Amortization for the year 2016	10,370,058	-	10,370,058
Unused	(34,492,492)	-	(34,492,492)
December 31, 2016	76,013,861	-	76,013,861
Amortization for the year 2017	6,772,240	-	6,772,240
December 31, 2017	82,786,101	-	82,786,101
Net book value			
December 31, 2016	18,433,405	384,178	18,817,583
December 31, 2017	12,428,820	602,310	13,031,130

**10. OTHER NON-CURRENT ASSETS**

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Deferred expenses	3,459,909	2,082,013
<u>Add</u> Increase	4,479,648	4,176,485
<u>Less</u> Amortization for the years	(2,048,662)	(2,798,589)
Net book value	5,890,895	3,459,909
Deposit for assets	1,506,492	1,445,906
Others	1,250,456	2,151,386
Total	8,647,843	7,057,201

**11. TRADE AND OTHER PAYABLES**

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Trade accounts payables	54,112,663	51,215,047
Accrued expenses	44,821,180	45,837,470
Accrued doctors' fees	58,645,130	56,142,978
Others	21,199,147	19,955,721
Total	178,778,120	173,151,216

**12. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS**

Provision for long-term employee benefits as at December 31, 2017 and 2016 which are compensations on employees' retirement, are as follows

PARTICULARS	AMOUNT IN BAHT	
	2017	2016
Defined benefit obligation at beginning of years	51,153,634	44,301,805
Current service cost	7,089,039	5,918,024
Interest cost	991,473	933,805
Benefits paid during the years	(2,082,950)	-
Defined benefit obligation at end of years	57,151,196	51,153,634

The principle assumptions used in determining the employee benefits are shown as follows:

PARTICULARS	For the years ended December 31, 2017 and 2016
Discount rate	2.14 % per annum
Salary increase rate	3.5 - 5.5 % per annum
Staff turnover rate	8 - 24 % per annum

### 13. LEGAL RESERVE

The Company has appropriated the legal reserve which duly met 10% of authorized share capital, in compliance with the Public Company Act. Such reserve is forbidden for dividend payment.

### 14. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 24, 2017, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.19 per share to the shareholders of 160 million shares, totalling Baht 190.40 million, including directors' remuneration amounting to Baht 3.17 million. The dividend payment was made on May 23, 2017.

On April 28, 2016, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 1.12 per share to the shareholders of 160 million shares, totalling Baht 179.20 million, including directors' remuneration amounting to Baht 2.98 million. The dividend payment was made on May 27, 2016.



## 15. EXPENSES BY NATURE

EXPENSES	AMOUNT IN BAHT	
	2017	2016
Medicine and medical supply consumptions	398,785,770	387,595,281
Directors and management benefit expenses	14,564,950	18,079,625
Employee benefit expenses	458,094,899	444,581,536
Doctors' fees	478,658,415	459,496,131
Depreciation and amortization expenses	134,079,604	135,490,489
Bad debts	-	1,025,442
Doubtful debts increase (decrease)	315,195	(287,479)
Other expenses	154,246,087	158,606,956
<b>Total</b>	<b>1,638,744,920</b>	<b>1,604,587,981</b>

## 16. INCOME TAXES

Corporate income tax of the Company for the years ended December 31, 2017 and 2016 are calculated from the accounting profits and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation.

The Company income taxes are calculated at the rate of 20 percent in 2017 and 2016.

Income tax expenses recognized in statements of comprehensive income consist:

(AMOUNT IN BAHT)

FOR THE YEARS ENDED DECEMBER 31,	2017	2016
Corporate income tax for the years	76,237,792	71,028,931
Amortization and reversal of temporary differences assets/liabilities on temporary differences	(568,821)	(1,212,436)
<b>Income tax expenses</b>	<b>75,668,971</b>	<b>69,816,495</b>

As at December 31, 2017 and 2016, the deferred tax assets/liabilities arose from the following temporary differences:

(AMOUNT IN BAHT)

PARTICULARS	2017	2016
<b>Temporary differences in the statements of comprehensive income</b>		
Unrealized gain on open-ended fund	(4,343,315)	(1,040,890)
Unrealized loss on trading securities	89,987	256,215
Allowance for doubtful accounts receivables	2,944,609	2,629,414
Provision for long-term employees benefits	57,151,196	51,153,634
Total	55,842,477	52,998,373
<b>Temporary differences in other comprehensive income</b>		
<b>- Recognized in other components of shareholders' equity</b>		
Gain from the remeasuring of investment in available-for-sale securities	(8,173,727)	(9,524,504)
Total	47,668,750	43,473,869
<b>Deferred tax assets calculated from tax rate of 20%.</b>	9,533,750	8,694,774

## 17. FINANCIAL INFORMATION BY SEGMENT

The Company is engaged in the business of medical treatment in one geographical area, Thailand. Therefore, the financial information by segment is not shown in these financial statements.

## 18. COMMITMENT

18.1 As at December 31, 2017 and 2016, the Company has commitment from the issuance of bank guarantee as follow :

PARTICULAR	AMOUNT IN BAHT	
	2017	2016
Letters of guarantee issued by commercial bank	4,276,800	4,276,800

## 18.2 Commitment under service agreement

As at December 31, 2017, the Company has entered into service agreements which can be cancelled when the counter party has prior notice 30 to 60 days in advance the amount of Baht 13.16 million.

## 18.3 Capital expenditure commitments

As at December 31, 2017, the Company has capital expenditure commitments to pay a total of Baht 27.00 million in regarding to the contract design for the addition of the new hospital.

## 19. PROVIDENT FUNDS

In compliance with the Provident Fund Act. B.E. 2530 (1987), the Company and its employees have jointly set up the provident fund which consists of partial contribution by its staff and another part by the Company as defined. The Company has appointed TISCO Asset Management Company Limited to be fund manager to manage this fund according to the Ministerial Regulations. The members are entitled to receive benefits according to the rules as stipulated.

Fund contribution from the Company is recorded as expenses in the statements of comprehensive income for the years ended December 31, 2017 and 2016 amount of Baht 4.23 million and Baht 4.24 million, respectively.

## 20. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments, as follows:

### 20.1 Accounting policies

- Accounting policies are disclosed in Note 3 to the financial statements.

### 20.2 Risk from breach of contracts

- The Company might have risk from breach of contract, in case the contracting party does not follow the requirement in the contract which may cause damage to the Company.
- The risk with respect to the concentration of credit arose from trade accounts receivable are limited due to the large number of customers and their dispersion.
- For the financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value.

Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

### **20.3 Risk relating to interest rate on financial assets and liabilities**

Risk from the fluctuation in interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set up a plan and follow up the situation closely.

### **20.4 Fair value of financial instruments**

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value.

## **21. CAPITAL MANAGEMENT**

The main objectives of the Company in capital management is to provide the appropriate financial structure and maintain ability to continue its business as a going concern in order to generate returns for shareholders and benefits for other stakeholders.

## **22. FINANCIAL STATEMENTS APPROVAL**

These financial statements are duly approved by the Company's directors on February 22, 2018.



# 1. Policy and • Business Operation



## 1. Policy and Business Operation

Nonthavej Hospital Public Company Limited launched its service on September 3, 1981 operating as a Tertiary Care Private Hospital with 208 beds and authorized capital of 160 million baht listed in stock exchange in 1994 provides medical treatment service by specialists in every medical field, with support of teams of experienced medical personnel, fully equipped with modern and effective medical tools and equipment, as well as Wellness Center, digital X-ray mobile units, provides health check-up services both indoor and outdoor, and provides ambulances to transport patients nationwide.

The Company is certified to the follows standards:

- Patient's Food Quality Standard; GMP/HACCP : since 2006
- HA (Hospital Accreditation) hospital quality standard : since 2007
- Medical Laboratory Quality Standard ( ISO 15189 : 2007) : since 2007
- JCI hospital quality standard from Joint Commission International Accreditation (USA) : since 2011
- Hospital design provides quality care for patients based on technical foundations and good and continuous development. The Company received Good Practice of Endometriosis recognition for treating Endometriosis patients from the Healthcare Accreditation Institute (Public Organization) : since 2011
- Energy Management Quality Standard (ISO 50001:2011) : since 2013
- Standard treatment for kidney dialysis machine from the subcommittee certification the standard treatment for kidney dialysis machine.

### Performance and pride of Nonthavej Hospital

1. Reward and Recognition for Highest Quality Hospital (Hospital Quality Award 2009, 2011, 2014)  
The hospital was awarded the Platinum Award of healthcare and medical services from American International Insurance Company Limited. ( AIA )
2. Award for Service to coordinate and provide excellent health services . (AACP Best Customer Service Award 2008-2009, 2011 , AACP Most Admired Award 2011, Allianz Ayudhya Excellent Check Up Award 2013), Allianz Ayudhya Most Admired Award, Group A) and Allianz Ayudhya Excellent Check Up Award, Group A) Allianz Ayudhya Hospital Service Awards 2016 from Ayudhya Allianz Life Insurance Public Company Limited.
3. Award hospitals , excellent standards of medical care and services Good.Provider Award 2005-2007 Consecutive three years from Bupa Health Insurance (BUPA).
4. The Best of Network Co-Operation Award for projectes Muang Thai Life Assurance MODERN Hospital Award 2015 from Muang Thai Life Assurance Public Company Limited.
5. The Best of Customer Satisfaction Award for Muang Thai Life Assurance Hospital Award 2016 from Muang Thai Life Assurance Public Company Limited.

## 1.1 Vision, Mission, Core Values, and Operational Goal of the company are as follows;

### Vision

Nonthavej is going to be a leading family hospital that focuses on special tertiary care medical treatment according to international standards.

### Mission

Provide quality, effective, and standard medical service by adhering to morality, ethics, respect for patient's right and dignity, and continuous development.

### Core Values: "CARES"

C : Customer Centric	Focus on customer as the central of the service
A : Accountability & Integrity	Focus on responsibility and act morally
R : Result-oriented	Focus on achieving operational goal
E : Excellent Teamwork	Focus on teamwork and respect and honor others
S : Safety	Focus on adhering and complying with safety standard

### Operation Goal

The company aims to drive sustainability throughout the organization ,there are six strategies are as follows:

1. Business operations with transparency, ethics and accountability to stakeholders .
2. Business operations with the development the quality of medical care and academic continuously comparing treatment results with international standards.
3. Business operations sincerely conscious mind to understand the spirit of the profession.
4. Business operations with a focus on employees as valuable resources and encouraging work happily healthy growth in the previous proudly.
6. Business operations by virtue and spiritual care to patients by practicing mindfulness meditation and spiritual healing.
7. Business operations with social responsibility, with resource efficiency and environmental management in all processes .

## 1.2 Key Change and Development

- Year 2013: In March, last year, the Company purchased a land adjacent to the hospital with the main objective of constructing new building to support the future expansion. Now, it is in the process of design. In terms of service provision, the stroke fast track (Neurology Clinic) center was established to look after neurological patients, which is likely to increase.

The Company has promoted conservation of energy and the environment by participating in the energy management project of the Department of Alternative Energy Development and Efficiency leading to international energy management standards (ISO 50001), and becoming the first hospital and workplace in Thailand that able to achieve certification to ISO 50001.

- Year 2014 : Received JCI Re-Accreditation in May and undertook development in a number of medical branches including surgery for strokes or heart disease, developing tertiary care for specific chronic diseases to international standards focusing on holistic treatment, health promotion, disease prevention, strokes, disease treatment and recovery of patients' normal body condition. Regarding the land attached to the hospital, the Company is in the process of applying for planning permission for the construction of hospital buildings.

- Year 2015: Innovative small incision laparoscopic surgery for three -dimensional "3D Full High Definition Laparoscopic Surgery" raise the level of services and medical technology . Enhancing medical treatments are most effective. Meet the health needs fully under quality standards.

- Year 2016 : In August,last month , Certified HA Re-Accreditation third times. The Company has signed a Memorandum of Cooperation (MOU) with Rajvithi Hospital for technical collaboration and doing medical research. The development of medical staff to promote quality care processes for maximum efficiency and service to patients in the future.

The expansion project investment in land adjacent to the Hospital. The Company, through building permits Hospital (EIA) was completed. The pending model revisions is expected to start construction in the year 2017.

- Year 2017: The Company has been accredited by Re-Accreditation JCI 5th Edition Standards in June, and we have developed medical and diagnostic technologies in various fields, such as the development of minimally invasive surgery technology center, including minimally invasive orthopedic surgery center, minimally invasive gynecologic surgery center, and specialized surgery center for minimally invasive cosmetic surgery, focusing on holistic treatment by promoting health care, disease prevention, screening, treatment and rehabilitation for patients. The Company celebrated our 36th Anniversary last year by jointly launching a project called "36 Eyes for Restoration of Life" with Nonthaburi Province, which offered treatment service to cataract patients by skilled physicians and modern technology, and also offered counselling to patients from surgery to follow-up processes, free of charge, in remembrance of His Majesty the late King Bhumibol Adulyadej.



1.3 Shareholding structure of The Company's group;

- None

1.4 Relationship with Major Shareholders' business group;

- None



## 2. Business Operations



## 2. Business Operations

The Nonthavej Hospital Public Company Limited began its operation on September 3, 1981. It is the first Private Hospital in Nonthaburi Province and located at 432 Ngamwongwan Road, Bang Khen, Amphur Muang, Nonthaburi 11000, Telephone number 0-2596-7888 and Facsimile number 0-2589-8753, Website: [www.nonthavej.co.th](http://www.nonthavej.co.th). As a Tertiary Care Private Hospital it is located on the premise of 4 rai 3 ngan and 80 square wah. The hospital operates through in-patient, out-patient, and emergency departments and is open 24 hours every day. Our ambulance service is available around the clock. With specialized medical staff in all fields, competent supporting teams, state of the efficient medical equipment and technology, today, we are equipped with 208 beds to accommodate in-patients and 90 examination rooms to accommodate out-patients, which enable us to service up to 2,200 of out-patients each day.

### Income Structure

(Unit: Millions baht)

Each type of patient	2017		2016		2015	
	Baht	%	Baht	%	Baht	%
Out – Patient	1,118.90	54.48	1,065.39	53.82	1,005.63	52.88
In – Patient	934.91	45.52	914.00	46.18	896.22	47.12
Total	2,053.81	100.00	1,979.39	100.00	1,901.85	100.00
Increased (Decreased)	74.42	3.76	77.54	4.08	18.80	1.00

(Unit: Millions baht)

Each type of revenue	2017		2016		2015	
	Baht	%	Baht	%	Baht	%
Medicine and Supply	615.57	29.97	587.20	29.67	550.94	28.97
Doctor fees	462.25	22.51	442.55	22.36	426.18	22.41
Room and Services	253.34	12.34	248.79	12.57	246.65	12.97
Medical Equipment	240.68	11.72	220.32	11.13	219.89	11.56
Lab and X-Ray	343.45	16.72	338.26	17.09	325.19	17.34
Other	138.52	6.74	142.59	7.18	133.00	6.99
Total Revenue	2,053.81	100.00	1,979.39	100.00	1,883.05	100.00

## 2.1 Characteristics of a product or service

The Nonthavej Hospital Public Company Limited is a Tertiary Care Private Hospital with 208 beds. Providing Medical services a multidisciplinary every branch. By the doctors and medical staff with expertise and experience and comprehensive modern medical equipment. The hospital operates through in-patient, out-patient, and emergency departments and opens 24 hours everyday. With the establishment of medical centers and clinics to treat specific diseases, medical specialists, and systems with various core services follows:

### 2.1.1 Out - Patient Department.

There are 90 examining rooms , offers specialties Centers are 20 Centers and specialties Clinic are six Clinic of medical care as follow:

Minimally Invasive Surgery Center (MIS)	Orthopedics Center
Obstetrics Center	Children & Teens Center
Infertility Center	Wellness Center
Breast Cancer Center	Heart Center
Gynecology and Advanced Laparoscopy Center	Diabetics Center
Gynecologic Oncology Center	Urology Center
Dermatology & Aesthetic Center	Respiratory Center
Gastrointestinal & Liver Center	Gastrointestinal Center
Dental Center	Diagnostic Digital Imaging Center
Neurology Clinic	Hemorrhoid Clinic
Eye Ear Nose Throat Clinic	General Practice and Surgery Clinic
Psychiatric Clinic	Physical Therapy and Occupational Therapy Clinic
Emergency Stroke and Heart Center	Nephrology Clinic

### 2.1.2 In - patient Department, categorized as follow.

Labor Room	Operation Room
ICU & CCU and NCU Room	Nursery Room
Single Room	Single Room Double bed Room
Deluxe	VIP

### 2.1.3 Supports Services , categorized as follow.

Emergency Department	X-ray Department
Laboratory Department	Hemodialysis Center
Nutrition Department	Nonthavej Polyclinic
Healthy Check Up International	Ambulance Service opens 24 hours everyday

## 2.2 Marketing and Competition

### (A) Market Policy and Characteristic of Product or Service

#### (1) Marketing Strategy

##### 1.1 Marketing Policy

Focus on aggressive marketing together with brand building to add new customer base in general and corporate groups, retaining existing Customers by applying relations management (CRM) for specific group and individual customers Organizing regular activities to promote the market both internally and externally, as well as issuing printed media as a communication and provision of information. Furthermore, the hospital also focuses on Holistic Health Promotion to promote better quality of life for patients. The Company continuously developing service quality in terms of technology and medical treatment to match leading private hospitals in order to become in line with international service standards and to expand the market covering local and international Customers.

##### 1.2 Treatment Quality Development Policy

There is a purpose to develop Excellent Center that focuses on recruiting and developing specialized personnel in each field, applying the latest and most efficient technology in service provision by a team of capable and experienced medical staff.

##### 1.3 Service Provision Quality Development Policy

Focus in continuous quality development and improve patient service provision process with support service provision according to international standards by creating the full satisfaction for customers with convenient and rapid service with use of the latest information technology.

#### (2) Business Channels

With 35 years of experience, the hospital has been trusted by more than 1000 business alliances such as leading insurance companies, and corporate customers, organizations leading in domestic and international field, who operating in Thailand in many different industries such as the energy, electronics, automobile, aviation and beverage industries.

The hospital has continuously increased its sales channels and raised the level of its ability in accepting a greater variety of customer segments.

#### Proportion of Services Provided to Each Type of Customer

(Unit: Million Baht)

	2017	%	2016	%	2015	%
Revenue from hospital contracting company	772.80	37.63	739.05	37.34	659.03	34.65
Revenue from general customer	1,281.01	62.37	1,240.34	62.66	1,242.82	65.35
<b>Total Revenue</b>	<b>2,053.81</b>	<b>100.00</b>	<b>1,979.39</b>	<b>100.00</b>	<b>1,901.85</b>	<b>100.00</b>

### (3) Customer Characteristics

Customers are divided into 2 Groups:

1.General Customer	i.e. customer group that comes to the hospital for medical treatment or health checkup which is responsible for their own expense covering local and international Customers
2. Service Agreement Customer 2.1 Contracting Corporate Customer	i.e. customer group that has employee health checkup agreement or medical treatment agreement with the Company.
2.2 Insurance Company Customer	i.e. customer group that makes an agreement in the form of health insurance or life insurance with an insurance company, which the insurance company is responsible for the expense according to the condition of the agreement that the insured has made with the insurance company.

### (B) Competition within the Industry

#### 1. Structure of the Industry

Currently, people have the knowledge understanding pays attention to health care and good life quality. They pay more attention to preventative health care apart from health care when sickness occurs, which results in more patients.

#### 2. Competition

Since the hospital business is highly competitive, with experience in the provision of services affecting the hospital's reputation. Public hospitals have developed their services and are now the equal of private hospitals, meaning that the hospital is facing competition from both public and private sectors.

Nonthavej Hospital has a management approach to create advantages and meet the high competition in the hospital industry and the changing needs of customers as follows:

1. To become a leading family hospital in terms of image and services. For more than 30 years of serving, the Company is well recognized among customers of all ages.

2. To improve care for specific and more complicated diseases and to continue disease diagnosis certification from domestic and international standards such as JCI and HA standards, and to use the latest healthcare solutions to increase treatment potential.

3. To continuously develop quality by maintaining JCI international and HA national quality standards, ISO 15189 :2007 for medical laboratories and GMP/HACCP for standard of quality for patient's food.

4. To expand healthcare facilities to accommodate the growth of population and communities since the Company is located on Ngamwongwan Road, which is at the center of an area experiencing a high growth rate in communities and residences, adjacent to large malls and close to large government and state agency offices.

5. To implement Risk management to enable the planning of resources for further growth and the transfer of technical staff to ensure the qualifications and levels of staffing needed for expansion and the provision of services.

### 2.3 Provision of Produce and Service

Provision of product for distribution consists of two major factors:

- (1) Providing team of doctors and nurses with expertise in each field of diseases to be able to provide universal service to patients. All doctors and nurses are qualified and have been selected by Medical Staff Organization.

#### Full service capacity and actual service capacity;

	2017	2016	2015
<b>Full capacity (now)</b>			
In-patient (200 beds) In the Year 2017	73,000	65,700	65,700
Out-patient (2,200 persons per day)	803,000	730,000	730,000

	2017	2016	2015
<b>Actual capacity</b>			
In-patient (bed)	46,148	46,378	46,090
Out-patient (person)	608,289	596,588	588,682

	2017	2016	2015
<b>In-patient capacity usage</b>			
In-patient (%)	63.22	70.59	70.15
Out-patient (%)	75.75	81.72	80.64

- (2) Raw material supply and suppliers

(a) Raw materials are medicine , pharmaceutical product , and supplies used in medical treatment.

(Unit: Million baht)

	2017	2016	2015
Local Purchase Order	455.06	435.05	412.75
International Purchase Order	-	-	-
<b>Total</b>	<b>455.06</b>	<b>435.05</b>	<b>412.75</b>

Ordering raw material of medicine, pharmaceutical products, and supplies used in medical treatment is processed through purchase orders made to local manufacturers or dealers, Procedure supported by approval of committee who considers or the importance for use in the hospital.

(b) Disposal of used raw material

The Company separates used raw material as recycle , general , and hazardous waste, where hazardous waste will be classified into 3 groups; infectious waste, chemical waste, and sharps waste. Nonthaburi Municipality comes and pick up general and hazardous wastes on the daily basis for disposal in order for safe management of used raw material for the community and the environment.

Total weight of waste statistics as follows.

No	Raw material	2017	2016	2015
1	General waste (kg.)	278,455	242,244	255,011
2	Hazardous waste (kg.)	124,659	123,149	143,677
Total weight of waste (kg.)		403,114	365,393	398,688
Out-patient (person)		608,289	596,588	588,682
Weight of waste per Out-patient (kg./person)		0.66	0.61	0.68





# 3. Risk Factors



### **3. Risk Factors**

#### **Risk factors from legal dispute**

Hospital business operation may be at risk of being sued for damages. In order to mitigate potential risks, the Company has a risk management system in the hospital, and enforces and adhere to quality standards such as JCI hospital standards from Joint Commission International Accreditation (USA), HA (Hospital Accreditation) hospital standard, and laboratory quality standard (ISO 15189 : 2007) in order to ensure quality medical treatment operation, safety, and compliance with the standards, which would help the Company in good management of potential risks.

#### **Risk factor in business operation competition**

Hospital and medical service business is highly competitive in both state and private sectors. Every hospital continues to develop their services. There is a risk that patient may use the service of other hospitals. Therefore, the Company must maintain the status of being the leading hospital with premium quality of service. Therefore, the Company strictly adhered to treatment system by continuous adaptation of Hospital Accreditation (HA), JCI (USA), laboratory quality standard (ISO 15189), international food quality standard (GMP/HACCP), and medical profession standards, providing modern medical technology to increase service provision efficiency, develop medical personnel knowledge, and develop Excellent Services for the best impression and satisfaction from the patient.

#### **Risk factor from interest rate fluctuation**

In the future, the Company may has financial liability and the fluctuation of the interest rate may affect financial cost of the Company. To prevent such risk, the Company uses financial instrument and seeks for appropriate srouce of fund during particular period of time.

#### **Risk factor in terms of medical personnel**

Knowledge, capacity, and sufficiency of medical personnel in various fields of occupation are greatly important for quality of medical service.

Therefore, the company focuses on recruitment, development, and retaining of personnel with knowledge, capacity, and good performance. Human resources management process is improved by;

1. Develop the process of recruiting personnel who are qualified, knowledgeable, capable sufficiently for the demand in each position.
2. Develop remuneration and welfare management.
3. Develop career paths.
4. Develop labor relations to create connection and well-being for employee of the organization.



# 4. Property used in business



#### 4. Property used in business.

The Company's total assets as of December 31, 2017 amounting to Baht 2,133.03 million are fixed assets used in the business of Baht 1,384.80 million, or 64.92% of total assets. The Company's main fixed assets are as follows

(1) Land with net book value as at 31 December 2017 is Baht 575.21 million consisting of:

Category / Property characteristics	Ownership style	Value (Million baht)	Obligation
1. Land 6 plots Total area of 4 rai 3 ngan 80 square meters. Location Ngamwongwan Road, Bangkhen, Muang, Nonthaburi	Company Owned	7.87	Guaranteed long-term loan of Baht 400 million with a financial institution (currently No loan)
2. Land 2 plots Total area of work is 38 square meters. Location Ngamwongwan Road, Bangkhen, Muang, Nonthaburi	Company Owned	12.96	No obligation
3. Land 5 Plots Total area of 7 rai 2 ngan 38 square meters. Location Rattanathibet Road, Bangkasor Sub-district, Mueang District, Nonthaburi	Company Owned	197.47	No obligation
4. Land 4 plots Total area of 4 rai 1 ngan 33.7 square meters. Location Ngamwongwan Road, Bangkhen, Muang, Nonthaburi	Company Owned	356.91	No obligation

(2) Buildings and structures, the hospital consists of 6 floors and 16 floors ,net realizable value after deducting accumulated depreciation as at December 31, 2017 amounted to Baht 374.44 million.

(3) Medical Devices and Equipment, net realizable value after deducting accumulated depreciation as at 31 December 2017 was Baht 308.91 million.

(4) Other Fixed Assets Other than the stated value, less than 10% of the total assets of the company. Other fixed assets as at 31 December 2017 amounted to Baht 126.24 million.



# 5. Legal Disputes



## 5. Legal Disputes

Currently, the Company does not have any legal dispute with outsiders affecting the assets and business operations significantly.



## 6. General Information



## 6. General Information

### 6.1 The Company

Company Name	:	Nonthavej Hospital Public Company Limited.
General Name	:	Nonthavej Hospital
Business Managerial	:	Hospital
Characteristic	:	General hospital , provide medical care in all specialties . Through in-patient and out-patient and opens 24 hours every day.
Office location	:	432 Ngamwongwan road, Bangkhen , A.mueng ,Nonthaburi 11000
Branch	:	530 Rattanathibeth Rd. Bangkrasor Nonthaburi 11000
Register number	:	0107536001087
Home page	:	www.nonthavej.co.th
E-Mail	:	nonthavej@nonthavej.co.th
Telephone number	:	0-2596-7888 (Automatic 200 number)
Fax number	:	0-2589-8753
Number and type of shares	:	160 million ordinary shares of Baht 1 each fully paid up.

### 6.2 Other companies which the Company holds shares in excess of 10%

-None-

### 6.3 Other References.

#### a. Securities officer

Thailand Securities Depository Co., Ltd.

93 Ratchadaphisek Road Dindaeng, Dindaeng ,Bangkok Thailand 10110

Tel : 66(0)-2-009-9000 ( Main )

Fax : 66(0)-2-009-9991

TSD Call Center : 0-009-9999

E-mail : [TSDCallCenter@set.or.th](mailto:TSDCallCenter@set.or.th)

Website : <http://www.set.or.th/tsd>

#### The Stock Exchange of Thailand Buliding

93 Ratchadaphisek Road Dindaeng, Dindaeng ,Bangkok Thailand 10110

Tel : 66(0)-2-009-9000 ( Main )

Fax : 66(0)-2-009-9991

TSD Call Center : 0-009-9999

E-mail : [SETContactCenter@set.or.th](mailto:SETContactCenter@set.or.th)

Website : <http://www.set.co.th>

**b. External Auditor**

Dr. Virach & Associates Co.,Ltd.

518/3 Panunee Building , Floor 7<sup>th</sup>, Plenchit Road

Lumpini District , Khet Pratumwan, Bangkok 10330

Tel & Fax : (660)-2252-2860 , (660)-2254-8386-7

**c. Legal Consultant.**

The Far East Law Office ( Thailand ) Co., Ltd.

No. 121/74-75 R.S. Tower 24<sup>th</sup> FL., Ratchadaphisek Road ,

Dindaeng District , Bangkok 10320

Tel : (660)-2641-3181-88 , (660)-2248-6711

Fax : (660)-2641-3189-90,(660)-2248-6719

Thammachoti Law Office

6 Sanambinnam Rd., Soi Nonthaburi 24/2, Thasai, Mueang, Nonthaburi 11000

Tel: (081)815-5160

Fax: (660)-2526-6697





# 7. Management & Organizational Chart



## 7. Management & Organizational Chart

### 7.1 Shares of the Company

The Company has registered capital of 160 million baht paid the full amount divided into 160 million ordinary shares.

### 7.2 Shareholders

The name of the largest shareholders on December 29, 2017

Name		Shares	% of Share
1. Miss.Prapichaya	Prommas	73,486,800	45.929
2. Mr.Panote	Prommas	11,430,000	7.144
3. Dr. Prompan	Prommas,MD.	9,670,000	6.044
4. Mrs.Patama	Prommas	6,040,000	3.775
5. Mr.Lopachai	Keanratana	1,500,000	0.938
6. Dr. Saravut	Sontikaew ,MD.	1,332,000	0.833
7. Mr.Prasert	Prasatthongosoj	1,258,000	0.786
8. Mr.Anuchit	Siripat	1,100,000	0.688
9. Miss.Thitiya	Sontikaew	1,000,000	0.625
10. Mr.Katimun	Sontikaew nich	1,000,000	0.625
<b>Total</b>		<b>107,816,800</b>	<b>67.386</b>

Group of the largest shareholders who have an influence to assignment policy of the Company:

Name	Position	Shares	% of Share
1. Mrs.Patama Prommas	Chairman / Chief Executive Officer / Executive Director/ Authorized Director and affix The Company's seal	6,040,000	3.775
2. Mr.Lopachai Keanratana	Director / Authorized Director and affix The Company's seal.	1,500,000	0.938
3.Dr.Saravut Sontikaew ,MD.	Hospital Director/ Authorized Director and affix The Company's seal	1,332,000	0.833
<b>Total</b>		<b>8,872,000</b>	<b>5.546</b>

### 7.3 Policy of Dividend Payment

The Company has policy of Dividend Payment for Shareholder's 60 percent of net profits in the year.

Details of dividend payment during the past 3 consecutive years are as follow:

Year	Dividend Payment for Performance in the year	Profits per Share (Baht per Share)	% of profits	Dividend Payment (Baht per Share)	Date of Dividend Payment
2017	January - December 2016	1.98	60.00	1.19	May 23 , 2017
2016	January - December 2015	1.86	60.08	1.12	May 27 , 2016
2015	January - December 2014	1.66	60.29	1.00	May 25 , 2015

Remark : Dividend Payment Par Value 1 Baht per Share

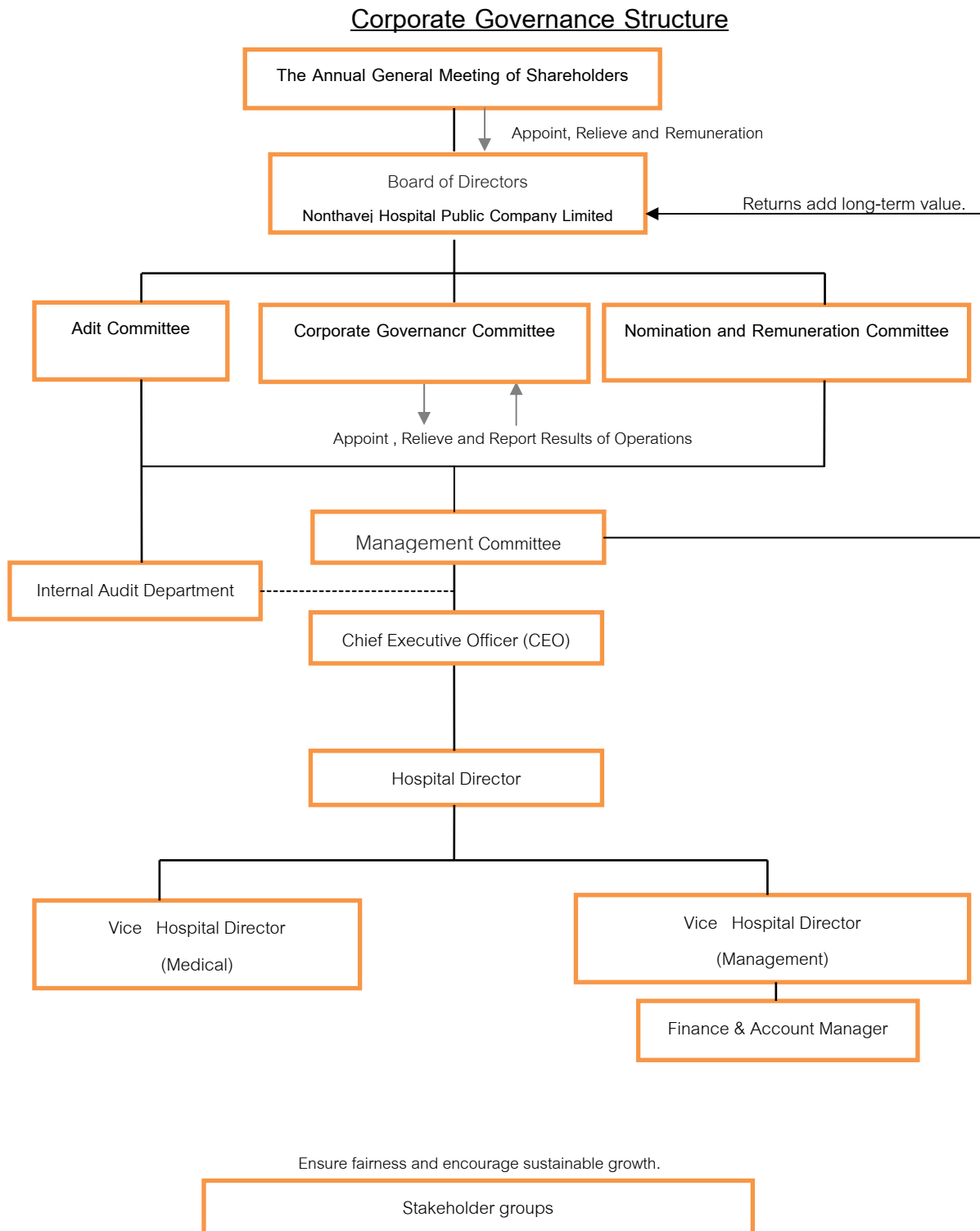


# 8. Management Structure



## 8. Management Structure

Management structure consists of Board of Directors and its committees are Audit Committee , Nominating Committee and Remuneration Committee. The organization charts of the company as of December 31, 2017 are as follows.



## 8.1 Board of Directors

Board of Directors consists of at least 5 directors, and at least 12 directors and consist of at least 1/3 of the total Directors but at least 3 directors.

The current Board of Directors Nonthavej Hospital Public Company Limited , according to the Certificate of Business Development dated February 1, 2018, there are 8 persons.

Management Structure of Company consists of director 8 persons as following:

Executive Committee Directors 4 Persons

Non-Executive Committee Directors 4 Persons ( Independent Director of 4 Persons)

Name	Position	Date of appointment as Director of the Company
1. Mrs. Patama Prommas	Chairman Board of Director/ Vice President /Chief Executive Officer (CEO) / Vice Hospital Director ( Management)	March 6, 2015 September 29, 1993
2. Mr.Lopchai Kaenratana	Director	September 29, 1993
3. Mrs. Prompan Siripat	Independent Director / Chairman of the Nomination & Remuneration Committee	September 29, 1993
4. Dr.Saravut Sontikaew,M.D.	Director / Corporate Governance Director / Nomination & Remuneration Director / Hospital Director	September 29, 1993
5. Dr.Kamales Santivejkul , Ph.D	Director / Chairman of the Corporate Governance Committee / Excutive Director	September 29, 1993
6. Dr.Prawit Ninsuvannakul ,Ph.D	Independent Director / Chairman of the Audit Committee	April 29, 2009
7. Dr. Charoon Chairroj, M.D.	Independent Director / Audit Committee Director	September 29, 1993
8. Dr.Viroonporn Prompangsa, M.D.	Independent Director / Audit Committee Director	September 29, 1993

In the year 2017 there were 2 resigned directors, Dr. Prompan Prommas, M.D. and Miss.Prapichaya Prommas. The company hereby informs the change of the director and the Board of Directors to the Department of Business Development issued the Certificate of Incorporation dated February 1, 2018.

Authorized Directors are Mrs. Patama Prommas , Mr. Lopchai Kaenratana, Dr. Saravut Sontikaew,M.D., Dr.Kamales Santivejkul,Ph.D Two of these four directors shall sign together and affix The Company's seal.

### Scope of Authority of the Board of Directors

The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

- Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
- Performing its duties with faithfulness and honesty (Duty of Loyalty).
- Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).
- Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing The Company's visions, missions, and business strategies, with an annual revision and approval.

3. Overseeing and monitoring the implementation of The Company's strategies; overseeing and monitoring of each business unit's and The Company's overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of The Company's employees.

4. Directing The Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.

5. Attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a press conferences on a quarterly basis to announce operating results meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

6. Overseeing and developing The Company's corporate governance to keep it consistent with international standards to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and The Company's Code of Conduct.

7. Encouraging staff at all levels to be conscious of ethics and morality and comply with The Company's principles of corporate governance, Code of Conduct and the Anti-corruption policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

8. Protecting the fair rights and interests of both major and minor shareholders along with supporting shareholders in exercising their rights to protect their own interests, and receive accurate, complete, transparent, veritable, and timely information.

9. Recognizing the roles, duties, and responsibilities of the Board of Directors, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders, conducting the business transparently, disclosing information accurately and adequately, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

10. Reviewing top executive development plans and the succession plan for the President & CEO while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with The Company's operating results to provide both short-term and long-term incentives.

11. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-committees as a whole, that of each individual director as a self-assessment, and that of the chairman together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors.

12. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and sub-committee members are determined appropriately.

13. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge. Performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

#### **Scope of Authority of the Chairman of the Board of Directors**

The Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

2.1 Conducts a Board meeting according to the agenda, The Company's Articles of Association, and applicable laws.

2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

2.3 Sums up the Board meeting resolutions and the actions to take clearly.

2.4 Sets up a Board meeting without the presence of the Executive Director.

3. Chairs meetings of shareholders according to the agenda, The Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.



4. Supports and be a role model in compliance with the principles of good corporate governance and The Company's Code of Conduct.
5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with The Company's policy.
6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.
7. Oversees to ensure the Board of Directors has appropriate structure and composition.
8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.
9. Oversees to ensure the performance assessment of the Board of Directors as a whole and self-assessment of the directors, the Chairman, and the Sub-committee members. The assessment results are reviewed to find ways to improve their performance and enhance the knowledge and capabilities of the directors and the Sub-committee members.

**Elements of Director Appointment** can be summarized as follows:

1. Board of Directors must consist of at least five directors, and at least half of directors must have domicile in the kingdom.
2. AGM shall appoint the director, which qualified person is selected and nominated by nomination committee according to the rule and method determined as follows;
  - 2.1 One shareholder has one vote per share.
  - 2.2 Each shareholder must use all votes in 2.1 to select one person or more as director. Votes may not be shared to others.
  - 2.3 Person who receives the highest vote respectively is selected as director according to the number of director available, or to be elected at that time. In case the person who is elected has equal vote and number director exceeds the limit, or exceeds the number to be elected at that time, the chairman shall give the decisive vote.
3. In every AGM, 1 of 3 directors resigned according the term may be reelected.
4. AGM may vote for any director to resign before the end of the term with the vote of at least three quarters of number of shares in attendant, which have voting right. Share count combined to at least half of share held by shareholders in attendance, which have voting right.
5. Any resigning director must submit a resignation to the company. The resignation shall be effective from the date the resignation is submitted to the Company onwards.

#### **Director's Term**

In the Annual General Meeting of Shareholders, 1 of 3 directors must resign. Director who must resign shall be the director who has been the director for the longest period. However, the resigned director may be reelected as a director.

### **Directors' Term of Service on Board**

At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the Company. In choosing those directors who retire, length of service on the Board should be considered, so that those who have served longest are most eligible to retire. Nevertheless, a retiring director is eligible for re-election. The company currently has a total of 8 peoples , however, the Board of Directors who retired by rotation may be re-elected as a new Director .

### **Policy on Directors and Top Executives Holding Directorship in Organizations outside the Company**

#### **Limitation of the Number of Listed Companies in Which a Director May Hold Directorship**

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps ensure that the directors have time sufficient to handle their duties. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of five listed companies. In addition, the Company's has a guideline in case the President & CEO is appointed as the director of another company. The matter will be proposed to the Board of Directors for approval.

### **Policy and Guidelines on the Company's Top Executive's Directorship in Organizations outside the Company**

The Board of Directors has established a policy allowing the President & CEO and the Company's management to hold a directorship in companies that are not THE COMPANY'S subsidiaries or associates or to spend the Company work hours carrying out directorships for external institutes for the three following organizations:

(1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.

(2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.

(3) Private organizations that are established for trading purposes but present no conflicts of interest with the Company's and do not consume time to the extent that it is disadvantageous for the Company.

The President & CEO is to propose a directorship in other companies or external institutes for approval from the Board of Directors. As for management employees, the proposal must be submitted for approval in accordance with The Company's Approval Authority, in which case the proposal will be reviewed with consideration to The Company's intent to ensure that its employees demonstrate determination and effort and dedicate their working hours to their duties at the Company to the best of their ability, as well as adhere to the ethical guidelines regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competitive with The Company's business. The approval of directorships or the use of The Company's working time on duties in external institutes/companies depends on The Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

## 8.2 Management

At 31 December 2017 Administrator consists of four persons as follows:

Name	Position
1. Mrs. Patama Prommas	Chief Executive Officer (CEO) / Vice Hospital Director ( Management)
2. Dr.Saravut Sontikaew,M.D.	Hospital Director
3. Dr. Kamales Santivejkul , Ph.D	Executive Director
4. Mr.Maiyadhai Samsen	Vice Hospital Director (Medical)
5. Miss. Suree Sankornpanich	Finance &Account Manager and Company's Secretary

## 8.3 Company's Secretary

The Board of Directors has appointed the Company Secretary to oversee and manage the meetings of the Board of Directors and the Board committees. The Shareholders' Meeting including the preparation of the minutes of the committee, AGM report, Annual report and documents required by law.

It also advises the Board of Directors and management regarding rules. Involving a listed company on the Stock Exchange of Thailand and corporate governance of the company.

Board of Directors has appointed Ms. Suree Sankornpanich as The Company's secretary from August 11, 2008 onwards.

Roles of The Company's secretary are duties and responsibility as follows;

1. Provide preliminary recommendation to directors relating to legislation, rule, and regulations of the Company, and minatory compliance, and reported significant change to the directors.
2. Organize AGM and Board of Directors Meeting according to the law.
3. Record minutes of meeting, as well as monitor compliance with the meeting's resolution of both AGM and Board of Directors Meeting.
4. Oversee disclose of information and report information of the Company in the responsible part to regulating authority.
5. Contact and communicate with shareholders.
6. Oversee activities of Board of Directors.

## 8.4 Directors and Executives Remuneration

### 8.4.1) Directors Remuneration

#### (8.4.1.1) Monetary Remuneration

The Nomination & Remuneration Committee determines remuneration for the directors from the size of the business and responsibilities of the board in comparison with listed companies that have market capitalization of a similar size to be presented for approval at the Annual General Meeting each year.

## (1) Remuneration

List	2017	2016	2015
<b>Remuneration of Board of Directors</b>			
- Remuneration of Board of Directors (Bath)	3,174,000	2,983,000	2,654,000
- Meeting Allowance (Bath/Person/Time)	10,000	10,000	10,000
- Benefits	-None-	-None-	-None-
<b>Remuneration of Audit Committee</b>			
- Chairman of Audit Committee (Bath)	300,000	300,000	300,000
- Audit Committee (Bath/Person)	120,000	120,000	120,000
- Meeting Allowance (Bath/Person/Time)	-None-	-None-	-None-
- Benefits	-None-	-None-	-None-
<b>Remuneration of Corporate Governance Committee</b>			
- Meeting Allowance (Bath/Person/Time)	10,000	10,000	-None-
<b>Remuneration of Nomination &amp; Remuneration Committee</b>			
- Meeting Allowance (Bath/Person/Time)	10,000	10,000	-None-

Directors Remuneration consist of meeting allowance, which is paid according to number of attendance as follows:

Name	Position	Remuneration for Directors per year (Bath)			
		Board of Director	Meeting Allowance	Benefits	Total
1. Mrs. Patama Prommas	Chairman Board of Director	317,400	80,000	-None-	397,400
2. Mr.Lopchai Kaenratana	Director	317,400	80,000	-None-	397,400
3. Dr. Prompan Prommas, M.D. ( Resigned on 26 December 2017)	Director / Nomination & Remuneration Director	317,400	40,000	-None-	357,400
4. Mrs. Prompan Siripat	Independent Director / Chairman of the Nomination & Remuneration Director	317,400	90,000	-None-	407,400
5. Dr.Saravut Sontikaew,M.D.	Director / Corporate Governance Director / Nomination & Remuneration Director	317,400	110,000	-None-	427,400
6. Dr.Kamales Santivejkul , Ph.D	Director / Chairman of the Corporate	317,400	100,000	-None-	417,400

	Governance Committee Executive Director				
7. Dr.Prawit Ninsuvannakul ,Ph.D	Independent Director / Chairman of the Audit Committee	617,400	80,000	-None-	697,400
8. Dr. Charoon Chairoj, M.D.	Independent Director / Audit Committee Director	437,400	80,000	-None-	517,400
9.Dr.Viroonporn Prompangsa,M.D.	Independent Director Audit Committee Director	437,400	80,000	-None-	517,400
10. Miss. Prapichaya Prommas ( Resigned on 9 November 2017)	Director / Corporate Governance Director	317,400	40,000	-None-	357,400
<b>Total</b>		<b>3,714,000</b>	<b>780,000</b>	<b>-None-</b>	<b>4,494,000</b>

**(8.4.1.2) Non Monetary Remuneration and Benefits**

- None –

**(8.4.2) Executives Remuneration**

The remuneration committee will determine the amount and form of compensation for directors through evaluation of their performance, the success of the Company and comparison with other listed companies, to be presented for the Board's approval regarding top management. The chairman has assigned the chief executive officer and deputy chief executive officer to determine the appropriate compensation for each member of the management team based on their results. The adjustment of salary rates and bonuses will be consistent with economic conditions and The Company's operating results.

**(8.4.2.1) Monetary Executives Remuneration**

1.1 Executives Remuneration

In 2017, the Company paid remuneration , which consisted of monthly salary and bonus to executives for 11.05 million baht.

1.2 Other Executives Remuneration

- None -

**(8.4.2.2) Non-Monetary Executives Remuneration and Benefits**

- None -

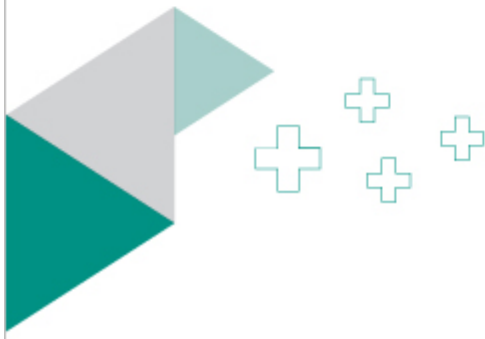
## 8.5 Personnel

The Company has 94 employees in the management level and 1,411 employees in the operation level. Altogether there are 1,505 employees. In 2017, the Company paid remuneration to personnel in the amount of 420.74 million baht, were the wages, bonuses, social security fund, contribution to Provident Fund, etc.

Year 2017	Amount
Management level	94
Operation level	1,411
<b>Total ( persons)</b>	<b>1,505</b>
<b>Remuneration to personnel (Million Bath)</b>	<b>420.74</b>



# 9. Good Corporate Governance



## 9. Good Corporate Governance

### 9.1 Corporate Governance Policy

The Company realizes the important of good corporate governance, which is the main factor that causes the Company to be successful in the business operation. It is the foundation for sustainable business growth of the Company to ensure efficiency, as well as clarity and transparency. It allows for business operation generating interest for The Company's stakeholders. The Company has complied with the principle of good corporate governance as follows:

#### 1. Shareholders' Right

The Company emphasizes the important of every shareholder's right, both major and minor shareholders. Shareholders' privileges cover basic rights as investors in securities and owners of the Company. Shareholders have the right to determine direction of The Company's business operation, or to decide in the matter that significantly affects the Company. AGM is therefore an important stage for shareholders to comment, inquire, vote, and select board of directors to perform the duty of regulating the Company on behalf of shareholders. Therefore, shareholders have the legal right to attend the AGM, as well as are allowed for sufficient time to consider and acknowledge result of the meeting.

In 2017, the Company company performs actions to promote and facilitate shareholders to exercise their rights to attend AGM as follows:

#### 1.1 AGM Schedule

The Company determines to hold AGM once a year at least 4 months after the end of the fiscal year of the Company. In case it is necessarily urgent to propose special agenda, which is the matter that affects the interest of shareholder or relating to condition or rule, or applicable law, shareholders' approval is required. The Company will call for an Extraordinary Meeting of Shareholders case by case.

In 2017, The Company held an AGM on April 24, 2017 at Nonthavej Conference Room, Nonthavej Hospital. During the year, there was not Extraordinary Meeting of Shareholders.

#### 1.2 Advance Meeting Invitation

In 2017, Board of Directors at the meeting number 3/2017 on March 10, 2017 had a resolution to hold the AGM on April 24, 2017, which the meeting resolution, meeting date, meeting agendas, and notification were published on the website of SET to inform shareholders in advance on the date the Board of Directors had the resolution before the invitation was sent by Thailand Securities Depository Co., Ltd., which is sent by The Company's securities registrar with the details of meeting agendas and important information for decision making/comment of Board of Directors. Minutes of meeting in the past, which consists of complete details, annual report as well as meeting documents required for proxy. Specify usage clearly as the Company sent to shareholders more than 14 days in advance before AMG date. The invitation was sent on April 8, 2017, and was published in the daily newspaper for 3 consecutive days before the meeting date (April 10-12, 2017) to inform



shareholders in advance adequately in order to prepare before attending the meeting. In the AGM, the company published the invitation and document on The Company's website 30 days in advance (from March 30, 2017).

### **1.3 AGM Procedure**

Before the start of each AGM, the Chairman assigns The Company's secretary to introduce Board of Directors, Chairman, Sub-committee, and The Company's auditor, who act as the intermediary, as well as the voting method count of shareholders that requires voting in each agenda according to The Company's regulation, including clear voting in each agenda. After information of the agenda has been provided, the Chairman will give an opportunity for attendees to comment, recommend, and inquire in each agenda, and allow time for discussion adequately. Then, the chairman and the executives will answer questions clearly to the point, and pay attention to all questions, and then allows the assembly to vote in that agenda. For the agenda of director election, the Chairperson will ask shareholders to vote individually. The Chairman will proceed with the meeting according to the order of meeting agenda. Agenda will not be added without notifying shareholders in advance, except for the meeting has a resolution to change the order of the agendas with the voting of at least two third of the number of shareholders in attendance, or shareholders who hold shares in the total of at least one third of all shares sold may request the meeting to consider other matter besides the matter determined in the meeting appointment after the meeting has considered the agendas according to The Company's regulation. In the 2017 AGM, there was no change in the agenda order, and the meeting was not requested to consider other matter that was not determined in the meeting.

In addition, in every meeting, minutes of meeting will be kept accurately, and concluded with voting as well as vote count. The total time for each AGM is approximately 1-2 hours. In the 2017 AGM, the meeting was scheduled at 10.00, which the registration started at 8.00. At the beginning, there were 71 shareholders in attendance with total share of 107,936,710 shares from the total of 160,000,000 shares or 67.46% more than one-third of the issued shares of the Company was considered a quorum in accordance with the Company.

### **1.4 AGM Result Disclosure**

In 2017, the Company sent result of voting in the AGM to SET and SEC in the evening after the meeting were completed (April 24, 2017), and sent AGM report, which recorded minutes of meeting and voting, as well as inquiry of shareholders in each agenda in detail to SET and SEC within 14 days, including published minutes of meeting on The Company's website.

1. In case that shareholder cannot attend the meeting in person, shareholder may authorize independent director or any person to attend the meeting on one's behalf and vote on one's behalf by using any form of proxy sent by the company together with the meeting invitation. Furthermore, shareholder may download proxy from The Company's website.

2. To facilitate shareholders at the meeting, the Company provides computerized registration system, as well as prepared voting ballot for each agenda for quick and accurate process of registration and vote count in each agenda, which at the end of the meeting, shareholders may ask to verify the detail.

3. Before starting the Meeting according to the agendas, the Chairman of the Board, who is the Chairperson of the meeting, notified the meeting of the method for voting in each agenda. During the AGM, the Chairperson allowed all shareholders to propose, inquire, and comment in every agenda, which the Chairman and the executives will pay attention to all questions and answer them clearly and to the point.

4. The Company's secretary recorded the minutes of meeting completely and accurately Resolutions of the General Meeting of shareholders to disclose to the public the results of the voting on each item via the Stock Exchange of Thailand's SET Portal. By sending AGM report to SET within 14 days after the meeting, and published on The Company's website for quick acknowledgement of shareholders, which is verifiable.

Furthermore, the Company focuses on providing information to all shareholders accurately, on time, equally, transparently, and adequately for investment decision making for shareholders and investors.

Because of its continual improvement, the company has received a perfect score of 100 for its quality under the 2017 AGM project, given by the Thai Investors Association.

## **2. Equal treatment towards shareholders**

The Company focuses on creating equality for all shareholders in every group, whether they are major shareholders, minority shareholders, institutional investors, or foreign shareholders by performing the followings:

### **2.1 Proposing additional agenda and director nomination**

The Company set rule, as well as procedure for the right of minority shareholders to propose an agenda and/or nominate a director in advance to the Board of Directors to determine AGM's agendas to give an opportunity for shareholders to participate in regulating the Company and selecting person who is qualified and performing duty efficiently for the best interest of shareholders and all interested parties by allowing one or many shareholders who have combined shares and must hold The Company's share continuously from the date of holding the share to the date of proposing the agenda, or director nomination of at least 1 year. In the AGM in the final quarter of the year for 2017 AGM, the Company published such rule on The Company's website and on SET's website from October 1, 2017 to December 31, 2017 for shareholders to propose meeting agenda and/or nominate director in advance, and for the 2017 AGM to publish such rule on The Company's website and on SET's website from October 1, 2017 to December 31, 2017. However, no one propose any agenda and no director nomination were made during such period, which The Company's secretary has already reported to the Board of Directors.

### **2.2 Facilitating shareholders in AGM**

In the past, in 2017 AGM, the Company facilitated all shareholders by providing adequate staffs to facilitate shareholders, opened for registration 2 hours before the meeting, and used computer in the registration for convenience and quickness.

### **2.3 Proxy**

To protect the right of shareholders who are not able to attend 2017 AGM in person, the shareholders may authorize other person or any one independent director of the Company from independent directors in attendance, which the Company specified their names in the proxy in the form determined by Ministry of Commerce to attend the meeting and to vote on behalf of shareholders unconditionally. In case shareholder authorizes other person, the Company grants the right and treats the proxy as if such person is one of the shareholders. Furthermore, the Company published the proxy attached, as well as details and procedures on The Company's website 30 days in advance, which shareholders may inquire for additional information via telephone or other channels such as website, email, etc.

### **2.4 Preventing Misuse of Internal Information**

The Board of Director has established measures to prevent misuse of internal information (Insider Trading) and incorporated them into the Company's Code of Conduct and Regulations for Employees in writing to provide guidelines for the concerned persons, namely, the Board of Directors, Top executives, and employees responsible for related functions as well as their spouses and children who are minors. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for a two-week period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (Blackout Period). Corporate Secretary Office will inform all concerned persons of the blackout period one month prior to such period via regular post.
- Moreover, the concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.
- In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

### **3. Role of Interested Parties**

The Company pays attention to the right of every group of interested parties for the common interest between the Company and The Company's interested parties, which the Company has determined practices relating to interested parties in The Company's employee manual for the Company, staff, and executive to realize the importance of the interested party's right as follows;

<b>Shareholder</b>	The Company aims at business operation for the best interest of shareholders and continuous growth with transparency and reliability, which the company has a policy to pay dividend to shareholders at the rate of 60 percent of net profit, which in the past, the Company has been adhered to and complied with such policy (refer to 1; Right of Shareholders).
<b>Customer</b>	The Company aims at providing standard quality service, aims at meeting the demand and expectation of customer by adhering the principle of customer centric by surveying expectation and satisfaction of customer to improve the process of service provision and provide customer service department to receive and monitor complaint and recommendation from customers to take further action.
<b>Staff</b>	<p>The Company takes care and focuses on the importance of continuous development knowledge and capacity of employee, promotes working culture, teamwork, The training course on business ethics and anti- corruption policy options to employees and executives at all levels . Including a cognitive test, promote awareness of environmental and energy policy by committee on energy. All employees understand and share the energy conservation and environmental stewardship, promote to teamwork ,treat employees equally and fair treatment and appropriate remuneration. The remuneration policy , In short based on the assessment results of peration and in accordance with the operating results of the Company compared to the same market and industry .In the longer term, the Company's assessment of the performance and potential of employees by providing a growing career (Career Path) , in accordance with the company's succession planning (Succession Plan), provided funds and benefits to employees, by Welfare Committee to care for the welfare and safety of employees and the welfare as follows;</p> <ul style="list-style-type: none"> <li>- Provides health care welfare for employee and provide special discount for employee's family.</li> <li>- Provide for the health of employees annually . The health risk assessment by the occupational physician with the Health Check program to suit each employee group . And to educate the medical examination results are abnormal . And advised to seek medical care continues.</li> <li>- Provides annual health checkup for employee, as well as provides information for exposed group to behave properly, including monitoring the checkup result</li> </ul>

regularly. The health risk assessment by the occupational physician with the health check program to suit each employee group and to educate the medical examination results are abnormal. And advised to seek medical care continues. In 2017 the staff level examinations on December 2017.

- Encourage employees to have a healthy and strong body, taking information from the employee health into consideration so that the knowledge of the disease, a large number of employees. In the past year, have held lectures to educate the diabetic and pressure conditions of hypercholesterolemia. And diseases caused by the behavior in the workplace (Office Syndrome). Including persuading employees to exercise more. The statistics Fitness room increased.
- Provides child assistance in terms of education by giving funds to employee's children.

**Competitor** The Company promotes and supports free and fair trade competition policy.

**Suppliers/Partners/Creditors** The Company has built trust with its suppliers / partners / creditors through integrity and strictly following the conditions of contracts and agreements. The Company settles all accounts with suppliers / partners / creditors correctly, when due and in full. In addition, the Company has never concealed information or facts that causes losses to The Company's suppliers / partners / creditors. In the past year, the Company invited suppliers /partners / creditors to meet to learn about the code of conduct and anti-corruption policy. The code of conduct and anti-corruption policies are also posted on the Company's website to create confidence in all companies and suppliers / partners / creditors that wish to do business with the Company.

**Society/Community** The Company realizes in being part of society, which the Company is responsible for helping the society and supporting public interest activities in the community by focusing on providing knowledge on Health Promotion and first aid to The Company's employees to promote health and society and villages in Nonthaburi and in the radius of the hospital, and participating in the plan to support mass casualty incident, and conducting fire drills together with Rescue Unit, Nonthaburi Municipality, and nearby communities, which the Company performs on an annual basis.

In 2017, The Company has celebrated our 36th Anniversary last year by jointly launching a project called "36 Eyes for Restoration of Life" with Nonthaburi Province, which offered treatment service to cataract patients by skilled physicians and modern technology, and also offered counselling to patients from

surgery to follow-up processes, free of charge, in remembrance of His Majesty the late King Bhumibol Adulyadej.

The Company is part of promoting policy relating to energy and environmental conservation by providing knowledge and creating awareness for employees in order for all employees to help conserve energy and environmental control of wastewater discharge into the community to a level below the acceptable standards.

## **Business Ethics**

The Company's board of directors regulates business ethics for compliance of directors, executives and employees in every level, so that the Company can operate in ethic manner, respect shareholders' rights and treat shareholders impartially with fairness and accountability. It covers The Company's priority as follows:

1. Regulatory Compliance and Upholding Human Rights: The Company complies with laws, regulations and rules of relevant government organizations along with business ethics and The Company's regulations, respect to culture and traditions and uphold international human rights law in business operations.

2. Political Participation: The Company is an organization with political impartiality, which supports any actions following the country's regime and encourages directors, executives and employees to exercise their political rights under the applicable laws, so that the Company can operate without any political pressure.

3. Interest and Conflict of Interest: The Company requires directors, executives and employees to have any actions based on The Company's interest and not to participate in any activities possibly leading to conflict of interest.

4. Confidentiality, Data Retention and Insider Trading: The Company shall keep all data confidential without leaking to the third party, especially the data possibly affecting the Company or the shareholders. The Company shall not allow directors, executives and employees to exploit internal information for their own benefits or others' in order to provide fairness and impartiality for the shareholders.

5. Offering or Accepting Gifts, Entertainment or Other Benefits: The Company regulates guidelines on gift or other benefits, offering or accepting entertainment in proper manner without influence on The Company's decision-making.

6. Property, Intellectual Property and Application of Information Technology and Communication:

The Company has duties and responsibility in utilization of The Company's property for Maximum benefit and prevents losses or exploitation for personal benefits or others'. The Company provides information technology and communication for business operations and directors, executives and employees are required to have proper and effective use and comply with laws and information technology and communication policy for The Company's maximum benefit. In addition, the Company is cautious with use of other's intellectual property along with respect to their proprietary right.

7. Treatment of Shareholders: The Company is determined to operate in the manner of virtue and ethics, emphasize on business growth, respect to rights of shareholders in obtaining necessary data and have equitable treatment of shareholders.

8. Conduct of Directors, Executives and Employees: The Company treats directors, executives and employees with recognition of human dignity and respects for individual rights. The Company also places a high value on all employees and encourages directors, executives and employees to enhance their knowledge and ability along with maintaining virtue and proper behavior. The Company provides safe work environment and treats all employees equally.

The Company provides fair employment with proper remuneration based on each employee's knowledge, ability, responsibility and performance. Each employee is equally granted an opportunity to further career path.

The Company provides employees of all levels an opportunity to equally and fairly express their opinion and suggestions. The Company keeps personal data of directors, executives and employees confidential. Public disclosure or transfer personal information of directors, executives and employees shall be allowed only if approved by directors, executives and employees, except it is done under The Company's regulations or applicable laws.

9. Treatment of Customers: The Company is concerned over customer satisfaction and aims to provide customers with quality and safe services and respect rights of patients.

10. Purchase, Supply and Treatment of Trading Partners: The Company has equitable and fair treatment of all trading partners taking into account its own highest benefits and based on fair returns for both parties. It also avoids any circumstances likely to cause conflict of interest, while complying with commitments by providing true and correct information and having negotiations and solutions based on business relationship.

11. Treatment of Trading Competitors: The Company has fair treatment of trading competitors based on business ethics.

12. Responsibility for Community and Society:

The Company is deemed a member of society, so it prioritizes participation and good relationships between the Company and society, focusing on equity, transparency and fairness, for sustainable social development.

13. Safety, Industrial Hygiene and Environment: The Company is determined to operate with safety and concerns over effects on industrial hygiene and environment, regulates international management system, and strictly complies with applicable laws, policies, standards and requirements on safety, industrial hygiene and environment in each area.

14. Internal Control and Inspection: The Company realizes the importance of effective, precise and reliable internal control and inspection. It regulates corporate governance policy to enhance internal control system, suitable risk management and regular monitoring and evaluation conforming to international standards and requirements specified by the audit committee. The Company's operation and monitoring system are based on

effectiveness and have precise and complete financial statement, accounting and performance report as well as complying with regulations.

15. Anti-corruption: The Company operates its business with virtue and concerns over social responsibility and all shareholders following good corporate governance, and sets out proper operational guideline to prevent corruption in every business activity.

### Whistleblowing Policy

Nonthavej Hospital Public Company Ltd. emphasizes the importance of good corporate governance and strives to achieve transparency, accountability, and business practices in accordance with the principles of good corporate governance. We commit ourselves to social responsibility as well as our responsibilities towards every group of shareholders. The company has set whistleblowing guidelines and provided channels for the company's directors, executives, employees and all stakeholders to report any business misconduct or suspicious behaviors; non-compliance with rules, regulations, laws, ethics; corruption or suspicion of corruption. Policies and measures have been put in place to protect the whistleblower from any kind of unfair treatment. Personal information of the whistleblower and the complaint are kept confidential so as to prevent harm to the whistleblower and violating individual rights. Our policies are as follows.

### Who can be a whistleblower?

Directors, executives, employees, all stakeholders who witness unethical or illegal behavior including; breaking the company's rules, regulations, policy; breaking laws; and any unethical business conduct. A whistleblower can report such behavior via the channels below.

To focus on issues relevant to the principles of good corporate governance, the company has grouped complaints into categories as follows.

Categories of complaints	Persons responsible for the case	Whistleblowing channels
Employees breaking the laws or the company's rules, regulations, or code of conduct.	Trusted supervisors at every level or Human Resources Manager	(1) By mail : Human Resources Department 432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000 (2) By phone: 02-596-7888 (3) By e-mail :hr@nonthavej.co.th
Misconduct of the company's directors	President of the Board of Directors or Chairman of the Audit Committee or the Company Secretary	(1) By mail : President of the Board of Directors or Chairman of the audit committee or the Company Secretary



		<p>432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000</p> <p>(2) By phone : 02-596-7888</p> <p>(3) By e-mail: sb@nonthavej.co.th</p>
Failure to comply with medical ethics	Director of the hospital or the Deputy Director of the Medical Department	<p>(1) By mail : Director of the hospital</p> <p>432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000</p> <p>(2) By phone : 02-596-7888</p> <p>(3) By e-mail: md@nonthavej.co.th</p>
Corruption or any suspicious activity relating to financial statements/reports	Chairman of the Audit Committee or chairman of the Corporate Governance Committee	<p>(1) By mail : Chairman of the audit committee or chairman of the Corporate Governance committee 432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000</p> <p>(2) By phone : 02-596-7888</p> <p>(3) By e-mail : <a href="mailto:ia@nonthavej.co.th">ia@nonthavej.co.th</a></p>
Matters potentially affecting the company's reputation and/or public image	President of the Board of Directors or Director of the hospital or Chairman of the Audit Committee or Chairman of the Corporate Governance Committee	<p>(1) By mail : President of the Board of Directors or Director of the hospital</p> <p>432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000</p> <p>(2) By phone : 02-596-7888</p> <p>(3) By e-mail :cg@nonthavej.co.th</p> <p>Website : www.nonthavej.co.th</p>

## How to file a whistleblower complaint

Whistleblower complaint(s) can be filed directly through any of the following channels, the details of which are provided above:

1. Verbal or written expression
2. Via phone or fax number(s)
3. Via E-mail address
4. By sending a letter according to the above categories of complaints at the following address:

*Nonthavej Hospital* Public Company Ltd.

432 Ngamwongwan Rd., Bang Khen, Mueang, Nonthaburi 11000

5. In the case where a whistleblower chooses not to disclose personal information, details and evidence of the allegation must be provided so the company has a reasonable ground to believe that the reported behavior/action falls within the criteria of misconduct, rules, regulations, law breaking, and/or unethical business practices. The complaint shall be kept confidential and the whistleblower can file complaints via more than one channel without having to reveal their identity, even though doing so will help the company inform the whistleblower of the result or progress of the case.

## Investigation into the allegations and reporting

1. The person responsible for the case shall be responsible for an investigation into the allegation, collecting related evidence, or they may assign/authorize a person or a trusted body to carry out the investigation on their behalf.

2. The assigned/authorized person/body of the case can ask any employee to provide information or related documents for the investigation.

3. When the authorized person has a reasonable ground to believe that the allegation is true, prone to corruption, or potentially relate to conflict of interests, the manager of the internal audit department shall be responsible for further investigation and shall report such an investigation to the chairman of the audit committee and to the corporate governance committee. The committees shall advise the Board of Directors on appropriate measures to handle the issue. Any allegation or report of corruption by the company's executives shall be reported directly to the audit committee for consideration.

After an investigation, if the authorized body has reasonable grounds to believe the allegation to be true, the company will proceed as follows:

- Collect evidence and information related to the non-compliance, non-feasance, and/or violation of rules, regulations, laws, code of conduct, or ethics. When requested, a person must disclose all related information/evidence to the person/body authorized to conduct the investigation.

- Evaluate and analyze the collected information/evidence in order to determine whether such an allegation is true, find the cause of such an allegation, and report the result to related authorities

- Report the result of the investigation to the chairman of the corporate governance committee. The committee shall conclude and then report to the chairman of the audit committee, and set appropriate measures to address the problem of non-compliance with the rules, regulations, and laws, code of conduct or ethics of the company.

- In the case where the whistleblower has disclosed personal information to the official receiving the recipient, the whistleblower will be informed of the final decision of the case.

4. In the case where the allegation relates to the company's law breaking, non-compliance with rules, regulations, code of conduct or business ethics, the company shall propose the matter to the company's authorized body for consideration and suggest measures to address the problem. The person responsible for the complaints potentially affecting the company's financial status or public image, and issues involving breaking the company's policy or high-level executives, shall submit such a case to the Audit Committee or the Corporate Governance Committee for consideration and inform the Board of Directors on a quarterly basis.

5. In the case where an allegation causes damage to any party, the company shall help the affected party or parties alleviate such damage through appropriate and fair means.

6. When there are insufficient grounds to believe an allegation to be true, and further investigation is not required, the internal audit department shall provide reasons for its decision.

7. In case of allegations which can be considered minor problems, or when such an allegation is not based on a reasonable ground or does not affect the company's interests, the supervisor of the employee (the whistleblower) shall be the person responsible for the case.

#### **Whistleblower protection policy**

1. A whistleblower can choose to keep one's identity confidential if they see that disclosure of personal information may cause damage or harm to themselves. In such a case however, the whistleblower must give sufficient details and evidence of the allegation to provide reasonable grounds for believing that the reported behavior may be considered breaking the rules, regulations, code of conducts of the company, or business ethics. However, a whistleblower who discloses their identity will be helpful for the investigation.

2. The company treats all information with confidentiality, and will only disclose such information when there is a compelling reason. In the circumstances where information is disclosed, only information that is considered necessary shall be disclosed and the company will take into consideration safety and welfare of the whistleblower and related parties and sources of information. The authorized person/body responsible for the case shall treat information as strictly confidential and shall not disclose the information to other parties. Breaking this rule is considered a serious misconduct.

3. If a whistleblower has any concern regarding their safety and welfare, the whistleblower can request the company to provide appropriate protection measures, or the company may provide such protection without the whistleblower's request in the case where harm or damage to the whistleblower may be expected.

4. An employee who unfairly treats, discriminates against, causes damage, or inflicts harm on a person due to the person's report of misconduct; provision of information about suspected non-compliance with the company's rules, regulations, code of conduct, business ethics, or laws; filing a lawsuit against the employee; giving testimony; cooperating with the court or a governmental organization in their investigation and prosecution of crimes, is deemed to have violated the company's disciplinary rules. In such a case, the employee may be liable for punishment according to law.

5. The company shall help alleviate the damage incurred to the affected party or parties through fair and appropriate means.

## **Penalty**

A person who, willfully or negligently, fails to comply with the rules and regulations; and/or acts in a way that intimidates, victimizes, harasses, bullies, threatens to file disciplinary charge, discriminates against another individual by unlawful means as a result of the individual's reporting of wrongdoing/misconduct; or exhibits the aforementioned behaviors towards a party or parties related to the allegation, shall be deemed to have violated the rules and regulations. The person shall be responsible for any damage incurred to the company or to the party or parties affected by such a violation and shall be liable for civil, criminal, and other legal offenses.

## **4. Information Disclosure and Transparency**

### **4.1 Information Disclosure and Transparency**

The Company is aware of the importance of disclosing financial information, general information and other important data that is accurate, complete, timely, transparent and in compliance with SEC and SET regulations to provide shareholders and all stakeholders with full access to information and news. The Company has therefore established the Investor Relations unit to communicate with investors, shareholders, securities analysts and other related units, and also to distribute Company information through the following methods:

1. Website For shareholders and investors to have fast access to publicly-disclosed information, the Company presents the main Company information, which is updated and current, on the Company's website [www.nonthavej.co.th](http://www.nonthavej.co.th) and has assigned Ms. Suree Sangkompanich, the Company secretary to coordinate. She can be contacted at 0-2596-7888 ext. 2515 or e-mail: [suree.s@nonthavej.co.th](mailto:suree.s@nonthavej.co.th) or [ir@nonthavej.co.th](mailto:ir@nonthavej.co.th).
2. Information provided through various media channels, specifically newspapers, periodicals and magazines.

3. Letters sent by post to shareholders.
4. Posted on the Company website its Articles of Association In addition to the of good governance policy .
5. The company has an investor relations section to communicate with analysts, investors and other persons who might seek information on financial statements, corporate performance and status as well as any transactions which might affect the company
6. Regularly disseminate the company's important news via SET, information disclosure forms, annual report and the company's website, in both Thai and English.
7. In place are policies and measures for complaint-making (whistleblowing) by employees or other stakeholders about wrongdoings, violations of the code of conduct, or suspected malfeasance cases involving employees, including false financial reports or shortcomings in the internal control system. Also in place is a mechanism to protect whistleblowers, consisting by keeping their data confidential. This way, stakeholders may take part in guarding the company's interests more efficiently.

#### **4.2 Financial reporting**

To undertake responsible financial reporting that is accurate, complete, transparent and protects The Company's assets against loss or unauthorized use, to prevent fraud and irregularities in compliance with generally accepted auditing standards in Thailand and related laws and regulations, and to ensure stakeholder confidence in the financial statements, the Board has assigned the audit committee to review financial statements, the consistent use of accurate and adequate accounting policies that comply with related laws and announcements, as well as verifying the accuracy and adequacy of the financial statement. The audit committee will arrange at least one quarterly meeting with the auditor without the presence of the management in order to question and ask for opinions from the auditor on various issues. In addition, the Board prepares the report on the Board of Directors' Responsibilities on Financial Statements, covering all of the information required by the SET's Best Practices for Directors of Listed Companies, together with the auditor's report in the annual report. In 2017, the Company appointed auditors from Dr. Virach & Associates Company Ltd. given that they have professional knowledge and expertise, no conflicts of interest that could affect their independence or neutrality and the full qualifications to assure the directors and shareholders that The Company's financial statement accurately and reliably reflects The Company's true financial status and operating results in all respects.

#### **5. Board of Directors' Responsibility**

##### **Board of Directors' Structure**

Board of Directors consists of qualified person with knowledge and experience in many fields. All directors participate in determining vision, mission, strategy, goal, business plan, and budget of the company, as well as regulating the management to operate the business according to the plan efficiently and effectively to add the most value to the business and the best stability to shareholders. Board of Directors has a

meeting in every quarter to consider performance report of the management, which detail of directors' authority and responsibility are available in article 9.1; Board of Directors Management Structure.

The Board, which plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis. The Articles of Association of the Company prescribe that there must be no more than 5 directors, all of whom are appointed and removed at the Meeting of Shareholders. The directors are as include executive directors, non-executive directors and independent directors (Requirements of Independent Directors. Appears in the Appendix) The current Board of Directors is composed of 8 directors consisting of directors who are executives of 4 directors, non-executive directors of 4 directors and non-executive and qualify as independent directors of 4 directors, which account for more than 1 in 3 of total number of directors. Acting as a counterbalance to consider the vote, review of the management of the management for the benefit of the Company. In addition, the company has appointed a committee consisting of the Audit committee, Corporate Governance committee and Nomination and Remuneration committee. The scope of duties and responsibilities in the implementation of such a board clearly.

#### **Leadership and Vision**

The Board of Directors will determine the plan for the annual general meeting and set the meeting agendas. Revision of The Company's vision, mission, strategies, goals, business plan are major items to be included in The Company's annual meeting plan, as well as setting the key performance indicators and Company goals, overseeing the performance of the chief executive officer and the deputy chief executive officer in monitoring performance, specifying methods for proceeding when performance indicators fail to meet targets and closely monitoring the results of the management in order to assess The Company's operations efficiently and report operating results to the Board at least once per quarter. In case of important or urgent matters, the chief executive officer and the deputy chief executive officer and may consult with and ask for opinions from the Board without waiting until the next scheduled meeting.

The Board of Directors has appointed the audit committee with responsibilities for monitoring and oversight, with the internal audit section responsible for reviewing The Company's internal control system to ensure it is effective and appropriate. Including overseeing that no conflicts of interest occur and regularly reporting to the audit committee. The audit committee shall present audit results to the Board on a regular basis. In case of important or urgent matters, the audit committee will arrange meetings outside the annual schedule for immediate consultation.

Risk management The Board has assigned the chief executive officer and deputy chief executive officer to set up a risk management committee with the responsibility of ensuring that every unit is undertaking risk management, covering all areas of the organization. They are also assigned to present a monthly report. In addition, the Board of Directors has assigned the audit committee the responsibility of reviewing and assessing risks to the organization and making an annual risk management report to the Board of Directors.

### Conflict of Interest

The Company has a clear policy for preventing conflict of interest. The procedure for entering into transaction between the Company and person who may have conflict of interest must go through screening process by the management and approved by Board of Directors. In addition, in case of having director who has interest in any agenda, that director may not vote in such agenda. There is an audit committee to examine to prevent conflict of interest.

For the usage of internal information, the Company has a policy to prohibit director, executive or employee in the unit who are aware of internal information from disclosing the information to third party, or person who has no relevant duty, and from buying The Company's securities in the 1 month period before the financial statement would be announced publically, and the executive shall report any change to securities holding to SEC and SET.

Report of Changes in Securities Holdings of Executives At December 31,2017

No.	Executives	Ordinary shares of The Nonthavej Hospital Public Company Limited (shares)		
		As at December 31, 2016	As at December 31, 2017	Increase / (decrease) during financial year
1.	Mrs. Patama Prommas	6,040,000	6,040,000	40,000
2.	Mr.Lopchai Kaenratana	1,500,000	1,500,000	-
3.	Mrs. Prompan Siripat	90,000	90,000	-
4.	Dr.Saravut Sontikaew,M.D.	1,332,000	1,332,000	-
5.	Dr.Kamales Santivejkul , Ph.D	275,000	275,000	-
6.	Dr.Prawit Ninsuvannakul ,Ph.D	NA	NA	-
7.	Dr. Charoon Chairaj, M.D.	700,000	700,000	-
8.	Dr.Viroonporn Prompangsa,M.D.	230,000	230,000	-

### Code of Conduct

The Company has set a code of conduct to be practiced by the directors, management and staff at all levels in order to ensure that the Company operates ethically, respects rights and treats stakeholders equitably and fairly and in ways that are open to inspection. This code covers various issues which the Company deems to be important. The Company has published this code of conduct on The Company's website in order to inform the directors, management, staff and external persons.

In 2017, the Company organized training and tests on business ethics and the code of conduct for directors, management and staff. In order to enable staff and management to understand and practice the code of conduct, training included explanations to frequently-asked questions and providing evidence in cases of wrongdoing. All members of staff and management signed an acknowledgement to be stored in their employee records. The Board has seen fit to include the code of conduct in the annual training program of staff and management of all levels.

#### Balance of non-executive directors

Board of Directors consists of	8	directors consists of
Executive directors	4	directors
Non-executive directors	4	directors

The Company has established an audit committee, nomination committee, and remuneration committee to ensure transparent and effective operation.

#### Combining or Separating Position

- Chairman is the representative of major shareholders of all shares
- Chairman is not the same person as chief executive officer. Both persons are representatives from the same group of major shareholders. However, structure of Board of Directors consists of independent directors that are more than one third of total number of Board of Directors members causing the balance and review of the management.

#### Directors and Executives Remuneration

Board of Directors has appointed Nomination and Remuneration Committee to select person to be director and propose to Board of Directors to be proposed at the meeting.

Nomination and Remuneration Committee is appointed by Board of Directors to propose directors remuneration to be proposed to Board of Directors, which will then be further proposed to AGM.

#### Board of Directors Meeting

Board of Directors is scheduled to have normal meeting 6 times a year and has an extraordinary meeting when necessary. Agendas are determined in advance. Meeting invitation with meeting agendas and meeting document are issued 5-7 days in advance before the meeting date for the directors to study the information before the meeting. While the committee will vote on the Board of the Directors, the committee will vote on the Board of Directors must have at least 2 in 3 of the total number of directors .

In 2017, the Committee held a total of 8 times the rate of attendance of Directors, representing approximately 100 percent.

Name	Position	Number of participants of the committee.	Attendance Rate
1. Mrs. Patama Prommas	Chairman Board of Director	8/8	100%
2. Mr.Lopchai Kaenratana	Director	8/8	100%
3. Mrs. Prompan Siripat	Independent Director / Chairman of the Nomination & Remuneration Committee	8/8	100%



4. Dr.Saravut Sontikaew,M.D.	Director / Corporate Governance Director / Nomination & Remuneration Director	8/8	100%
5. Dr.Kamales Santivejkul , Ph.D	Director / Chairman of the Corporate Governance Committee	8/8	100%
6. Dr.Prawit Ninsuvannakul ,Ph.D	Independent Director / Chairman of the Audit Committee	8/8	100%
7. Dr. Charoon Chairroj, M.D.	Independent Director / Audit Committee Director	8/8	100%
8.Dr.Viroonporn Prompangsa,M.D.	Independent Director Audit Committee Director	8/8	100%

#### **Subcommittee**

Board of Directors has appointed 3 subcommittees; Audit committee, Corporate Governance committee and Nomination and Remuneration Committee, which subcommittees consist of executive director and independent directors, which contains element and scope of duty as appear in article 9.2; Subcommittees.

#### **Internal Control and Audit**

The Company realizes the importance of internal control in both management level and operation level. Scope of duty in the operation of executives and operators is determined in writing. The Company's asset utilization is regulated. Duty of operators, monitoring person, controller, and evaluator are separated from each other to cause balance and appropriate verification. There is internal control in terms of finance. There is financial report to be proposed to executives in the responsible line of work.

There is an audit committee, which is assigned to examine The Company's operation and internal audit department to examine and ensure that core operation and key financial activities of the Company are done efficiently according to the determined method, including examining compliance with the law and relevant requirement of the Company (Compliance Control). In order for internal audit unit to have freedom, the result shall be reported directly to audit committee.

#### **Risk Management**

The Company places great importance on risk management, setting up a risk management committee with the responsibility of identifying, assessing and protecting against operating risk, as well as monitoring, oversight and reporting to the chief executive officer, deputy chief executive officer and audit committee, who will report in turn to the Board.

The Board of Directors assigned the audit committee and the management to review risk management policy, policy implementation and The Company's risk management approaches, and to make an annual risk management report to the Board for consideration of the adequacy and effectiveness of the risk management system, allowing for the revision of management strategies, plans and methods.

The Company has taken the following approaches to risk management:

- Set up a risk management committee consisting of management from each division who set policy and monitor The Company's risk management, monitor and assess the results of risk management for presentation to the audit committee and Board of Directors. A risk management committee was also established to set policy and oversee risk management.
- Made risk management the responsibility of each division and has connected their risk profiles to the organizational risk profile.
- Instilled risk management as part of organizational culture by making everyone aware of the importance of risk management.

#### **Fraud Control**

The Board of Directors views fraud as a major risk to the organization and has therefore taken the following measures for fraud control:

- Prevention measures There is an organizational structure that is appropriate for the control and management of the business, an audit committee and internal audit department that verify and assess the internal control system, and a risk management committee to supervise appropriate risk management in each unit, specify a code of conduct and a written policy against corruption and promotes its strict implementation, and also provide a system to report evidence of problems so that solutions can be found and continual revisions made.
- Audits There is an audit committee and internal audit department, that are independent of the top management, and whose duties are to identify, check and assess organizational risks and the work of the risk management committee in order to provide the organization with a strong internal control system and protect against potential risks, including the risk of fraud.
- Fair treatment Methods of reporting evidence and proceeding have been established, which are fair to the person accused and protect the person who has made the report.

#### **Self-assessment by the Board of Directors**

The Board of Directors carries out an annual self-assessment, with both individual and collective appraisals to understand the results and problems of the previous year to improve the performance of the Board.

In 2017, the Board approved the use of the evaluation form from the Securities Exchange of Thailand, which is a self-assessment form that has 2 sections, for collective and individual appraisals. The levels are rated as a percentage from the full points of each item, with a score of over 90% = Excellent, over 85% = Very good, over 75% = Good, over 55% = Satisfactory and under 55% = Needs improvement.

The results can be summarized as follows:

#### Collective assessment

The collective self-assessment form comprised 6 sections:

- (1) Role, duties and responsibilities of the Board of Directors consisting of risk management, internal control, legal and ethical duties and monitoring performance.
- (2) Structure, components and independence of directors
- (3) Setting meeting agendas and director participation
- (4) Relations with the executive division
- (5) Director evaluation and remuneration
- (6) Assessing results and remuneration, including management succession planning.

In summary, the results show that the Board has performed in accordance with the principles of corporate governance, business ethics and The Company's code of conduct, has a major role in setting policy, vision and the business plan and annual budget. The structure and composition of the Board is appropriate. The organization of Board meetings is efficient. The average score was 97% which is rated as Excellent. The Board felt that revisions are required for the prompt reporting to the Board of serious situations, problems or obstacles that may cause The Company's performance to fall short of targets, as well as revisions of the directors' development plan and management development and succession plan to give them greater scope and completeness.

#### Individual self-assessment

The individual appraisal comprised 5 sections:

- (1) Strategic thinking and corporate governance
- (2) Knowledge and competence in the business and personal abilities
- (3) Independence
- (4) Preparation as a director
- (5) Self-development as a director

Most of the scores in the individual appraisal were over 95% which shows that the directors are appropriately qualified and have performed their duties and responsibilities to the fullest and in accordance with the best practices for directors

#### Committee Appraisal

In 2017, the Board introduced evaluation for the standing committees, namely the audit committee, the nomination committee and the remuneration committee. This appraisal was a self-assessment through an evaluation form consistent with the principles of good corporate governance and the specific duties of each committee and which consisted of 4 topics:

- (1) Structure and composition of the committee
- (2) Role, duties and responsibilities

(3) Committee meetings

(4) Committee members' performance

The results of the appraisal show that the audit committee, the nomination committee and the remuneration committee have an appropriate composition and have performed their duties according to the charter specified by the Company, with average scores as follows:

Audit Committee	100%
Nomination Committee	96%
Remuneration Committee	96%

The evaluation of the audit committee's performance, which is carried out annually, is a collective appraisal using the form from the SEC's Audit Committee Handbook.

This comprises 2 parts:

- 1) Overall performance and
- 2) Specific tasks.

In the results of the appraisal for 2017, there were no answers of "No" or "Not done". The results of the evaluation were reported to the Board for acknowledgement at meeting no. 2/2018 on February 22, 2018, with the conclusion that the composition, qualifications and performance of the audit committee was consistent with SET guidelines, international best practices and with the tasks assigned by the Board in the audit committee charter.

#### **Performance Appraisal of the Directors and Management**

The non-executive directors complete an appraisal of the directors and management based on comparisons of the successful achievement of targets at company level and competence at the individual level, with factors taken into consideration consisting of

- Quality indicators, specifically leadership, relationship with the Board, risk management and internal control, human resource management, good governance and the code of conduct.
- Success of the organization based on its achievement index.
- Ability in development of the business.

The nomination committee is responsible for approving the performance appraisal of management at board and executive level based on success in meeting their individual annual performance targets.

#### **Director Orientation**

For the new Board of Directors held an orientation. The new directors have been aware of the company policy. Including relevant information such as capital structure, shareholder structure, organizational management, performance information systems active within Including laws, regulations and good corporate governance, Business Ethics and Conduct Core policy against corruption and the policies that are helpful for the committee to the Board. In 2017, None the new director

## **Management Development**

The Board of Directors and management, the importance of attending training courses related to the development of knowledge and ability to perform duties regularly. The directors of participants had a history with the Thailand Institute of Directors (IOD). To support and implement the Committee attended the Institute of Directors of Thailand and other institutions all the relevant program continues throughout the year for knowledge and experience to develop further.

## **Directors and Management Development and Succession Plan**

The Board places importance on the development of directors and management and has regular projects for the development of suitable knowledge and skills that builds their efficiency and effectiveness. Directors receive support to enrol in the Director Certification Program (DCP) and relevant courses run by the Thai Institute of Directors (IOD).

The nomination committee has been assigned to recruit and select personnel with the knowledge, competency and experience to be Company executives. Executives are appointed in accordance with Company regulations. Directors must be approved by the Board and shareholders.

The committee has prepared a succession plan for the directors and management that can be implemented immediately when a director or executive retires or is unable to carry out their duties so that administration of the Company is able to proceed with continuity and stability.

## **Board of Directors Report**

Board of Directors is responsible for The Company's financial statement and financial information that appear in the annual report. Financial statement is prepared according to generally accepted accounting standard in Thailand by selecting accounting policy that is appropriate and regularly practiced. Key information is disclosed adequately in the remark of the financial statement.

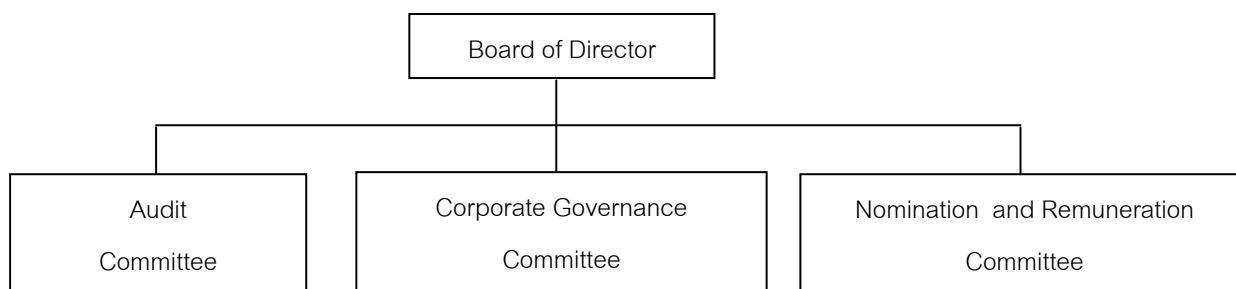
Board of Directors provides internal control to ensure that accounting information is recorded accurately, completely, and adequately to maintain the asset and to identify weakness to prevent significantly abnormal operation.

Board of Directors has appointed an audit committee, which consists of independent non-executive directors to be responsible for quality of the financial report and internal control. Comment of the audit committee has already been included in the annual report.

Board of Directors had a comment that The Company's internal audit overall was in the level that can create confidence and credibility of the Company financial statement.

## 8.2 Subcommittees

The Company has Subcommittees of that consists of 3 Committee as follows;



### Audit Committee's

The Company has Audit committees of that consists of 3 directors as follows;

Name	Position	Total Directors / Meeting ( Time )	Attended Directors / Meeting ( Time )
1.Dr.Prawit Ninsuvannakul ,Ph.D	Independent Director / Chairman of the Audit Committee	5	5
2.Dr. Charoon Chairroj, M.D.	Independent Director / Audit Committee Director	5	5
3.Dr.Viroonporn Prompangsa,M.D.	Independent Director / Audit Committee Director	5	5

Audit committee had appointed Mr. Warawut Srisura as secretary of the audit committee to supervise and manage the audit committee's meeting, as well as prepare minutes of audit committee meeting, and store document as required by the law. Furthermore, subcommittee also gives recommendation to audit committee relating to various rules relating to being audit committee according to good corporate governance.

### Audit Committee's director's Term

Audit committee's director has the term of 3 years. In case any director resigns before the term is completed, Board of Directors will select a replacement as soon as possible. In addition, the replacement will be a director for the remaining period of the audit committee's director's term.

### Scope of Duty of Audit Committee;

1. Check up to make sure that the Company has accurate financial report, which is adequately disclosed.
2. Check up to make sure that the Company has appropriate and efficient internal control and internal audit.
3. Consider independency of internal audit unit, as well as appoint, transfer, terminate employment, and reward head of internal audit unit.
4. Check up to make sure that the Company has complied with the law on securities and stock exchange, requirement of stock exchange, and law relating to The Company's business.
5. Select, nominate, and appoint The Company's auditor and propose auditor's remuneration, as well as attend the meeting with auditors without the management in attendance at least once a year.
6. Consider related items or item that may have conflict of interest to make sure that it is in compliant with the law and requirement of stock exchange to ensure that such item is reasonable and for the best interest of the Company.
7. Prepare audit committee report, which is published in The Company's annual report.
8. Perform any other actions assigned by Board of Directors with the approval of Audit Committee.
9. Evaluate the performance of the Audit Committee annually. By evaluating the performance of the Audit Committee and by the Board and self individually.

### Corporate Governance Committee's

In 2017, The Company has Corporate Governance Committee that consists of 2 directors as follows;

Name	Position	Total Directors / Meeting ( Time )	Attended Directors / Meeting ( Time )
1. Dr.Kamales Santivejkul, Ph.D	Chairman of the Corporate Governance ( Director)	2	2
2. Dr.Saravut Sontikaew,M.D.	Corporate Governance Director ( Director)	2	2

### Scope of Duty of the Corporate Governance Committee

The Governance and Nomination Committee is authorized to fulfill the following duties:

1. Draw up the scope and policy of the Company's corporate governance and present them to the Board of Directors.
2. Make recommendations on the practice of the Company's corporate governance and give advice on Corporate Governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the management to

ensure their compliance with the Company's corporate governance policy.

4. Review the practice of corporate governance within the Company's to ensure it is appropriate for the Company's business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.
5. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.
6. Evaluate the performance of the Corporate Governance Committee to annually. In assessing the overall performance of the individual and self-assessment.

### Nomination and Remuneration Committee's

In 2017, The Company has Nomination and Remuneration Committee that consists of 2 directors as follows:

Name	Position	Total Directors / Meeting ( Time )	Attended Directors / Meeting ( Time )
1. Mrs. Prompan Siripat	Chairman of the Nomination and Remuneration (Independent Director)	1	1
2. Dr.Saravut Sontikaew,M.D.	Nomination and Remuneration Director ( Director)	1	1

### Scope of Duty of the Nomination and Remuneration Committee

1. Propose the list of persons who are suitable to be members of Board of Directors, audit committee, and other committees to Board of Directors to be proposed to AGM.
2. Screen persons who are suitable to be chairman / vice chairman and other directors in case of vacancy.
3. Appoint, transfer, remove employee at executive level of the Company.
4. Plan the succession of directors and senior management to the Board of Directors for approval
5. Determine method and rule for director recruitment to ensure transparency.
6. Consider method to determine remuneration for directors and committee, meeting allowance, welfare and other benefits, both in monetary form and non-monetary form to be proposed at the AGM.
7. Determine method and rule to determine remuneration for directors that is fair and reasonable, and propose it at the AGM for further approval.
8. Evaluate the performance of the Nomination and Remuneration Committee. In assessing the overall performance of the individual and self-assessment.



### **9.3 Recruiting and Appointing Director and Senior Executive**

#### **(1) Director Recruitment**

In appointing Nomination and Remuneration committee's directors, have the duty of selecting and screening person with suitable qualification according to The Company's regulation, and nominate person with suitable qualification to acquire variety of professional directors, and provide comment to Board of Directors to get approval from directors, and then present the list of directors at the AGM to further select the directors according to the rule.

Nomination and Remuneration committee considered business operation characteristics and plan before determine qualification of directors, who must have knowledge of the business and experience in such business of at least 5 years. The Nomination and Remuneration committee gave an opportunity to directors and shareholders to nominate directors who have suitable qualification. Furthermore, the committee also considers proposing additional director from The Company's director's directory.

#### **(2) Senior Executive Recruitment**

In recruiting senior executive (such as chief executive officer), Board of Directors will preliminary consider the screening of persons who are fully qualified, suitable, knowledgeable, capable, skilled, and experienced in The Company's operation, and understand the business, which will be proposed to Nomination and Remuneration committee for approval, and then present to Nomination and Remuneration committee for approval, and then present to Board of Directors for further approval.

### **9.4 Regulating operation of subsidiary and joint venture**

- None-

### **9.5 Supervising the use of internal information**

The Company supervises the usage of internal information according to the principle of good corporate governance, which is determined in writing in business ethics and directors', executives', and employees' codes of conduct, who must sign as acknowledgement at the commencement of the work, which key policy is summarized as follows;

The Company determined that directors, executives, and employees sign as acknowledgment of relevant notification of SEC, which determines that directors and executives have the duty to report the change in securities holding to SEC according to section 59 of Securities and Exchange Act, B.E. 2535 within 3 days of the date of the change of securities possession, and shall notify The Company's secretary to record the such and summarize securities possession of directors and executives individually to be presented to Board of Directors for acknowledgement in the next meeting. Furthermore, the Company also notified punishment in case of violation or noncompliance with such requirement.

The Company has a requirement prohibiting financial statement information or other information that affects securities price of the Company that become know from being disclosed to third party or non-related person, and prohibiting from trading securities in the 2 weeks period before the financial statement information or other information that affects securities price of the Company will be published to the public. In addition must not trade The Company's securities until the 24 hours period of disclosing all of the information to the public has expired.

#### 9.6 Remuneration for the Auditor

##### (1) Remuneration for the Audit fee

Compensation paid to The Company's auditors Dr. Virach & Associates Associates Office Co., Ltd. as a divided.

รายการ	2017	2016	2015
Audit fee	435,000	415,000	370,000
Review of Financial Statements (3 Quarter )	460,000	420,000	390,000
<b>รวม</b>	<b>895,000</b>	<b>835,000</b>	<b>760,000</b>

##### (2) Other (non-audit fee)

- None -



# 10. Corporate Social Responsibilities (CSR)



## 10. Corporate Social Responsibilities (CSR)

### 10.1 Policy Overview

Board of Directors has a policy to operate The Company's business with corporate social responsibilities, and responsibility towards stakeholders according to article 8 of the principle, which is specified in the vision, mission, corporate values, Business Ethics, and Directors', Executives', and Employees' Code of Conduct to be strictly adhered to as practices in order to lead to sustainability of the Company.

### 10.2 Operation and Report Preparation:

#### (1) Report Preparation Process

The Company has a practice policy and realizes in corporate social responsibilities as the main mission that would create projects and activities that benefit social and community development. Practices;

1. Directors, executives, and employees shall participate, as well as arrange activities for public interest in development and serving society and community.
2. Directors, executives, and employees regularly perform activities that create society, community, and the environment.
3. Prevent accident and control waste release at the level under the standard criteria acceptable.
4. Quick and effectively respond to event that affects the environment and community due to The Company's operation by fully cooperating with government official and relevant authorities.

#### (2) Performance follows Company policy with regard to the 8 areas of social responsibility as follows:

##### (1) Fair Business Practice

The Company has set clear procedures related to purchasing, employing and products of various types, including medical equipment, and has standardized contracts for fairness in negotiations and correct procedures in drawing up contracts, with a unit to oversee, control and store contracts. In addition, there are policies on the evaluation and standards of products for use as guidelines in the assessment of quality and satisfaction with general and medical products which take into consideration the greatest value to those receiving services. In the past year, the Company has invited suppliers /partners / creditors to meet to learn about the code of conduct and anti-corruption policies, which are also posted on The Company's website so that supplier, partners and creditors will understand and have confidence of being treated fairly when doing business with the Company.

## **(2) Anti-corruption Policy**

The Company has set anti-corruption policies and written performance guidelines that were approved by the Board on 25 November 2014. These were put into practice through training for directors, management and staff of all levels and testing of the knowledge and understanding of new staff and management as one of the core items in their orientation.

In 2014, the company has performed its intention to join the alliance of Thai private sector in the Anti-corruption, has been known to contribute to the ratification by the terms of the alliance announced its intentions in the Anti-Corruption Court corruption in all its forms. It has been assessed at Level 1.

In 2015, the company has developed and put into practice the policy guidelines for the Company and carry out a risk assessment of the company's operations are vulnerable to corrupt. The communication and training for employees at all levels to provide knowledge about the policies and practices of anti-corruption functions as well as to ensure the implementation of the policy and the appropriateness of the policy by the board of directors at least annually. The Board's policy is to improve the level increases Anti-Corruption Continuous. Join the alignment of Thai private sector to the Anti-corruption, the Institute of Thailand Securities Commission and Exchange Commission (SEC) is the operator of the project to assess the implementation of sustainability issues, Anti-Corruption Progress Indicators of the Company for the year 2015, resulting in Thailand in 2015, the company has been assessed at Level 3 (Established).

In 2016, the Company filed a self-assessment on measures against corrupt on December 2, 2016 to obtain certification as a unified operating company of the unified action in combating corruption in the Thai private sector at IOD is under investigation.

In 2017, the committee of Thai private sector in the Anti-corruption, consider that the company has not been certified. However, In 2018 the company will announce its intention to join the alliance of the Thai private sector in the Anti-Corruption (CAC) to continue.

## **(3) Human Rights**

The Company's code of conduct requires directors, management and staff to perform according to the law, government regulations and requirements and business ethics, as well as The Company's own rules, and to respect culture, traditions and customs and adhere to the principles of international human rights in business operations.

## **(4) Fair Treatment of Labour**

- The Company treats the directors, management and staff on the basis of human dignity and respect for individual rights.

- The Company places great value on its staff, supporting the directors, management and staff in the development of their knowledge and abilities with morality and appropriate behavior.
- The Company provides a working environment that is safe and treats staff equitably.
- The Company provides fair employment conditions with appropriate compensation according to the knowledge, ability, responsibilities and the performance of each employee. There are fair opportunities for advancement in the Company.
- The Company provides opportunities for employees to express their opinions and is open to suggestions from staff at all levels equally.
- The Company protects the private information of directors, management and staff. The public disclosure of such private information will only take place with the approval of that individual, except as required by Company regulations or the law.
- Personnel development is consistent with the direction of the organization, including the specification of a career path and succession plan for key positions. Creation of a good working atmosphere leads to high morale and spirit in staff performance.

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

The Company aims to meet the needs and satisfaction of customers and provide services of high quality and safety alongside the development of a system of international quality standards such as the JCI and HA hospital quality standards, ISO 15189 : 2007 quality standards for medical laboratories and GMP/HACCP standards for the quality of patients' food.

The quality systems referred to above develop the process of providing services. In addition, the Company has procedures to receive opinions and complaints regarding quality and services from users and to respond and take action promptly. Suggestions are used for in the continual planning, development and revision of services.

#### **(6) Environmental Conservation**

The Company aims to operate its business safely and with consideration of impacts in the areas of occupational health and the environment. An international standard management system has been established to reflect the importance of this and to ensure operations comply with the law, policies, standards and regulations regarding safety, occupational health and the environment in each area of the Company.

Energy conservation is 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 to introduce international energy management standards (ISO 50001),

becoming the first hospital and workplace in Thailand to successfully implement energy management and achieve certification to ISO 50001.

Supervision of safety and the environment The Company has followed laws relating to the environment such as the Ministerial Regulations on Infectious Waste Disposal 2002 Environmental Engineering Section, Office of Environmental Health, Department of Health, Ministry of Public Health , the Bangkok Metropolitan legal code on the storage, transportation and disposal of garbage or waste 2001, National Environmental Quality Act 1992 and announcement of the Ministry of Natural Resources and Environment on waste water disposal.

In 2017, the Company's analysis of water, wastewater treatment. The Department of Health Laboratory of the Ministry of Health and its ALS Laboratory Group. Co., Ltd. Analysis water sewage system in the standard manner.

#### **(7) Community and Social Development**

The Company considers itself to be a member of society and places importance on participating and building good relations between the Company and society, on a basis of integrity, transparency and fairness that can be used towards sustainable social development. Activities have been organized for development and services to society and community activities .

In 2017, the company has organized activities to benefit society and the environment due to the operation of the company by cooperating fully with government authorities and agencies involved (see section 10.4).

**(8) Innovation and introduction of culture acquired from operation that is responsible towards society, environment, and interested parties**

-None-

### **10.3 Business operation that affects social responsibility (if any)**

-None-

### **10.4 Social and Environmental Activities**

#### **Health Promotion**

1. The Quality Mother project delivered talks to pregnant mothers to prepare them to give quality care to their child, an activity which the hospital organized every month.
2. Health Promotion project
  - Provided knowledge of vaccines to prevent an influenza epidemic.
  - Provided knowledge of cervical cancer vaccines in order to build awareness of the risks to women.

- Provided knowledge of basic first aid and life-saving to partner companies and the general public.
- Community health education A unit went out to carry out basic health checks and provide knowledge of healthcare and nutrition in local villages, communities and partner companies, carrying out checks for hepatitis B, breast cancer, basic tests for diabetes, bone mineral density and eye tests etc.
- Talks on the correct way to wash hands to the general public and educational institutions to reduce the risk of spreading diseases.
- Talks on breast cancer and methods of self-examination by specialists in the hospital, partner companies and the community.
- Talks on the deliver lectures about stomach cancer, obesity and osteoporosis ,stroke and migraine and eye care to protect and monitor their own symptoms by physician specialists and in hospitals, partner companies and communities.
- Talks on the deliver lectures on prevention practices to avoid inappropriate behavior causing pain, neck pain, shoulder and back (Office Syndrome), both employees and customers.

#### Environmental Projects

##### 1. Energy Conservation Project

- Promotion of energy conservation in the hospital
- Talks on energy conservation in partner companies and the community
- Developed operations energy management according to Thai laws with the Department of Alternative Energy Development and Efficiency leading to international energy management standards (ISO 50001), and becoming the first hospital and workplace in Thailand able to successfully achieve certification to ISO 50001.
- Exemplary and share their experience in the establishment at the energy management relations

##### 2. Occupational health and environmental projects

- Practiced for mass-casualty incidents in cooperation with local businesses, communities and state agencies.
- Practised the hospital fire drill with local volunteer units and Nontaburi municipal administration.
- Practised fire drills with local businesses and communities.
- Lectured on fire prevention and evacuation.
- Lectured and demonstrated the use of fire equipment with local businesses and communities.
- Event Safety & Quality Month lectures to educate and Susan practices about " safety, health, environment work. Energy and the environment "to create a better understanding and awareness of safety and energy conservation and the environment.



- The reforestation project activities area Huai Kha Khaeng wildlife sanctuary, Uthai Thani province with government and villager Rabum district .
- Donated money and necessities to babies Pakkred Babies Home, Thai Red Cross Society, Srithanya Hospital Foundation, Disabled Foundation and the Heart Foundation of Thailand Nationals etc.



# 11. Internal Control and Risk Management



## 11. Internal Control and Risk Management

Board of Directors realizes the importance of The Company's internal control at executive level and at operational level. Scope of duty has been determined for executives and operators in writing. There is The Company's asset utilization control. Duty of operators, monitoring person, controller, and evaluator are separated from each other to cause balance and appropriate verification. There is internal control in terms of finance. There is financial report to be proposed to executives in the responsible line of work.

Audit Committee, which is assigned to examine The Company's operation and internal audit department to examine and ensure that core operation and key financial activities of the Company are done efficiently according to the determined method, including examining compliance with the law and relevant requirement of the Company (Compliance Control). In order for internal audit unit to have freedom, the result shall be reported directly to audit committee.

The Company pays great attention to risk management, which the Company has established risk management committee to search, evaluate, and find risk prevention measure for the operation, as well as monitor, regulate, and report the result to the audit committee to be further proposed to Board of Directors.

The Company has established risk management committee to perform duty in providing risk management for the whole organization, and continuously improve and develop quality risk management.

10.1 In Board of Directors Meeting number 2/2018 on February 22, 2018, which audit committee was also in attendance, Board of Directors had evaluated sufficiency of internal control that was used for management and internal control in 5 parts; internal control in the organization, risk management, operational control, information and communication, and monitoring system. The Board of Directors had a comment that the Company has sufficient and appropriate internal control based on current situation of the business. Overall operation is transparent and there is good corporate governance, which is verifiable.

10.2 Audit committee had the same comment as The Company's auditor of Dr. Virach & Associates Office Co., Ltd. which had a comment that there was no significant issue or error.

10.3 Audit Committee appointed Miss. Suree Sangkronpanish as manager of internal audit and company's operation regulation department. He had an education background of internal audit department manager, and graduated with Bachelor Degree in Accounting from Ramkhamhaeng University, Master Degree in Business Administration from Ramkhamhaeng University, was a Certified Public Accountant in Thailand, and had an experience in internal audit in hospital business of 20 years. He understands the business and The Company's operation.

Therefore, audit committee deems that manager of internal audit and company's operation regulation department is suitable to perform such duty. The consideration and approval, appointment, removal, and transfer of The Company's internal audit department manager must be approved by audit committee.



# 12. Transactions

- None -



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