

*(Translation)*

# The Opinion of the Independent Financial Advisor Regarding the Connected Transaction

of



Thai Factory Development Public Company Limited

Prepared by



CAPITAL LINK  
ADVISORY LIMITED

Capital Link Advisory Limited

4 April 2016

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## The opinion of the independent Financial Advisor Regarding Connected Transaction

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*(Translation)*

*This English translation has been prepared solely for the convenience of the foreign shareholders of Thai Factory Development Public Company Limited and should not be relied upon as the definitive and official opinion of Independent Financial Advisor on Connected Transaction. The Thai language version of the opinion of Independent Financial Advisor on Connected Transaction is the definitive and official document of the Advisor and shall prevail in all respects in the event of any inconsistency with this English translation.*

Ref: Kor.Aor. 019/2016

4 April 2016

Subject The opinion of the Independent Financial Advisor regarding the connected transaction of  
Thai Factory Development Public Company Limited

To Shareholders  
Thai Factory Development Public Company Limited

As the meeting of the Board of Directors of Thai Factory Development Public Company Limited ("the Company" or "TFD") No. 2/2016, held on 29 February 2016, resolved to approve Crown Development Company Limited ("CROWN") (formerly VSSL Enterprise Company Limited), which is the Company's subsidiary, to extend the repayment period of deposit of the land from JC Kevin Development Company Limited ("JC") for the remaining amount of Baht 180 million, as of 31 December 2015, for another 1 year. The repayment date will be extended from 29 December 2015 to be ended on 29 December 2016. The interest rate will be charged at 7.25% per year, along with delivering JC's cheque payable dated in advance for the current debt outstanding amount of Baht 140 million to CROWN as an additional collateral. And also to waive some part of the penalty fee charged for the delay of payment for the amount of Baht 2.8 million.

The transaction also constituted a connected transaction under the Notification of Capital Market Supervisory Board Tor Jor. 21/2008 Re: Rules on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed

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Companies Concerning the Connected Transaction, 2003, The Transaction Type of Financial Assistance. The size of the transaction is equal to 10.91% of net tangible assets of the Company as of 31 December 2015. The Company must receive an approval to enter into the transaction from the Shareholders' Meeting at least three-fourths of the total votes of the shareholders attending the meeting and having a voting right, excluding interested shareholders, and the Company must provide an independent financial advisor to propose the opinion of entering into said transaction to the shareholders of the Company for approval.

To be consistent with such criteria, the Board of Directors of the Company resolved to appoint Capital Link Advisory Limited as an Independent Financial Advisor in preparation of the opinion of the connected transaction to propose to the meeting of shareholders for approval.

The Independent Financial Advisor has prepared this opinion report by studying the information in the following sources:

1. Information and documents received from the Company including the interview with managements and employees of the Company
2. Information and the auditor's report of the Company and the subsidiaries, year 2013 - 2015
3. Minutes of the meeting of the Board of Directors of the Company
4. Minutes of the meeting of shareholders of the Company
5. Agreements related to the transaction
6. Information and documents disclosure to the public, such as information from The Stock Exchange of Thailand, The Securities and Exchange Commission, news from newspaper, economic information and relevant industrial information, etc.
7. Financial information and JC Kevin Development Company Limited's project description

The Independent Financial Advisor had used the aforementioned information as a base for considering and preparing the opinion of the Independent Financial Advisor by assuming that all the aforementioned information is complete and correct in relation to the truth and has no event that will significantly affect the business operation of the Company. In addition, the Independent Financial Advisor could not certify or guarantee either directly or indirectly or be responsible for the correctness of the information and any certifications of the Company

In giving the opinion to the shareholders at this time, the Independent Financial Advisor has considered the rationale of the transaction and appropriateness of the purchasing price along with the

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relevant factors so that the shareholders could decide to “approve” or “disapprove” on such transaction, which could be summarized as follows:

## Definitions

The Company or TFD	Thai Factory Development Public Company Limited
Independent Financial Advisor or IFA	Capital Link Advisory Limited
JC	JC Kevin Development Company Limited
CROWN	Crown Development Company Limited (formerly, VSSL Enterprise Company Limited)
TISCOM	Total Industrial Services Company Limited
SG	SG Land Company Limited
TFDRM	TFD Real Estate Management Company Limited
Barnsley	Barnsley Warehouses Limited
Bognor	Bognor Regis Warehouse Limited
TIF1	Thai Industrial Fund 1
M-II	MFC Industrial Investment Property Leasehold Fund
Independent appraiser 1	Advanced Appraisal Company Limited
Independent appraiser 2	Ultima Appraisal Company Limited
SET	The Stock Exchange of Thailand
SEC	The Office of The Securities and Exchange Commission

## Executive Summary

As the meeting of the Board of Directors of Thai Factory Development Public Company Limited No. 2/2016, held on 29 February 2016, resolved to approve Crown Development Company Limited, which is the Company's subsidiary, to extend the repayment period of deposit of the land from JC Kevin Development Company Limited for the remaining amount of Baht 180 million, as of 31 December 2015, for another 1 year. The repayment date will be extended from 29 December 2015 to be ended on 29 December 2016. The interest rate will be charged at 7.25% per year, along with delivering JC's cheque payable dated in advance for the current debt outstanding amount of Baht 140 million to CROWN as an additional collateral. And also to waive some part of the penalty fee charged for the delay of payment for the amount of Baht 2.8 million.

Such transaction is considered as a connected transaction, because Taechaubol Family is managements and major shareholders of both the Company and JC Kevin Development Company Limited. The calculated transaction size is equal to 10.91% of net tangible assets of the Company; therefore the Company is required to disclose the information of the transaction to The Stock Exchange of Thailand, request for an approval from the Company's Board of Directors, and arrange a meeting of shareholders to approve the transaction. The Company is also required to appoint an Independent Financial Advisor to prepare the opinion of the transaction to propose to the shareholders.

In 2013, CROWN signed the Sale and Purchase Agreement of land with JC, and paid a land deposit of Baht 320 million. However, the meeting of the Board of Directors No. 2/2014, held on 30 September 2014, resolved not to approve of the transaction, as a result, JC was required to repay the land deposit to CROWN within 29 December 2014. But JC was unable to pay back on time, thus, it requested to extend the deadline of repaying the land deposit of Baht 320 million for 1 more year to be ended on 29 December 2015, and used condominium units as collaterals with an interest payment of 7% per year. Then, the Meeting of Shareholders in 2015 resolved to approve an extension period of 1 year. Later on, at the end of 2015, JC paid back Baht 140 million, and at the beginning of 2016, JC paid back another Baht 40 million, and had the remaining principle amount of Baht 140 million. Nevertheless, the Agreement was due on 29 December 2015, but JC requested for another 1-year extension period to be ended on 29 December 2016, and such transaction is required an approval from the Meeting of Shareholders of the Company.

Capital Link Advisory Limited as the Independent Financial Advisor considered on the objectives, the necessity and compensation, which the Company will receive from JC including other related conditions. The

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Independent financial advisor concluded that this transaction is reasonable, because to extend the repayment period will give the Company a chance to receive cash back sooner than a foreclosure or an asset appraisal to settle the debt, and the interest rate is **appropriate** with beneficial results such as (1) Gaining the interest rate margin (2) Having a chance to get a refund faster than a foreclosure lawsuit or an asset appraisal to settle the debt. However, the disadvantages of the transaction are (1) Having a possibility that the repayment period will be extended in the future (2) Waiving some part of the penalty fee charged for the delay of payment. Although, entering into the transaction may reduce the risk of the Company, but risk of getting a refund of deposit of land still exists. If the plan to sell the condominium units, which are JC's collaterals, is unsuccessful, or JC is not able to seek for other source of fund to repay the debt, such as a fund from additional working capital, a loan from a financial institution, cash from selling condominium units that are not collaterals, etc., the prosecution to ask for repayment from JC will require a relatively long time, about 3 - 5 years.

Therefore, the shareholders of the Company should **approve** the transaction. Moreover, the IFA recommends the shareholders to consider other factors, which might affect the decision-making, such as terms of the transaction, advantages and disadvantages of the transaction and comparing between entering and not entering into the transaction. In considering on approval or disapproval on such transactions at this time, the shareholders could consider the rationale and the opinions, of which the IFA has written in this report. Nevertheless, the shareholders could decide to "approve" or "disapprove" on such transaction, mainly depending on the judgment of the shareholders.

1. Information of the Company

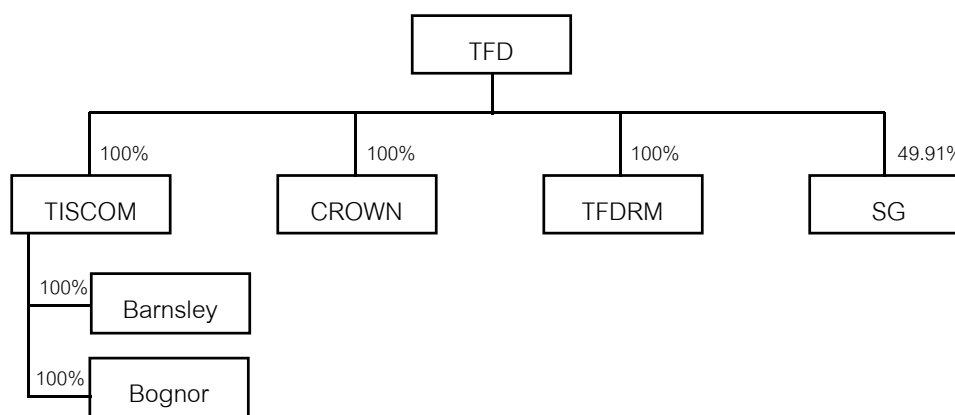
1.1 History and major development of the Company

- |      |   |
|------|---|
| 1977 | Established with registered capital of Baht 20 million Baht to construct ready-made standard factory for sale or rent in various industrial zones   |
| 1991 | The Company was listed in the Stock Exchange of Thailand and increased the registered capital to Baht 90 million.   |
| 1994 | The Company became a Public Company and increased registered capital to Baht 320 million.   |
| 1996 | Began developing residential real estate and commercial property in Nava Nakorn Industrial Zone   |
| 2003 | The Company established its subsidiary, Total Industrial Services Company Limited (TISCOM) in order to develop and construct of ready-made standard factory and warehouses ready for sale and rent. |
| 2005 | The Company sold parts of lands and factories to Thai Industrial Fund 1 (TIF1) and was appointed to be the management of all factories in the Fund.   |
| 2007 | The Company in cooperation with the Industrial Estate Authority of Thailand was established the TFD Industrial Estate at Tha Sa An, Bang Pakong District, Chachoengsao Province.                    |
| 2008 | The Company has a joint venture with business partners by invested in office building for rent business through SG Land Company Limited (SG)  |
| 2012 | The Company and TISCOM was sold lands, factories, and leasehold right of land and factory to MFC Industrial Investment Property Leasehold Fund (M-II)   |
| 2013 | The Company was invested in VSSL Enterprise Company Limited, which operate a property development business to develop the 15 Sukhumvit Residences project.  |
| 2014 | TISCOM was established its subsidiary, Barnsley Warehouses Limited (Barnsley) in England to invest in land and warehouse building for rent and sale.  |

2015 Changed the name of VSSL Enterprise Company Limited to Crown Development Company Limited, and the Company established the subsidiary, TFD Real Estate Management Company Limited, to manage Trust Funds for the investment in real estates. The Company also established the subsidiary, Bognor Regis Warehouse Limited (Bognor), in England to invest in land and warehouse building for rent and sale.

1.2 Shareholding structure of subsidiaries and the nature of business

Company	Shareholding	Nature of Business
1. Total Industrial Services Company Limited (TISCOM)	100.00%	Develop standard factory and warehouse for sale and rent
2. Crown Development Company Limited (CROWN)	100.00%	Develop Condominium for sale
3. Barnsley Warehouses Limited (Barnsley) (Indirect subsidiary, the shares are held through TISCOM)	100.00%	Develop standard factory and warehouse for sale and rent in England
4. Bognor Regis Warehouse Limited (Bognor) (Indirect subsidiary, the shares are held through TISCOM)	100.00%	Develop standard factory and warehouse for sale and rent in England
5. TFD Real Estate Management Company Limited (TFDRM)	100.00%	Trust Fund Management for the investment in real estates.
6. SG Land Company Limited (SG)	49.91%	Develop office building for rent



Currently, the Company and subsidiaries are engaging in property development, which can be divided into 5 categories as follows:

(1) Industrial Estate – Operated by the Company

In 2007, the Company established TFD Industrial Estate at Bang Pakong District, Chachoengsao Province by signing joint agreement with The Industrial Estate Authority of Thailand, which arranged the area in industrial estate to have both General Zone and Free Zone. Currently, TFD Industrial Estate divides the operation into 2 phases:

- Phase 1 – The project has total area approximately 302.86 rai with saleable area of 230.47 rai. Currently, the remaining saleable area is approximately 2%.
- Phase 2 – The project has connected area with Phase 1 with the total area of approximately 2,500 rai. The project is under land development, landscaping and infrastructure design together with preparation of the environmental impact assessment report. The project expects to begin the area sales within the 3rd quarter of 2016. Currently, the Company has vacant land in Phase 2 approximately of 1,757.70 rai.

(2) Standard factory and warehouse for sale and rent – Operated by TISCOM, Barnsley, and Bognor

TISCOM engages in construction of standard factory and warehouse for sale and rent in various Industrial Estates. Moreover, Barnsley and Bognor engage in investing in land and warehouse for sale and rent in England.

(3) Condominium for sale – Operated by the Company and CROWN

In the past, the company engaged in property for housing projects and there were 2 completed projects, which were Lake Green and 59 Heritage projects. There are 4 under construction projects, which are:

- 15 Sukhumvit Residences: The project finished its construction on 31 December 2015, and already sold the condominium units and shops for approximately 48.88% of the project value.
- The Colonial Kao Tao Huahin: The Company slows down the project temporarily, because the project is during the consideration of the Supreme Administrative Court.

- Mahadlek Residences: At present, it is during the period of applying for building permits, which is during the process of editing the building plan to use with the application. The project is expected to have the building permits within the 2nd quarter of 2016. The construction period is estimated to be 3 years since receiving the building permits.
- The Harbour Residence: On 16 March 2016, the Board of Directors of the company resolved to approve the sale of the whole project after finishing its construction to Blue Ocean Real Estate Co., Ltd. for the total value of Baht 1,640 million. The project is expected to finish its construction in 2017.

(4) Offices for rent – Operated by SG

The Company has a joint venture with Schubert Holdings Pte., Ltd (Singaporean company), each is holding by 49.91% in SG to invest in leasehold right of land and building of SG Tower 1 and sub-leasehold right of land and the Millennia tower building.

(5) Property management – Operated by the Company

The Company was appointed to be the asset management of 2 Property Funds, which are TIF1 and M-II, and also being the building management of 2 office buildings of SG.

### 1.3 Capital structure

The Company has registered capital of Baht 1,914,911,170 and paid-up capital of Baht 1,283,501,405, divided into common share of 1,283,501,405 shares with the par value of Baht 1 per share. The list of top 10 shareholders of the Company as of 15 March 2016 (most updated), which is the book closing date of the Company, consists of:

No.	Name	Number of shares	Shareholding
1.	Taechaubol Family	555,151,934	43.25%
	Mr. Apichai Taechaubol	306,283,275	23.86%
	Mrs. Chalida Taechaubol	166,325,172	12.96%
	Mr. Kritawat Taechaubol	43,995,000	3.43%
	Mr. Chotiwit Taechaubol	33,541,359	2.61%
	Mr. Akrawin Taechaubol	5,000,000	0.39%
	JC Asset Company Limited	7,128	0.00%

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No.	Name	Number of shares	Shareholding
2.	Viriyamettakul Family	20,460,000	1.59%
	Mr. Pisuth Viriyamettakul	20,400,000	1.59%
	Ms. Niramom Viriyamettakul	60,000	0.00%
3.	Ms. Pensri Rattanasuntrakul	17,900,000	1.39%
4.	Mrs. Kunthong Udommahuntisuk	15,187,200	1.18%
5.	Thai NVDR Company Limited	14,722,766	1.15%
6.	Santimethanidol Family	10,146,000	0.79%
	Mrs. Suphawan Santimethanidol	9,990,000	0.78%
	Mr. Teerapat Santimethanidol	100,000	0.01%
	Ms. Tanawan Santimethanidol	56,000	0.00%
7.	Mr. Papan Jarunanun	9,240,000	0.72%
8.	Thanawutwattana Family	8,168,480	0.64%
	Mr. Thawuch Thanawutwattana	7,150,000	0.56%
	Ms. Orranuch Thanawutwattana	600,000	0.05%
	Ms. Jintana Thanawutwattana	300,000	0.02%
	Mr. Thanarath Thanawutwattana	118,480	0.01%
9.	Thaifa Holding Company Limited	7,580,000	0.59%
10.	Mr. Anan Tuntasirin	7,226,300	0.56%
Total number of shares of top 10 shareholders		665,782,680	51.87%
	Other Shareholders	617,718,725	48.13%
Total shares		1,283,501,405	100.00%

1.4 Board of Directos

As at 15 March 2016 (most updated) the Board of Directors of the Company consists of

No.	Name	Position
1.	Mr. Sunthorn Sathirathai	Chairman (independent director)
2.	Mr. Apichai Taechaubol	Vice Chairman/President
3.	Mr. Gumpol Tiyarat	Managing Director

No.	Name	Position
4.	Mr. Anukul Ubonnuch	Director
5.	Mr. Banyong Wisedmongkolchai	Director
6.	Mr. Kritawat Taechaubol	Director
7.	Mr. Prasong Vara-ratanakul	Independent director and Audit committee chairman
8.	Mr. Nan Kitjalaksana	Independent director and Audit committee member
9.	Mr. Sommart Sangkhasap	Independent director and Audit committee member

#### 1.5 Management of the Company

As at 15 March 2016 (most updated) the management team of the Company consists of:

No.	Name	Position
1.	Mr. Apichai Taechaubol	President
2.	Mr. Gumpol Tiyarat	Managing Director
3.	Mrs. Rachanee Siwawej	Assistant Managing Director, Finance
4.	Mrs. Siriporn Pinprayong	Assistant Managing Director Administration Information Technology and Company Secretary
5.	Mrs. Vilai S. Ngow	Assistant Managing Director Business Development - Industrial

1.6 Financial position and result of operation

1.6.1 Consolidated financial statement of the Company

Unit : Million Baht

Statements of Financial Position (Consolidated)	Audited: As of 31 December		
	2013	2014	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	1,268.66	157.88	304.16
Short-term investment – fixed income funds	-	27.37	28.57
Short-term investment and trading	-	84.05	51.37
Trade and other receivables - net	20.44	30.51	21.62
Short-term loans and accrued interest receivables from related parties.	-	320.15	180.07
Project development costs	4,824.25	5,202.86	6,461.08
Deposit for purchase of land – related parties	300.00	-	-
Deposit for purchase of land	54.64	46.50	197.07
Advance payments for construction	79.00	9.97	29.30
Corporate income tax – for refund	15.08	-	-
Other current assets	43.75	15.29	19.25
<b>Total current assets</b>	<b>6,605.83</b>	<b>5,894.59</b>	<b>7,292.47</b>
<b>Non-current assets</b>			
Pledged deposits at financial institutions	13.21	64.05	83.66
Investments in available-for-sales securities	243.00	225.00	208.13
Leasehold rights	440.98	401.11	364.12
Investment properties	232.19	535.95	1,392.71
Equipment	60.70	90.68	82.33
Deferred tax assets	60.63	131.52	182.38
Corporate income tax – for refund	-	25.45	37.85
Other non-current assets	26.46	14.50	14.12
<b>Total non-current assets</b>	<b>1,077.18</b>	<b>1,488.26</b>	<b>2,365.50</b>
<b>Total assets</b>	<b>7,683.00</b>	<b>7,382.85</b>	<b>9,657.97</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	2,560.20	1,532.09	2,191.50
Trade and other payables	585.50	331.77	256.62

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Unit : Million Baht

Statements of Financial Position (Consolidated)	Audited: As of 31 December		
	2013	2014	2015
Current portion of debentures – due within 1 year	1,344.55	-	1,691.06
Current portion of liabilities under finance lease and hire purchase agreements - due within 1 year	3.45	6.96	5.55
Current portion of long-term loans from financial institutions - due within 1 year	894.22	516.56	983.92
Current portion of long-term loans from related parties - due within 1 year	13.33	-	88.14
Current portion of liabilities under debt restructuring agreement from related parties – due within 1 year	47.18	-	-
Accrued tax payable	50.35	1.58	6.72
Other current liabilities	7.50	13.11	13.19
<b>Total current liabilities</b>	<b>5,506.28</b>	<b>2,402.08</b>	<b>5,236.71</b>
<b>Non-current liabilities</b>			
Debentures – net from the portion due within 1 year	-	1,687.45	1,392.05
Liabilities under finance lease and hire purchase agreements - net from the portion due within 1 year	3.74	11.51	7.39
Long-term loans from financial institutions - net from the portion due within 1 year	155.00	733.33	893.59
Liabilities under debt restructuring agreement - net from the portion due within 1 year	19.53	-	-
Long-term loans from related parties	300.04	312.72	154.24
Deposits for rent	53.06	48.53	47.20
Deferred tax liabilities	3.91	2.23	3.27
Provision for long-term employee benefits	8.94	11.91	17.02
Provision for long-term liabilities	2.37	2.37	2.37
Other non-current liabilities	2.03	1.69	2.00
<b>Total non-current liabilities</b>	<b>548.62</b>	<b>2,811.74</b>	<b>2,519.14</b>
<b>Total liabilities</b>	<b>6,054.91</b>	<b>5,213.82</b>	<b>7,755.85</b>
<b>Shareholders' equity</b>			
Share capital			
Authorized share capital			
Ordinary shares 1,264.03 million shares at par value of Baht 1 per share	1,264.03	-	-
Ordinary shares 1,914.91 million shares at par value of Baht 1 per share	-	1,914.91	1,914.91

The opinion of the independent Financial Advisor Regarding Connected Transaction

Unit : Million Baht

Statements of Financial Position (Consolidated)	Audited: As of 31 December		
	2013	2014	2015
Issued and fully paid-up share capital			
Ordinary shares 1,083.50 million shares at par value of Baht 1 per share	1,083.50	-	-
Ordinary shares 1,283.50 million shares at par value of Baht 1 per share	-	1,283.50	1,283.50
Premium on ordinary shares	147.78	955.10	955.10
Retained earnings			
Appropriated - statutory reserve	50.66	50.66	50.66
Unappropriated	421.12	(40.85)	(318.99)
Other components of shareholders' equity	(172.34)	(188.16)	(180.50)
Total shareholders' equity of the parent company	1,530.72	2,060.25	1,789.78
Non-controlling interest of subsidiaries	97.38	108.78	112.35
<b>Total shareholders' equity</b>	<b>1,628.10</b>	<b>2,169.03</b>	<b>1,902.13</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,683.00</b>	<b>7,382.85</b>	<b>9,657.97</b>

Unit : Million Baht

Statements of Comprehensive Income (Consolidated)	Audited: For The Year Ended		
	2013	2014	2015
Revenue from sales	500.36	1,151.35	480.50
Revenue from rental and services	248.13	233.60	295.72
Cost of sales	276.43	878.14	376.49
Cost of rental and services	148.91	152.14	169.16
<b>Gross profit</b>	<b>323.15</b>	<b>354.66</b>	<b>230.57</b>
Gain from sale of investment properties	134.33	-	-
Dividend income	7.82	16.06	21.23
Interest income	13.49	30.97	27.28
Gain (loss) from exchange rate	-	-	26.33
Other income	41.29	33.15	23.39
<b>Profit before expenses</b>	<b>520.08</b>	<b>434.85</b>	<b>328.80</b>
Selling expenses	52.76	65.26	34.72
Administrative expenses	158.15	233.58	223.97
Other expenses	-	44.91	40.46
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>309.16</b>	<b>91.09</b>	<b>29.65</b>
Finance cost	113.14	305.06	346.07

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Unit : Million Baht

Statements of Comprehensive Income (Consolidated)	Audited: For The Year Ended		
	2013	2014	2015
Profit (loss) before income tax expenses	196.03	(213.96)	(316.42)
Income tax expenses	(42.17)	56.15	41.86
Profit (loss) for the year	153.86	(157.82)	(274.56)
Total comprehensive income for the year	159.86	(173.84)	(266.90)
Basic earnings per share (Baht)	0.1275	(0.1529)	(0.2515)
Diluted earnings per share	0.1206	(0.1470)	(0.2515)

Unit : Million Baht

Statement of Cash Flows (Consolidated)	Audited: For the Year Ended		
	2013	2014	2015
Net cash from (used) in operating activities	(1,562.24)	(770.82)	(1,785.59)
Net cash from (used) in Investing activities	(56.38)	(483.15)	(712.04)
Net cash from (used) in Financing activities	2,483.38	145.36	2,652.84
Increase in translation differences	-	(2.18)	(8.93)
Net increase (decrease) in cash and cash equivalents	864.77	(1,110.79)	146.28
Cash and cash equivalents at beginning of the years	403.90	1,268.66	157.88
Cash and cash equivalents at end of the years	1,268.66	157.88	304.16

### 1.6.2 Financial ratios

Financial Ratios	As of 31 December		
	2013	2014	2015
<i>Liquidity ratio</i>			
Current ratio (times)	1.20	2.46	1.40
Quick ratio (times)	0.23	0.12	0.08
Account Receivable Turnover (times)	37.75	54.36	29.78
Average Collection Period (days)	9.54	6.62	12.09
Inventory Turnover (times)	0.10	0.21	0.09
Account Payable Turnover (times)	0.55	2.25	1.85
Repayment period (days)	657.43	160.26	194.10
<i>Profitability ratio</i>			
Gross profit margin (%)	43.17%	25.61%	29.71%

Financial Ratios	As of 31 December		
	2013	2014	2015
Operating profit margin (%)	15.00%	0.79%	(8.83%)
Other profit margin (%)	20.83%	5.47%	11.23%
Net profit margin (%)	16.01%	(11.55%)	(31.81%)
Return on equity (%)	8.55%	(9.42%)	(14.45%)
<i>Efficiency ratio</i>			
Return on total assets (%)	2.58%	(2.09%)	(3.22%)
Return on fixed assets (%)	27.87%	(6.21%)	(19.15%)
Asset Turnover ratio (times)	0.14	0.19	0.10
<i>Financial policy ratio</i>			
Debt to equity ratio (times)	3.72	2.40	4.08
Dividend payout ratio (%)	78.93%	0.00%	0.00%

### 1.6.3 Summary of financial position and result of operation from the past

#### Financial Position Analysis

##### Assets

Core assets of the Company consisted of project development cost, leasehold rights and investment properties. The total assets of Company were worth Baht 7,683.00 million, 7,382.85 million and 9,657.97 million in 2013 – 2015 respectively, which decreased by Baht 300.16 million or equal to 3.91% in 2014, and increased by Baht 2,275.13 million or equal to 30.82% in 2015. The Company's total assets in 2014 decreased, because the Company had used cash for business operation. For the year 2015, the total assets increased due to the fact that the Company had used cash for project development and property investment.

The return on assets amounted to 2.58%, (2.09)% and (3.22)% in 2013 – 2015 respectively. The decrease of the return on assets in 2014 was due to the loss from operation. In 2015, the return on assets also declined further from the loss from operation.

##### (1) Trade and other receivables

Trade and other receivables of the Company amounted to Baht 20.44 million, 30.51 million and 21.62 million in the year 2013 – 2015 respectively, with the increase of Baht 10.07 million or

49.27% in 2014, and the decrease of Baht 8.90 million or 29.15% in 2015. Changes in trade and other receivables were results of the change in the income of the Company and subsidiaries.

(2) Project development costs

Project development cost of the Company amounted to Baht 4,824.25 million, 5,202.86 million and 6,461.08 million in the year 2013 – 2015 respectively. It increased by Baht 378.61 million or 7.85% in 2014 due to the increase of the investment in land, project development, warehouse and factory construction of TISCOM, and rose by Baht 1,258.22 million or 24.18% in 2015, mainly because the investment in land and the TFD Industrial Estate Phase 2 increased, CROWN has invested in land with buildings in The Harbour Residence project, and the investment in land and project development of warehouse and factory construction of TISCOM increased.

(3) Deposit paid for purchase of land

Deposit paid for purchase of land of the Company amounted to Baht 54.64 million, 46.50 million and 197.07 million in the year 2013 – 2015 respectively, which declined by Baht 8.14 million or 14.90% in 2014, and increased by Baht 150.56 million or 323.77% in 2015. The Deposit paid for purchase of land had lower value in 2014, because the Company had received the ownership transfer of some part of land in the TFD Industrial Estate phase 2, whereas in the year 2015, the value increased due to the fact that the Company has got some more part of land ownership in the TFD Industrial Estate phase 2.

(4) Investment in available for sales securities

Investment in available for sales securities of the Company amounted to Baht 243.00 million, 225.00 million and 208.13 million in the year 2013 – 2015 respectively, which decreased by Baht 18.00 million or 7.41% in 2014 due to the absence of the profit from the change in investment value that occurred in 2013, and reduced by Baht 16.88 million or 7.50% in 2015, because the Company had received cash back from the decrease of registered capital of the fund.

(5) Leasehold rights

The Company leasehold rights consisted of leasehold right for land and leasehold right for factory building amounted to Baht 440.98 million, 401.11 million and 364.12 million in the year 2013 – 2015 respectively, which decreased by Baht 39.87 million or 9.04% in 2014 and declined by Baht 36.99 million or 9.22% in 2015 as the result of the amortization of leasehold rights.

(6) Investment properties

The major Investment properties of the Company consist of office building for rent, factories and warehouses for rent.

Investment properties of the Company amounted to Baht 232.19 million, 535.95 million and 1,392.71 million in the year 2013 – 2015 respectively, which increased by Baht 303.76 million or 130.82% in 2014 due to the fact that TISCOM had invested in warehouse for rent in England via Barnsley. In 2015, investment properties increased by Baht 856.76 million or 159.86%, because TISCOM had invested more in warehouse for rent in England via Bognor.

(7) Trade receivables

Trade receivables of the Company consist of receivables from the rental office, receivables from the rental factories and warehouses, and receivables from the property management business. The credit policy of the Company and subsidiaries are 30 days. The details of trade receivables during the year 2013 – 2015 are as follows:

Aged	2013	2014	2015
Not due	1.93	1.76	1.76
Overdue within 3 months	9.73	4.17	13.23
Overdue between 3 – 6 months	1.66	1.53	0.37
Overdue between 6 – 12 months	0.06	5.99	0.02
Overdue more than 12 months	6.53	5.31	9.27
Total	19.90	18.76	24.64
<u>Less</u> Allowance for doubtful debts	(3.84)	(5.71)	(8.29)
Trade accounts receivable, net	16.06	13.05	16.35

To estimate the allowance for doubtful debts, the management of the Company will consider the expected loss from each debtor by referring from the past collection experience, age of outstanding debts and current economic conditions, etc.

Liabilities

The major liabilities of the Company consist of short-term loans from financial institutions, debentures, and long-term loans from financial institutions.

Total liabilities of the Company amounted to Baht 6,054.91 million, 5,213.82 million and 7,755.85 million in the year 2013 – 2015 respectively, which decreased by Baht 841.09 million or 13.89% in 2014 as the result from the repayment of debentures. In 2015, total liabilities rose by Baht 2,542.03 million or 48.76% from issuing bills of exchange and debentures.

(1) Short-term loans from financial institutions

Short-term loans from financial institutions of the Company at the end of the year 2015 were bills of exchange without collateral. However, the Company guaranteed for the issuance and sales of short-term debt securities; bill of exchange type, to subsidiaries with interest rate equal to MLR – 1.00% to MLR + 0.50%, and 4.00% to 5.40%.

Short-term loans from financial institutions of the Company amounted to Baht 2,560.20 million, 1,532.09 million and 2,191.50 million in the year 2013 – 2015 respectively, which declined by Baht 1,028.11 million or 40.16% in 2014, and increased by Baht 659.42 million or 43.04% in 2015.

(2) Trade and other payables

Account payables of the Company consist of trade payables, construction payable and land payable. The other payables of the Company consist of cash received in advance from customers, retention money, accrued expenses and others.

Trade and other payables of the Company amounted to Baht 585.50 million, 331.77 million and 256.62 million in the year 2013 – 2015 respectively, which decreased by Baht 253.73 million or 43.34% in 2014, this was due to the fact that the Company recognized the cash received in advance from the sale of condominium units, and declined by Baht 75.15 million or 22.65% in 2015, because the Company also recognized the cash received in advance from the sale of condominium units.

(3) Debentures

The Extraordinary General Meeting of the Company's shareholders held on 24 June 2013 passed resolution to approve the issue and offer of senior and unsecured debentures for the total of not more than Baht 3,500 million, with term to maturity of not more than 5 years, to institutional investors, and private investors or public.

On 3 July 2013, the Company issued and offered senior and unsecured debenture #1 for 500,000 units with the par value of Baht 1,000 per unit, for the total value of Baht 500 million. The redemption date was on 3 July 2014, and the interest payment was every 6 months at the rate of 5.30% per annum.

On 22 November 2013, the Company issued and offered senior and unsecured debenture #2 for 850,000 units with the par value of Baht 1,000 per unit, for the total value of Baht 850 million. The debentures had the maturity date on 22 November 2014, bearing interest payment every 3 months at the rate of 5.50% per annum.

On 10 July 2014, the Company issued and offered senior and unsecured debenture #3 for 1,693,500 units with the par value of Baht 1,000 per unit, for the total value of Baht 1,694 million. The redemption date will be on 10 July 2016, and the interest payment is every 3 months at the rate of 5.50% per annum.

On 27 February 2015, the Company issued and offered senior and unsecured debenture #4 for 1,200,000 units with the par value of Baht 1,000 per unit, for the total value of Baht 1,200 million. The redemption date will be on 27 February 2017, and the interest payment is every 3 months at the rate of 6.00% per annum.

On 19 March 2015, the Company issued and offered senior and unsecured debenture #5 for 200,000 units with the par value of Baht 1,000 per unit, for the total value of Baht 200 million. The redemption date will be on 10 April 2017, and the interest payment is every 3 months at the rate of 6.00% per annum.

(4) Long-term loans from financial institutions

Long-term loans from financial institutions amounted to Baht 1,049.22 million, 1,249.89 million and 1,877.51 million in the year 2013 – 2015 respectively, which increased by Baht 200.66 million or 19.13% in 2014, and increased by Baht 627.62 million or 50.21% in 2015. For the year 2014, long-term loans from financial institutions increased due to the fact that TISCOM borrowed to use for the construction of warehouse in Tha Sa-an project. In 2015, long-term loans from financial institutions increased, because TISCOM borrowed to use for the construction of warehouse in Bognor's projects.

### Shareholders' equity

Total shareholders' equity of the Company amounted to Baht 1,628.10 million, 2,169.03 million and 1,902.13 million in the year 2013 – 2015 respectively, which increased by Baht 540.93 million or 33.22% in 2014, and declined by Baht 266.90 million or 12.31% in 2015. In 2014, shareholders' equity increased, because of the issuance of shares during the period in November 2014, the Company allocated the new ordinary shares to Private Placement totaled 200 million shares. In 2015, shareholders' equity reduced due to the loss from business operation.

### **Operating Result Analysis**

#### Revenue

##### (1) Total revenue

Total revenues of the Company consist of sales revenue of land and factory building, sales revenue of condominium units, rental and services revenue, gain on sale of investment properties, dividends income and other income.

Total Revenue (Unit: Mill Baht)	2013	2014	2015
Revenue from sales of land and factory building	460.00	-	-
Revenue from sales of condominium units	40.36	1,151.35	480.50
Revenue from rental and services	248.13	233.60	295.72
Gain from sale of investment properties	134.33	-	-
Dividend income	7.82	16.06	21.23
Other income	54.78	64.12	77.00
<b>Total</b>	<b>945.42</b>	<b>1,465.13</b>	<b>874.44</b>

Total revenues of the Company amounted to Baht 945.42 million, 1,465.13 million and 874.44 million during the year 2013 – 2015 respectively. The increase of 54.97% in 2014 was because there were sales of condominium units, and the decline of 40.32% in 2015 was due to the reduction from sales of condominium units.

(2) Revenue from sales of land and factory building

Revenue from Sales of Land and Factory Building (Unit: Mill Baht)	2013	2014	2015
Revenue from sales of land and factory building	460.00	-	-
Total	460.00	-	-

Revenue from sale of land and factory building amounted to Baht 460.00 million in 2013. For the year 2014 and 2015, the Company did not have revenue from sale of land and factory building, because the land is under development.

(3) Revenue from sale of condominium units

The Company constructs condominium both in the central area of the town and in the leisure area for sale to the public. Currently the Company owns 4 Condominium Projects in hand: The 15 Sukhumvit Residences, The Colonial Khao Tao Hua Hin, The Mahadlek Residences, and The Harbour Residence.

Revenue from Sale of Condominium Units (Unit: Mill Baht)	2013	2014	2015
15 Sukhumvit Residences Project	40.36	1,151.35	480.50

Revenue from sale of condominium units amounted to Baht 40.36 million, 1,151.35 million and 480.50 million in 2013 – 2015 respectively. It increased by 2,752.70% in 2014, which was due to the transfer of the ownership of 15 Sukhumvit Residences project throughout the year, and decreased by 58.27% in 2015, because the transfer of the ownership of 15 Sukhumvit Residences project declined, the most of the transfer of the ownership already took place in 2014.

For the Colonial Khao Tao Hua Hin project, the Company delayed the project due to the file with the Central Administrative Court and the Court ordered the suspension of the project's construction. The Company, then, filed an appeal to the Supreme Administrative Court for an order to set aside the order of the Central Administrative Court. On 21 November 2014, the Central Administrative Court ordered to revoke the building permit for the permission specifically to the part of the condominium's construction that has the height higher than 12 meters from the ground level to the top of the building. However, The Company filed an appeal against the judgement of the

Central Administrative Court to the Supreme Administrative Court on 19 December 2014. Currently, it is during the consideration of the Supreme Administrative Court, and the Company slows down the construction of the project until the judgment is final.

For the Mahadlek Residences project, the Company passed the Environmental Impact Assessment (EIA) from the Ministry of Natural Resources and Environment on 10 June 2014 and the project is in the process of applying for building permits. The project is expected to have the building permits within the 2nd quarter of 2016. The construction period is estimated to be 3 years since receiving the building permits.

For the Harbour Residence project, the Company has purchased land and buildings located on Na Ranong Road, Bangkok on 11 February 2015. And on 16 March 2016, the Board of Directors of the company resolved to approve the sale of the whole project after finishing its construction to Blue Ocean Real Estate Co., Ltd. for the total value of Baht 1,640 million. The project is expected to finish its construction in 2017.

(4) Revenue from rental and services

Revenue from rental and services is the revenue attributed to the land and building for rent. In this sector, the Company will acquire the land (purchased or long term leased), then develop the land and the factory has been built including the infrastructure and utility for long term lease of developed land and ready-built standard factory including office building for rent, which the Company will long term lease land and then develop and build the office building for rent and provide related services.

Revenue from Rental and Services (Unit: Mill Baht)	2013	2014	2015
Rental revenue from factory	9.24	14.90	15.57
Rental revenue from warehouse	38.97	29.80	100.98
Rental revenue from office building	199.93	188.90	179.17
Total	248.13	233.60	295.72

Revenue from rental and services amounted to Baht 248.13 million, 233.60 million and 295.72 million in the year 2013 – 2015 respectively, which decreased by 5.86% in 2014. The decrease was due to the fact that in 2014 TISCOM sold factory building and warehouse for rent to

the Property Fund M-II. And the increase of 26.59% in 2015 was because TISCOM had more rental revenue from warehouse in England.

(5) Gain on sale of investment properties

Gain on sale of investment properties is the profit gain from sale of assets and the transfer of leasehold rights to the Property Fund.

Gain on Sale of Investment Properties	2013	2014	2015
(Unit: Mill Baht)			
Gain on sale of real estate to M-II	134.33	-	-

Revenue from gain on sale of investment properties of the Company was Baht 134.33 million in 2013. During the year 2014 - 2015, there is no sale of investment properties.

(6) Other revenue

Other revenue is all other incomes from non-core business of the Company, which includes dividend, interest received, management fee, other miscellaneous income, etc.

Other Revenue (Unit: Mill Baht)	2013	2014	2015
Dividends	7.82	16.06	21.23
Management Fee	10.98	10.10	13.99
gain on exchange rate	-	-	26.33
Interest earned	13.49	30.97	27.28
Others	30.31	23.05	9.4
Total	62.60	80.18	98.23

Other Income amounted to Baht 62.60 million, 80.18 million and 98.23 million in the year 2013 – 2015 respectively, which increased by 28.08% in 2014 due to more dividends and interest received, and also increased by 22.50% in 2015 because of a gain from the exchange rate.

Cost and Expense

(1) Total costs

Total costs of the Company consist of cost of land and factory building, cost of condominium unit, cost of rental and services, selling expenses, administrative expenses and loss from exchange rate, details are as follows:

Total Costs (Unit: Mill Baht)	2013	2014	2015
Cost of land and factory building	244.23	-	-
Cost of condominium unit	32.20	878.14	376.49
Cost of rental and services	148.91	152.14	169.16
Selling expenses	52.76	65.26	34.72
Administrative expenses	158.15	252.25	264.43
Loss from exchange rate	-	26.24	-
<b>Total</b>	<b>636.25</b>	<b>1,374.03</b>	<b>844.79</b>

Total costs of the Company amounted to Baht 636.25 million, 1,374.03 million and 844.79 million in the year 2013 – 2015 respectively, which increased by 115.96% in 2014, and declined by 38.52% in 2015.

(2) Cost of sales of land and factory building

Cost of Sales	2013		2014		2015	
	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue
Cost of sales of land	-	n/a	-	n/a	-	n/a
Cost of sales of land and factory building	244.23	53.09%	-	n/a	-	n/a
<b>Total</b>	<b>244.23</b>	<b>53.09%</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>

Total costs of sales of land and factory building of the Company were Baht 244.23 million in 2013. When comparing to revenue of each type, the percentage of cost of sales of land and factory building was 53.09% in 2013, the figure represented the cost of sales of land and factory building sold to the M-II in the fourth quarter. For the year 2014 - 2015, there was no land and factory building sold, thus no cost for this part.

(3) Cost of sales of condominium

Cost of Sales	2013		2014		2015	
	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue
15 Sukhumvit Residences Project	32.20	79.80%	878.14	76.27%	376.49	78.35%

The cost of sales of condominium of the Company amounted to Baht 32.20 million, 878.14 million and 376.49 million in the year 2013 – 2015 respectively. The revenue and sales cost of condominium during 2013 - 2015 belonged to 15 Sukhumvit Residences Project. When considered on the cost of sales of condominium as percentage of revenue, the cost of sales of condominium in 2014 decreased from 2013 due to the fact that the average selling price per square meter of the transferred ownership condominium units in the year 2014 was higher than 2013, and the cost of sales of condominium in 2015 increased from 2014, because the average selling price per square meter of the transferred ownership condominium units in the year 2015 was lower than 2014.

(4) Cost of rental and services

Cost	2013		2014		2015	
	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue
Cost of factory rental	8.96	96.99%	11.63	78.06%	12.39	79.58%
Cost of warehouse rental	11.48	29.46%	9.91	33.26%	31.86	31.55%
Cost of office building rental	128.47	64.26%	130.60	69.14%	124.90	69.71%
Total	148.91	60.01%	152.14	65.13%	169.16	57.20%

Cost of rental and services of the Company amounted to Baht 148.91 million, 152.14 million and 169.19 million in the year 2013 – 2015 respectively. When considered on the cost of rental and service as percentage of revenue of each type, the cost of factory and warehouse rental increased in 2014 and 2015 due to the increase of the rental cost in relation to the increase of the rental revenue of warehouse.

(5) Selling and Administrative Expenses

Selling expenses of the Company consist of the advertising and promotion, salary, sale management, commission, etc. And the administrative expenses include salary, director's remuneration, traveling expenses, entertainment expenses, office rental, etc. Details are as follows:

Expense	2013		2014		2015	
	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue	Million Baht	Compare to Revenue
Selling expenses	52.76	5.58%	65.26	4.45%	34.72	3.97%
Administrative expenses	158.15	16.73%	252.25	17.22%	264.43	30.24%
Total	210.91	22.31%	317.51	21.67%	299.15	34.21%

The selling expenses of the Company amounted to Baht 52.76 million, 65.26 million and 34.72 million in the year 2013 – 2015 respectively, while percentages of total revenue were 5.58%, 4.45% and 3.97% consecutively. In 2014, there was an increase in number of condominium units ownership transferred compared with the unit number in 2013, but the selling expenses as a percentage of total revenue decreased as a result of the revenue from sales of condominium units increased greater proportion than the selling expenses increased. In 2015, the unit number of ownership transfer declined from 2014, the selling expenses as the percentage of total revenue reduced, because the ownership transfer of units declined.

Administrative expenses of the Company amounted to Baht 158.15 million, 252.25 million and 264.43 million in the year 2013 – 2015 respectively, while percentages of total revenue were 16.73%, 17.22% and 30.24% respectively. The administrative expenses in 2014 increased from rental and service compensation paid to Property Fund M-II, office rental, unrealized loss on investment in trading securities, and condominium corporate fee. In 2015, the administrative expenses increased from the unrealized loss arising from change in fair value of investments in securities trading.

#### (6) Financial costs

Financial costs of the Company consist of interests, fees, etc. The Company financial cost amounted to Baht 113.14 million, 305.06 million and 346.07 million in the year 2013 – 2015 respectively, which increased by 169.63% in 2014, because the Company issued debentures for the total value of Baht 1,693.50 million, and moreover, CROWN recorded loan interests as expenses because the condominium was completely constructed, thus the loan interest cannot record as part of project development cost anymore. In 2015 financial costs increased by 13.45%, because the Company issued debentures for the total value of Baht 1,400 million, and had more loans with financial institutions for Baht 627.62 million.

Gross profit

The gross profit margin of the Company was 43.17%, 25.61% and 29.70% in the year 2013 – 2015 respectively. In 2014, the gross profit margin decreased since there was no income from the sale of land and factories. In 2015, the gross profit margin increased because of the increase in the rental revenue from warehouse in England. The gross profit margin of the Company can be divided into 3 main business segments as in the following table:

Gross Profit Margin	2013	2014	2015
Sale of land and factory building	46.91%	n/a	n/a
Sale of condominium units	20.22%	23.73%	21.65%
Rental and services	39.99%	34.87%	42.80%
Total	43.17%	25.61%	29.70%

From the table, the gross profit margin of sale of land and factory building was 46.91% in 2013, which was the sale of land and factory building of the Company's group to the Property Fund M-II in the 4th quarter. For the year 2014 – 2015, there was no sale of land and factory building.

The gross profit margin of sale of condominium units was 20.22%, 23.73% and 21.65% in the year 2013 – 2015 respectively. In 2014 the gross profit margin increased, because the average selling price per square meter of the transferred ownership condominium units in the year 2014 was higher than 2013. In 2015, the gross profit margin declined, because the average selling price per square meter of the transferred ownership condominium units in the year 2015 was lower than 2014.

Gross profit margin of rental and services business was 39.99%, 34.87% and 42.80% in the year 2013 – 2015 respectively, which declined in 2014 because of the sale of factory and warehouse for rent to the Property Fund M-II since 2013. And the gross profit margin increased in 2015 because of more rental revenue from warehouse in England.

1.7 Investment plan in 2016

Unit: Million Baht

Project Name	Operated By	Source of Fund		Total Capital
		External Loans	Company's Capital	
TFD Industrial Estate	TFD	611.19	261.94	873.13
Mahadlek Residence	TFD	150.33	106.88	257.21
Thasa-an ready-made warehouse	TISCOM	170.00	541.98	711.98
Bang Sao Thong ready-made factory	TISCOM	200.00	191.16	391.16
The Harbour Residences Condominium	CROWN	333.67	179.96	513.63
Total		1,465.19	1,281.92	2,747.11

According to the investment plan, the Company will finance using the Company's capital and external loans under the Project Finance concept, including issuing debentures. The Company already prepared for the financial plan, thus the extension of repayment period of deposit for land from JC to 29 December 2016 will not affect the Company's liquidity and sources of funds.

1.8 Information of Crown Development Company Limited

- Registration Date 10 July 1998
- Head office 18 Soi Sathorn 11 Yak 9, TFD Building, Yannawa, Sathorn, Bangkok
- Registered capital Baht 701,000,000
- Paid-up capital Baht 701,000,000
- Par value Baht 100

### 1.8.1 Board of Directors

As of 29 January 2016 (most updated), the board member consists of

No.	Name	Position	Position in TFD
1	Mr. Sunthorn Sathirathai	Chairman of the Executive Board	Chairman of the Executive Board
2	Mr. Apichai Taechaubol	Chief Executive Officer	Chief Executive Officer
3	Mr. Gumpol Tiyyarat	Executive Board member	Managing Director
4	Mr. Anukul Ubolnuch	Managing Director	Director
5	Mr. Kritawat Taechaubol	Executive Board member	Director

### 1.8.2 Financial statement

Unit: Million Baht

Statements of Financial Position	Audited: As of 31 December		
	2013	2014	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	28.69	30.60	148.68
Trade and other receivables	1.10	2.65	0.85
Short-term loans and interest receivable from related parties	-	320.15	180.07
Project development costs	2,620.22	1,772.97	1,823.21
Deposit for purchase of land – related parties	300.00	-	-
Other current assets	17.77	19.02	25.21
<b>Total current assets</b>	<b>2,967.79</b>	<b>2,145.39</b>	<b>2,178.01</b>
<b>Non-current assets</b>			
Restricted bank deposits	1.76	2.35	2.38
Equipment	0.09	0.42	0.37
Other non-current assets	2.16	0.40	0.28
<b>Total non-current assets</b>	<b>4.01</b>	<b>3.17</b>	<b>3.02</b>
<b>Total assets</b>	<b>2,971.80</b>	<b>2,148.56</b>	<b>2,181.03</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	320.00	170.00	55.00
Trade and other payables	467.45	158.67	53.21

Unit: Million Baht

Statements of Financial Position	Audited: As of 31 December		
	2013	2014	2015
Current portion of long-term loans from financial institutions due within 1 year	558.72	-	-
Short-term loans from related parties and accrued interest	1,288.33	1,393.11	1,647.49
Other current liabilities	1.25	0.30	0.62
<b>Total current liabilities</b>	<b>2,635.76</b>	<b>1,722.08</b>	<b>1,756.33</b>
<b>Non-current liabilities</b>			
Deposits for rent	1.18	-	-
Long-term provisions	-	0.00	0.00
<b>Total non-current liabilities</b>	<b>1.18</b>	<b>0.00</b>	<b>0.00</b>
<b>Total liabilities</b>	<b>2,636.94</b>	<b>1,722.09</b>	<b>1,756.34</b>
<b>Shareholders' equity</b>			
Share capital			
Registered capital			
Ordinary share 7,010,000 shares at par value of Baht 100 per share	701.00	701.00	701.00
Issued and fully paid up			
Ordinary share 7,010,000 shares at par value of Baht 100 per share	701.00	701.00	701.00
Profit (loss), accumulated	(366.14)	(274.52)	(276.30)
<b>Total shareholders' equity</b>	<b>334.86</b>	<b>426.48</b>	<b>424.70</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,971.80</b>	<b>2,148.56</b>	<b>2,181.03</b>

Unit: Million Baht

Statements of Comprehensive Income	Audited: For The Year Ended		
	2013	2014	2015
Revenues			
Revenue from sales of condominium	40.36	1,151.35	480.50
Revenue from rental and services	1.54	3.82	3.31
Other revenues	3.70	27.68	26.20
<b>Total revenues</b>	<b>45.60</b>	<b>1,182.85</b>	<b>510.02</b>
Costs			

Unit: Million Baht

Statements of Comprehensive Income	Audited: For The Year Ended		
	2013	2014	2015
Cost of sales of condominium	32.20	878.14	378.74
Cost of rental and services	1.88	1.80	1.14
Selling expenses	19.33	63.30	32.64
Administrative expenses	5.84	23.38	23.76
<b>Total costs</b>	<b>59.26</b>	<b>966.62</b>	<b>436.28</b>
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>(13.66)</b>	<b>216.22</b>	<b>73.74</b>
Finance cost	1.96	113.48	73.50
<b>Profit (loss) before income tax expenses</b>	<b>(15.62)</b>	<b>102.74</b>	<b>0.23</b>
Income tax expenses	-	11.13	2.01
<b>Profit (loss) for the year</b>	<b>(15.62)</b>	<b>91.61</b>	<b>(1.78)</b>

## 2. Details of the Transaction

### 2.1 Sequences of events

#### 2.1.1 25 December 2013

CROWN (buyer) signed an agreement to purchase the land with JC (seller) to buy 6 plots of lands at Mu Si, Pak Chong District, Nakhon Ratchasima province with a total area of 138-3-51 rai, including 1 unit of 2-storey house, worth Baht 800,000,000. The first deposit amounting to Baht 300,000,000 paid on the agreement signing date, the second deposit amounting to Baht 20,000,000 paid on 30 January 2014, the third deposit amounting to Baht 180,000,000 paid within 31 March 2014, and the remaining amount of Baht 300,000,000 paid within 30 June 2014.

#### 2.1.2 15 January 2014

Both parties made a memorandum to amend the purchase and sale agreement, summarized are as follows:

Terminated texts in the purchase and sale agreement, section 8.2 “The seller is the owner and has rights on the land with rights to sell and transfer the land to the buyer. The seller certified that the land is not under any obligation, mortgage, pledge, lease, sequestration, seizure or any right to withhold or under any conditions, which affect other parties to have rights over the land, whatsoever”.

#### 2.1.3 3 March 2014

As the financial advisor noticed that such transaction was considered as connected transaction and required the approval from the meeting of shareholder before processing the transaction. The approval's request to buy the land from the meeting of shareholders of TFD might affect the issuance and sale of the share to the public to be delayed from the original schedule that TFD had planned, and might then affect the funding, which was more significant to TFD.

The Meeting of TFD's Board of Directors resolved to approve CROWN to cancel the purchase of such land and send notice to JC to repay the whole amount of land deposit back to CROWN. However, SEC recommended that to ensure the transparency and operate

according to the good corporate governance principle, TFD should propose the meeting of shareholders to participate and consider for an approval on the transaction, because the approval or cancellation of the above transaction was considered as connected transactions.

2.1.4 30 July 2014

The meeting of the Board of Directors No. 14/2014, resolved to propose to the Extraordinary General Meeting of Shareholders No. 2/2014 held on 30 September 2014, to approve CROWN to buy such land from JC for the amount of Baht 755 million.

2.1.5 20 August 2014

Both parties made a memorandum to amend the purchase and sale agreement (no. 2), summarized are as follows:

- (1) Reduce land price to Baht 755,000,000
- (2) From the 3<sup>rd</sup> payment onwards, pay simultaneously within 90 days counting from the date of the TFD's meeting of shareholders that approves CROWN to buy the land.
- (3) If TFD's meeting of shareholders disapproves such transaction, JC must repay deposits received including interest at the rate of 5.50% per annum from the date that JC received the deposit from CROWN until the date that CROWN got the deposit back from JC within 90 days from the date of the TFD's shareholders' meeting that disapproves the transaction.

2.1.6 1 September 2014

Both parties made a memorandum to amend the purchase and sale agreement (no. 3), summarized are as follows:

- (1) After both parties have already transferred the land, if the new City Planning Law of Nakorn Ratchasima announced before related government agencies allow CROWN to allocate the land, and that makes CROWN to be unable to utilize the land for allocation and sales, JC agrees to buy back the land at the price CROWN has paid or the average price of 2 new appraisal reports provided by the appraisers, who are approved by SEC, whichever price is higher. JC will repay within 60 days from the date of the occurrence of such event.

- (2) Mr. Apichai Taechaubol agrees and consents to guarantee debt and/or obligation incurred from the agreement to buy and sell land as well as all MOUs amending such an agreement prepared for the purpose of land sale.

2.1.7 30 September 2014

The Extraordinary General Meeting of Shareholders No. 2/2014 disapproved the transaction, thus JC had to pay the deposit of Baht 320 million with interest at the rate of 5.50% per annum back to CROWN. The interest amount was calculated from the day JC received deposit from CROWN until the day CROWN received the deposit back from JC, the repayment must be complete within 90 days from the date of the Shareholders' Meeting disapproving the transaction. The repayment date was on 29 December 2014, which Mr. Apichai Taechaubol was a guarantor for the repayment of the deposit and interest to JC.

2.1.8 29 December 2014

At the payment due date that JC needed to repay to CROWN, JC paid interests amounted to Baht 17,684,383.56 to CROWN, but for the principles, JC negotiated to extend the repayment period of deposit for purchase of land amounted to Baht 320,000,000 for 1 more year. In legal, CROWN had a right to demand JC and its guarantor to repay the debt immediately.

2.1.9 13 February 2015

Both parties made a memorandum to amend the purchase and sale agreement (no. 4), summarized are as follows:

- (1) Extend the repayment period of debt that JC had with CROWN for 1 more year, ended on 29 December 2015
- (2) If the payment is due on 29 December 2015 and JC is unable to repay the deposit, JC has to pay the penalty rate at 2.00% of the outstanding deposit to CROWN within 30 days from the payment due date.
- (3) JC will pay the interest rate at 7.00% per year to CROWN every month.
- (4) Mortgage condominium 30 units of Sathorn Heritage Residences Project Building C, total areas of 3,288.49 square meters in the mortgage amount of Baht 342,400,000

within 30 days, counting from the meeting of TFD's shareholders that approves the transaction.

- (5) The cost of a mortgage and any other expenses that may occur from the transaction is the responsibility of JC.
- (6) Mr. Apichai Taechaubol is the guarantor of this memorandum of agreement.
- (7) In case JC sells condominium units, which are collateral, JC will use the cash received from the sale not less than 85% of the sale price or not less than Baht 105,000 per square meters, whichever price is higher, to pay back to CROWN.
- (8) This memorandum will be effective only if the Board of Director and the meeting of the shareholders' of the Company resolve to approve the transaction.

2.1.10 27 April 2015

The 2015 Annual Meeting of Shareholders approved to extend the repayment period of the land deposit and other conditions from JC relevant to the memorandum to amend the purchase and sale agreement (no. 4) on 13 February 2015.

2.1.11 29 December 2015 (the last day of the repayment period of the land deposit)

JC sent an inform letter to postpone the principle repayment of Baht 320,000,000.

2.1.12 30 December 2015 (1 day after the end of extension period for the repayment of the land deposit)

JC paid the principle amount of Baht 140,000,000, and the remaining amount was Baht 180,000,000. Not only that JC partially redeemed the collateral by 14 units, the total sales area of 1,644.39 square meters, to sell for cash and repay debt to CROWN. JC used 2 more units of such project to mortgage as collateral, the total sales area of 369.76 square meters, so that the collateral value was greater than the outstanding principle amount of debt in relation to the conditions from the agreement.

2.1.13 22 January 2016

JC paid the principle amount of Baht 15,000,000, and the remaining amount was Baht 165,000,000.

2.1.14 12 February 2016

JC paid the principle amount of Baht 25,000,000, and the remaining amount was Baht 140,000,000.

2.1.15 15 February 2016

JC sent an inform letter to postpone the principle repayment for the outstanding amount of Baht 140,000,000.

2.1.16 26 February 2016 (The day the Board of Directors of CROWN resolve to extend the repayment period)

JC paid the penalty fee for Baht 3,600,000.

2.1.17 1 March 2016

Both parties made a draft memorandum to amend the purchase and sale agreement (no. 5), summarized are as follows:

- (1) Extend the repayment period of debt that JC had with CROWN for 1 more year, ended on 29 December 2016
- (2) If the payment is due on 29 December 2016 and JC is unable to repay the deposit, JC has to pay the penalty rate at 2.00% of the outstanding deposit to CROWN within 30 days from the payment due date.
- (3) JC will pay the interest rate at 7.25% per year to CROWN every month.
- (4) Deliver JC's cheque payable dated in advance for the current debt outstanding amount of Baht 140,000,000 to CROWN as an additional collateral.
- (5) Waive some part of the penalty fee for the amount of Baht 2,800,000.
- (6) Mr. Apichai Taechaubol is the guarantor of this memorandum of agreement.
- (7) In case JC sells condominium units, which are collateral, JC will use the cash received from the sale not less than 85% of the sale price or not less than Baht 105,000 per square meters, whichever price is higher, to pay back to CROWN.
- (8) This memorandum will be effective only if the Board of Director and the meeting of the shareholders' of TFD resolve to approve the transaction.

However, such transaction is considered as a connected transaction, which requires an approval from the meeting of TFD's shareholders prior to entering into the transaction.

The Summary of The Payment Terms of The Agreement

Item	Amendment No.3	Amendment No.4	Amendment No.5 For Approval This Time
1. Interest rate	5.50%	7.00% per year	7.25% per year
2. Collateral	None	Condominium units	Condominium units and cheque payable dated in advance
3. Guarantor	Mr. Apichai Taechaubol		
4. Overdue penalty	None	2.00% of the outstanding principle	
5. Interest payment	Until the due date	Monthly	
6. Due date	29 Dec 2014	29 Dec 2015	29 Dec 2016

2.2 Type and size of connected transaction

- Type of transaction                      Providing financial assistance
  
- Nature of transaction                      CROWN will ask for an approval to extend the repayment period of deposit for land purchase for JC amounted to Baht 180,000,000 (the outstanding principle at the end of 2015) for 1 more year, from the date of 29 December 2015 to 29 December 2016.
  
- Date of transaction                          After the Company is approved by the meeting of shareholders
  
- Financial supporter                          Crown Development Company Limited, the Company's subsidiary
  
- Recipients of financial assistance      JC Kevin Development Company Limited, the related company
  
- Size of connected transaction              10.91% of net tangible assets (including the penalty that was waived for Baht 2.80 million)
  
- Connected person                          Taechaubol Family holds the Company's shares by 43.25% of the registered and paid-up capital, and holds JC's shares by 100% of the registered and paid-up capital

2.3 Details of the connected persons who are not entitled to vote

Name list of shareholders of the Company, as being the connected persons, or the conflict of interest, which are not entitled to vote at the Shareholders' Meeting to approve of this transaction, consists of as follows:

Name of Connected Person	Position in the Company	Number of Shareholding	Percentage of Shareholding
1. Mr. Apichai Taechaubol	Authorized director	306,283,275	23.86%
2. Mrs. Chalida Taechaubol <sup>1</sup>	-	166,325,172	12.96%
3. Mr. Kittawat Taechaubol <sup>2</sup>	-	43,995,000	3.43%
4. Mr. Chotiwit Taechaubol <sup>2</sup>	-	33,541,359	2.61%
5. Mr. Akarawin Taechaubol <sup>2</sup>	-	5,000,000	0.39%
6. JC Asset Company Limited <sup>3</sup>	-	7,128	0.00%
<b>Total</b>		<b>555,151,934</b>	<b>43.25%</b>

Remark: 1. Wife of Mr. Apichai Taechaubol 2. Maturity son of Mr. Apichai and Mrs. Chalida Taechaubol  
3. Juristic entity, whose shares are held by sons of Mr. Apichai and Mrs. Chalida Taechaubol

Taechaubol family is both management and major shareholders of the Company and JC, which may have interest in the transaction, thus they are not entitled to vote.

And at the meeting of the Board of Directors of the Company, held on 29 February 2016, to consider the transaction, Mr. Apichai Taechaubol and Mr. Kittawat Taechaubol, the directors who had interests, did not attend the meeting for such agenda.

### 3. Detail of Connected Person and Collateral Assets

#### 3.1 General information of JC Kevin Development Company Limited (formerly named V.C.A.L Business Group Company Limited)

- Registration Date      10 July 1998
- Head office              36 Naradhiwas Rajanagarindra Road, Yannawa, Sathorn District, Bangkok
- Registered capital      Baht 800,000,000
- Paid-up capital          Baht 800,000,000
- Par value                  Baht 100

#### 3.2 List of shareholders

As of 27 January 2016 (most updated) consists of

No.	Name	Number of shares	Shareholding
1	Mr. Apichai Taechaubol	2,500,000	31.25%
2	Mrs. Chalida Taechaubol	1,900,000	23.75%
3	Mr. Kritawat Taechaubol	600,000	7.50%
4	Mr. Chotiwit Taechaubol	600,000	7.50%
5	Mr. Noppawee Taechaubol	600,000	7.50%
6	Miss Orranat Taechaubol	600,000	7.50%
7	Mr. Attawut Taechaubol	600,000	7.50%
8	Mr. Akarawin Taechaubol	600,000	7.50%
	<b>Total</b>	<b>8,000,000</b>	<b>100.00%</b>

#### 3.3 Board of Directors

As of 15 March 2016 (most updated) consists of

No.	Name	Position
1	Mr. Apichai Taechaubol	President
2	Mr. Chotiwit Taechaubol	Director
3	Mrs. Sanitta Panpob	Director
4	Mr. Akarawin Taechaubol	Director

### 3.4 Nature of business



The entire JC business is located on the Naradhiwas Rajanagarindra Road, which is adjacent area. JC have ownership of 8-2-89.90 rai and part of leasehold rights. The areas divided into different operations, details are as follows:

- (A) Office rental - JC Kevin Tower; 19-storey building, some parts were given long-term lease for 35 years to Leasehold Property Fund JC until the year 2044
- (B) Hotel business – Anantara Bangkok Sathorn Hotel; 38-storey building with 300 rooms, 38<sup>th</sup> floor is a club lounge called Zoom Sky Bar & Restaurant
- (C) Service apartment – Oaks Hotels and Resorts with 120 room located on 1<sup>st</sup> – 16<sup>th</sup> floor
- (D) Condominium for sale –Sathorn Heritage Residences located on 17<sup>st</sup> – 38<sup>th</sup> floor with 180 units
- (E) Office rental – TFD Building To be the office of the TFD and JC

JC have 3 subsidiaries, which are:

- (1) JC Kevin Food & Beverage Company Limited  
Register Capital Baht 50.00 million    Holding 99.99%
- (2) Fine Two Asset Company Limited  
Register Capital Baht 0.10 million    Holding 99.97%
- (3) Fine One (Holdings) Company Limited  
Register Capital Baht 0.10 million    Holding 99.80%

## 3.5 Financial statement

Unit: Million Baht

Statements of Financial Position			
	As of 31 December		
	2013	2014	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	31.91	18.06	17.93
Trade and other receivables - net	41.35	58.02	36.66
Short-term loans	17.58	-	
Project development costs for sales	510.07	584.45	494.94
Hotel inventories	4.84	3.80	3.52
<b>Total current assets</b>	<b>605.75</b>	<b>664.34</b>	<b>553.06</b>
<b>Non-current assets</b>			
Restricted bank deposits	20.41	0.65	-
Investments in subsidiaries	1.20	21.29	50.20
Long-term investment	3.10	3.17	3.17
Property, plant and equipment – net	2,944.28	2,646.09	2,575.42
Leasehold rights – net	43.00	54.24	42.99
Intangible assets – net	4.60	1.04	0.29
Other non-current assets			
Advances payment to contractors	16.17	15.78	15.53
<b>Non-current assets</b>	<b>210.31</b>	<b>197.07</b>	<b>191.57</b>
<b>Total non-current assets</b>	<b>3,243.06</b>	<b>2,939.32</b>	<b>2,879.16</b>
<b>Total assets</b>	<b>3,848.81</b>	<b>3,603.66</b>	<b>3,432.22</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from financial institutions	245.26	338.59	358.83
Trade and other payables	455.37	543.26	440.12
Short-term loans	180.68	257.03	225.34
Portion of long-term debt due within 1 year	255.00	388.75	-
Finance lease liabilities due within 1 year	1.57	1.72	-
Other current liabilities			
Advances received from Condominium	54.22	31.01	20.32
<b>Total current liabilities</b>	<b>1,192.11</b>	<b>1,560.36</b>	<b>1,044.61</b>

The opinion of the independent Financial Advisor Regarding Connected Transaction

Statements of Financial Position			
	As of 31 December		
	2013	2014	2015
<b>Non-current liabilities</b>			
Long-term liabilities - net	1,479.89	1,030.09	1,413.84
Finance lease liabilities - net	0.05	2.67	4.27
Employee benefit obligations	1.04	1.16	1.16
Other non-current liabilities			
Payable for purchase of plant	34.73	34.73	34.73
Advance income	567.67	547.97	508.59
Contractor retentions payable	20.12	19.80	19.48
Deposit for rental and services	88.72	96.14	96.31
<b>Total non-current liabilities</b>	<b>2,192.22</b>	<b>1,732.56</b>	<b>2,078.37</b>
<b>Total liabilities</b>	<b>3,384.32</b>	<b>3,292.92</b>	<b>3,122.99</b>
<b>Shareholders' equity</b>			
Share capital			
Registered Capital			
Ordinary share 8,000,000 shares at par value of Baht 100 per share	800.00	800.00	800.00
Issued and fully paid-up			
Ordinary share 8,000,000 shares at par value of Baht 100 per share	800.00	800.00	800.00
Retained earnings			
Unappropriated	(334.11)	(487.93)	(489.43)
Other components of shareholders' equity	(1.40)	(1.33)	(1.33)
<b>Total shareholders' equity</b>	<b>464.49</b>	<b>310.74</b>	<b>309.24</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,848.81</b>	<b>3,603.66</b>	<b>3,432.22</b>

Remark: The financial statements for the year ended 2013 and 2014 were audited by Mrs. Chintana Techamontrikul

from C&A Audit Office Company Limited, which was approved by the office of SEC.

The financial statements for the year 2015 have not been audited by the auditor.

## The opinion of the independent Financial Advisor Regarding Connected Transaction

Unit: Million Baht

Statements of Comprehensive Income			
	For the Year Ended		
	2013	2014	2015
Revenue from rental and services	42.40	60.13	64.72
Revenue from sale of condominium	212.14	196.36	207.44
Revenues from sales and services of hotel	346.78	285.58	442.91
<b>Total revenues</b>	<b>601.32</b>	<b>542.06</b>	<b>715.07</b>
Cost of rental and services	(25.47)	(48.30)	(39.13)
Cost of sales of condominium	(142.68)	(93.43)	(116.41)
Cost of sales and services – Hotel business	(180.24)	(165.97)	(187.34)
Cost – Depreciation and amortization expenses of hotel	(132.11)	(128.79)	(47.69)
<b>Total costs</b>	<b>(480.51)</b>	<b>(436.50)</b>	<b>(390.56)</b>
<b>Gross profit (loss)</b>	<b>120.81</b>	<b>105.57</b>	<b>324.51</b>
Gain on sale of investments	123.58	-	-
Other income	15.65	12.71	30.35
<b>Total other income</b>	<b>139.24</b>	<b>12.71</b>	<b>30.35</b>
<b>Profit (loss) before expenses</b>	<b>260.04</b>	<b>118.28</b>	<b>354.86</b>
Selling expenses	(13.82)	(4.85)	(3.31)
Administrative expenses	(132.36)	(125.13)	(208.78)
<b>Total expenses</b>	<b>(146.18)</b>	<b>(129.98)</b>	<b>(212.09)</b>
<b>Profit (loss) before finance cost</b>	<b>113.87</b>	<b>(11.70)</b>	<b>142.76</b>
Finance cost	(173.81)	(142.12)	(144.26)
<b>Profit (loss) for the year</b>	<b>(59.94)</b>	<b>(153.82)</b>	<b>(1.50)</b>

Remark: The financial statements for the year ended 2013 and 2014 were audited by Mrs. Chintana Techamontrikul from C&A Audit Office Company Limited, which was approved by the office of SEC.

The financial statements for the year 2015 have not been audited by the auditor.

Unit: Million Baht

Cash Flow Statement			
	For the Year Ended		
	2013	2014	2015
Net cash from (used) in operating activities	284.37	195.90	33.33
Net cash from (used) in Investing activities	172.63	(38.72)	(16.89)
Net cash from (used) in Financing activities	(441.01)	(171.02)	(16.57)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16.00</b>	<b>(13.85)</b>	<b>(0.13)</b>
Cash and cash equivalents at beginning of the years	15.91	31.91	18.06
Cash and cash equivalents at end of the years	31.91	18.06	17.93

3.6 Summary of financial position and result of operation of the past

**Financial Position Analysis**

Assets

(1) Trade and other receivables

Trade and other receivables amounted to Baht 58.02 million and 36.66 million at the end of the year 2014 and 2015 respectively, totally decreased by Baht 21.36 million from receiving the payment of the decoration of restaurant from JC Kevin Food & Beverage Company Limited, the JC's subsidiary, for Baht 17.58 million, and the rest of the reduction was from receiving retail customers' payments.

(2) Project development costs for sales

Project development costs for sales amounted to Baht 584.44 million and 494.94 million at the end of the year 2014 and 2015 respectively, decreased by Baht 89.50 million due to the adjustment costs of assets to be the costs of the transferred ownership unit, and it was recognized as revenues in 2015.

(3) Restricted bank deposits

Restricted bank deposits amounted to Baht 0.64 million at the end of the year 2014, and decreased by the whole amount in 2015, because the company took restricted bank deposits with financial institutions to pay off debt.

(4) Investment in subsidiaries

Investment in subsidiaries amounted to Baht 21.29 million and 50.20 million at the end of 2014 and 2015 respectively, increased by Baht 28.91 million due to additional investments in JC Kevin Food & Beverage Company Limited.

(5) Other non-current assets

Other non-current assets amounted to Baht 197.07 million and 191.57 million at the end of the year 2014 and 2015 respectively, decreased by Baht 5.50 million, because of receiving corporate income tax refund from the Revenue Department.

Liabilities

(1) Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions amounted to Baht 338.59 million and 358.83 million at the end of the year 2014 and 2015 respectively, increased by Baht 20.24 million due to the increase of promissory notes issuance. In 2016, JC plans to renew all of the promissory notes when reaching the maturity date.

(2) Trade and other payables

Trade and other payables amounted to Baht 543.25 million and 440.12 million at the end of the year 2014 and 2015 respectively, declined by Baht 103.13 million due to the fact that the trade payables to JC Kevin Food & Beverage Company Limited decreased by Baht 78.96 million, and paid back loan account between the head office and the hotel for Baht 20.65 million, and the rest of the reduction was from retail trade payables.

(3) Short-term loans

Short-term loans amounted to Baht 257.03 million and 225.34 million at the end of the year 2014 and 2015 respectively, decreased by Baht 31.69 million, because of the loan repayment to the directors.

(4) Advances received from condominium

Advances received from condominium amounted to Baht 31.01 million and 20.32 million at the end of the year 2014 and 2015 respectively, decreased by Baht 10.69 million due to the transfer of the ownership of condominium units to customers in 2015.

(5) Long-term loans

Long-term loans amounted to Baht 1,030.08 million and 1,413.84 million at the end of the year 2014 and 2015 respectively, increased by Baht 383.76 million, because there were some changes in the conditions of 1-year debt repayment since there had been no debt repayment to the financial institution.

(6) Debt repayment plan of CROWN

JC planed to use money received from selling condominium units that were collaterals and other sources of fund, such as additional working capital, loans from financial institutions,

cash from selling condominium units that were not collaterals, etc., to settle the debt as the due condition of the Agreement that would end on 29 December 2016.

#### Operating result analysis

##### Revenue

###### (1) Revenue from rental and services

Revenue from rental and services amounted to Baht 60.13 million and 64.72 million in the year 2014 and 2015 consecutively, increased by Baht 4.59 million.

###### (2) Revenue from sale of condominium

Revenue from sale of condominium amounted to Baht 196.36 million and 207.44 million in the year 2014 and 2015 respectively, increased by Baht 11.08 million.

###### (3) Revenues from sales and services of hotel

Revenues from sales and services of hotel amounted to Baht 285.58 million and 442.91 million in the year 2014 and 2015 respectively, increased by Baht 157.33 million, because of the relief on the political issues and a better economic trend, as a result, they encouraged liquidity and made many businesses including hotel business to get better than the previous year.

##### Expenses

###### (1) Costs

Costs amounted to Baht 436.50 million and 390.56 million in the year 2014 and 2015 respectively, decreased by Baht 45.94 million, which was from the decrease in depreciation value of most of the assets since they had reached the end of their useful lives.

###### (2) Administrative expenses

Administrative expenses amounted to Baht 125.13 million and 208.78 million in the year 2014 and 2015 respectively, increased by Baht 83.65 million, because hotel revenue in 2015 increased, and that yielded higher administrative expenses in relative to the management contract by Baht 16.26 million, public utilities by Baht 4.60 million, system maintenance expense by Baht 8.80 million, and other expenses by Baht 15.65 million.

And in the same year, the hotel changed the accounting method of Service Charge Distribution (for expense) with Service Charge (for income), instead of recording as the accrued expenses of Baht 38.34 million.

(3) Financial costs

Financial costs amounted to Baht 142.12 million and 144.26 million in the year 2014 and 2015 respectively, increased by Baht 2.14 million due to the fact that there were more loan payables, resulting in higher interest payments.

3.7 Details of the collateral

JC Kevin Development Company Limited mortgages the condominium units of the Sathorn Heritage Residence Building C, located on 36 Naradhiwas Rajanagarindra Road, Yannawa, Sathorn District, Bangkok for 18 units, with the total area of 2,013.86 square meters (the total area of the condominium units equaled 63,116.19 square meters), from the 32<sup>nd</sup> – 34<sup>th</sup> floor (floor number by elevator) to be collateral for the payment of liabilities to CROWN. All condominium units are obligation-free and owned by JC Kevin Development Company Limited.

The Sathorn Heritage Residence Project (formerly named Bangkok Residence Sathorn) Building C was completed in 2008. The project is 38-storey condominium building (the title deed presents 37-storey building, but building does not have the 13<sup>th</sup> floor, in the elevator there are 38 floors) with 300 units. The 4<sup>th</sup> – 16<sup>th</sup> floor is a service apartment for rent, and the 17<sup>th</sup> – 38<sup>th</sup> floor (floor number by elevator) are 180 condominium units for sales, with the total area of approximately 17,765.10 square meters. 100 units were sold (average 12.50 units per year), accounted for 8,879 square meters or equal to 49.98% of the total sale area. The total area of the project presented on title deed is 2-3-65.2 rai. The project was available for sales since 2008.

JC started to renovate the condominium units to be Fully Furnished for sales since 2012 in order to add more value to the units and would be able to sell faster.

The project's facilities include swimming pool, playground, gym, sauna, tennis court, security system, security cameras, elevators, 75-car parking space, etc.

Details of the collateral, on 30 December 2015, are as follows:

Type of Unit	Living Area (Square Meters)	Number of Bedroom/Toilet	Number of Units	Total Area (Square Meters)
Type A	67.18 – 68.10	1/1	4	270.56
Type B	116.44 – 120.05	2/2	4	472.98
Type C (Studio)	40.26	1/1	4	161.04
Type D	184.88	3/3	6	1,109.28
<b>Total</b>			<b>18</b>	<b>2,013.86</b>

Such units are under interior decoration to sell as fully furnished. Overall has completed about 90%.

Floor plan of 32<sup>nd</sup> - 34<sup>th</sup>



#### Market price appraisal

- (1) The property appraisal company No. 1: Advance Appraisal Company Limited (approved by SEC)

Report No.0609/2016 appraised on 25 February 2016 for public purpose

Analysis of the market value of the asset by Market Approach using Weighted Quality Method (WQS Score)

Criteria for Quality Score:

Determining the quality score of each factor of the appraise property and comparison data by considering on the quality of each factor defined by a score of 1 – 10, the quality score level are as follows:

Quality Score	Level
0 - 2	Low
3 - 4	Fair
5 - 6	Moderate
7 - 8	Good
9 - 10	Very Good

Market data used to compare in the property appraisal

Factor	Data Comparison			
	Project No.1	Project No.2	Project No.3	Project No.4
Name of project	RHYTHM Sathorn – Narathiwas	NARA 9	Bangkok Horizon Sathorn	The Seed Mingle
Type of project	A 27-storey condominium	A 40-storey condominium	A 24-storey condominium	A 31-storey condominium and an 8-storey building
Location	On Naradhiwas Rajanagarindra Road	On Naradhiwas Rajanagarindra Road	In Soi Naradhiwas Rajanagarindra 14	In Soi Suan Plu 8
Project area	2 – 0 – 55 rai or 855 square wah	3 – 1 – 0 rai or 1,300 square wah	1 – 2 – 50 rai or 650 square wah	3 – 0 – 0 rai or 1,200 square wah
Number of unit	301 units	361 units	269 units	531 units
Facilities	Swimming Pool and Fitness on 27 <sup>th</sup> floor,	Swimming pool, children's pool,	Security system with CCTV, mailbox	Security system, leisure garden,

The opinion of the independent Financial Advisor Regarding Connected Transaction

Factor	Data Comparison			
	Project No.1	Project No.2	Project No.3	Project No.4
	3 passenger lifts, parks and small pool on 7 <sup>th</sup> floor, CCTV / Access Card, 177 parking spaces, etc.	gym, a steam room, garden, basketball field, putting green, tennis court, playground, jogging track, guards, CCTV, 277 parking spaces, etc.	room, Garden, Sky Pool, meeting rooms, sauna, 160 parking space, etc.	swimming pool, sauna, parking space, etc.
Operator name	AP Thailand Public Company Limited	Eastern Star Real Estate Public Company Limited	Chaopraya mahanakorn Public Company Limited	Pruksa Real Estate Public Company Limited
Project condition	Ready to move in	Under construction expected to complete in 2016	Under construction expected to complete in 2016	Ready to move in

Advance Appraisal Company Limited has surveyed the Sathorn Heritage Residences project (location of the collaterals), but did not use for comparison to evaluate the market value.

Scoring of the condominium unit based on features above and comparing with other 4 projects as follows:

Factors to Consider		Score (%)	Data Comparison				Appraised property
			1	2	3	4	
Size of the unit (square meters)			35.00	39.00	27.00	40.00	184.88
Floor No.			19	9	18	4	32
Location	15%		8	8	7	7	8
Environment	5%		8	8	8	7	8
Size of the unit	15%		7	6	9	6	6
Building condition	5%		9	8	7	7	5
Unit's floor	15%		7	6	7	6	9

Factors to Consider	Score (%)	Data Comparison				Appraised property
		1	2	3	4	
Facilities	10%	8	8	6	5	7
Project style	5%	8	8	7	8	6
Facilities in the project	10%	8	8	7	7	8
Entrance and exist	5%	8	8	6	8	6
Market popularity	15%	7	8	5	8	6
<b>Weighted score</b>	<b>100%</b>	<b>7.60</b>	<b>7.40</b>	<b>6.90</b>	<b>6.75</b>	<b>7.10</b>
Offering price (Baht/square meter)		152,857	148,718	118,518	100,000	
Diluted price *		147,000	143,000	118,518	95,000	
Percentage compare to property		0.93	0.96	1.03	1.05	
Adjusted price		137,329	137,203	121,953	99,926	
Weighted reliability		15%	25%	38%	22%	
Value from the weight		20,822	34,672	46,228	21,645	
Market value (Baht/square meter)						123,367
<b>Rounding</b>						<b>123,000</b>

\* Diluted price is a price, which appraisal company expected to be a selling price, it is usually lower than the offering price.

#### Summary of the opinion of the appraiser

From comparison data of offering price of condominium unit in nearby area, the offering price is around Baht 100,000 – 152,857. The 1<sup>st</sup> comparative data located in the RHYTHM Sathorn – Narathiwas is a condominium unit with 1 bedroom, living area of 35 square meters at 19<sup>th</sup> floor, has selling price of Baht 5,350,000 (Baht 152,857 per square meter). This comparative data has better location than the property, similar environment and building condition. From the 4<sup>th</sup> comparative data located in The Seed Mingle Project, it is the residential condominium with 1 bedroom, living area of 40 square meters, located on 10<sup>th</sup> floor has selling price of Baht

4,000,000 (Baht 100,000 per square meter) comes with built-in furniture. This comparative data has worse location and environment than the property, but better building condition.

From the market price appraisal using quality score, the market value of residential condominium is as follows:

No.	Floor No.	Total Unit Area (Square Meters)	Price/Unit (Baht/Sqm.).	Completion	Value as of Exploration Date (Baht)
1	32	369.76	123,000	100%	45,480,480
2	33	822.05	124,000	90%	91,740,780
3	34	822.05	125,000	90%	92,480,625
Total area		2,013.86	Appraised value		229,701,885

Unit: Baht

	Current Condition Value	Value after Decoration
Market value	229,701,885	250,170,930
Market value of the portfolio	160,791,320	175,119,651

Portfolio means group of 2 or more assets, which is owned by the legal right or managed by the same juristic person or same person. The valuation of the assets may not be the same if the hypothesis is different. Therefore, the value for the property separately offer to more than one buyers or the offer to sell all of the property in the same time to one buyer, the total value may be higher or lower than the first case.

#### Opinion of the Independent Financial Advisor on the appraisal

The decoration cost per unit is around Baht 5,000 – 8,000 per square meter or equal to 4 – 6% of the unit value, but the appraiser deducted the value of unit by 10%, because the decoration has not been completed. Therefore, it is not reasonable, because it caused the units that are being renovated to have lower price compared before decoration.

- (2) The property appraisal company No. 2: Ultima Appraisal Company Limited (approved by SEC)

Report No. 59-UTM-GR-005 appraised on 25 February 2016 for public purpose

Analysis of the market value of the property using Residual Approach by considering on current conditions, which all ownerships are condominium ownership

Comparative market data for Property Appraisal

Factor	Data Comparison		
	Project No.1	Project No.2	Project No.3
Name of project	RHYTHM Sathorn – Narathiwas	NARA 9	Centric Sathorn-St.Louis
Type of project	A 27-storey condominium	A 40-storey condominium	Two 28-storey condominiums
Location	On Naradhiwas Rajanagarindra Road	On Naradhiwas Rajanagarindra Road	In Soi Sathorn 11
Project area	2 – 0 – 55 rai or 855 square wah	1 – 1 – 56 rai or 566 square wah	2 – 1 – 78 rai or 978 square wah
Number of unit	300 units	361 units	368 units
Facilities	Elevators, parking, security system, gym, swimming pool and gardens	Elevators, parking, security system, gym, swimming pool and gardens	Elevators, parking, security system, gym, swimming pool and gardens
Operator name	AP Thailand Public Company Limited	Eastern Star Real Estate Public Company Limited	SC Asset Corporation Public Company Limited
Completion	Approximately 100%	Approximately 60%	Approximately 100%

Ultima Appraisal Company Limited has surveyed the Sathorn Heritage Residences project (location of the collaterals), but did not use for comparison to evaluate the market value.

Scoring of the condominium unit based on features above and comparing with other 3 projects as follows:

Factors to Consider	Data Comparison			Appraised Property
	1	2	3	
Unit area (square meter)	60.50	39.00	35.00	40.26
Floor No.	23	9	17	33
Offering price (Baht/sqm.)	140,496	148,718	131,429	
Negotiated price (Baht/sqm.)	135,000	140,000	125,000	
Introductory Price (Baht/sqm.)	129,000	139,000	120,000	
Location			+6,000	
Environment			+6,000	
Unit's floor	+9,000	+23,000	+15,000	
Decoration and overall unit condition	-12,900	-13,900	-12,000	
Physical condition of the unit	-6,450	-6,950	-6,000	
Reputation of operator	-6,450	-6,950	-6,000	
Total	-16,800	-4,800	+3,000	
Adjusted price (Baht)	112,200	134,200	123,000	
Weighted quality score (WQS)	42.24%	28.94%	28.82%	
Total amount (Baht)	47,394	38,833	35,452	
Appraised value of condominium unit on 33 <sup>th</sup> floor (Baht per square meter)				122,000
Total Appraised value of 18 condominium units (Baht)				247,725,470
Less construction and additional furniture (Baht)				10,904,468
Remaining Value (Baht)				236,821,002
Assets value in case of selling entire project (Baht)				177,615,752

Remark: (1) Starting price of standard room on 33<sup>th</sup> floor is Baht 122,000 per square meter  
 (2) Additional Baht 1,000 per square meter for each additional floor  
 (3) Additional Baht 1,000 per square meter for a corner room  
 (4) Furniture in the units, such as wardrobe, bed, dresser, dining table with 2 chairs, TV shelves, built-in kitchen, air conditioner, etc.  
 (5) Appraised value of unit is considered on the current market condition

Opinion of the Independent Financial Advisor on the appraisal

The IFA agrees with the appraisal method of this independent appraiser, because the work is quite detailed and the appraiser considers unit separately.

(3) Selling price of the project

No.	Floor No.	Room No.	Type	View	Area (Square Meter)	Price Per Square Meter	Selling Price (Baht)
1.	32	36/34	D2	City	184.88	142,500	26,345,400
2.	32	36/39	D1	River	184.88	142,500	26,345,400
3.	33	36/25	C2	City	40.26	142,500	5,737,050
4.	33	36/26	D2	City	184.88	142,500	26,345,400
5.	33	36/27	B6	City	120.05	142,500	17,107,125
6.	33	36/28	A4	City	67.18	142,500	9,573,150
7.	33	36/29	A1	River	68.10	142,500	9,704,250
8.	33	36/30	B5	River	116.44	142,500	16,592,700
9.	33	36/31	D1	River	184.88	142,500	26,345,400
10.	33	36/32	C1	River	40.26	142,500	5,737,050
11.	34	36/17	C2	City	40.26	142,500	5,737,050
12.	34	36/18	D2	City	184.88	142,500	26,345,400
13.	34	36/19	B6	City	120.05	142,500	17,107,125
14.	34	36/20	A4	City	67.18	142,500	9,573,150
15.	34	36/21	A1	River	68.10	142,500	9,704,250
16.	34	36/22	B5	River	116.44	142,500	16,592,700
17.	34	36/23	D1	River	184.88	142,500	26,345,400
18.	34	36/24	C1	River	40.26	142,500	5,737,050
Total					2,013.86	Average 142,500	286,975,050

Source: Sales department, JC Kevin Development Company Limited as of 18 March 2016

The Collateral units are under decoration. When the decoration is completed, they will gradually be sold. During 2013 – 2015, the fully furnished units were sold for 37 units to 21 foreign buyers and 4 Thai buyers. From 19<sup>th</sup> – 36<sup>th</sup> floor totaled 2,915.22 square meters at the selling price of Baht 93,750 – 142,871 per square meter, an average price equaled Baht 118,991 per square meter.

#### Summary of value of the collateral

		Total value (Million Baht)	Average (Baht/Sqm.)
1.	Appraised by Advanced Appraisal Company Limited	229.70	114,061
2.	Appraised by Ultima Appraisal Company Limited	236.82	117,596
3.	Project's list price	286.98	142,500

The Independent Financial Advisor does not choose the entire project sale price, because when collaterals are sold through public auction by the Legal Execution Department, CROWN will have a right to choose whether to sell each unit separately or to sell entire project, thus, selecting appraisal value for each unit separately will receive higher return.

When considering on the breakeven point of sales of collateral condominium units to repay the debt to CROWN, the total area of 2,013.86 square meters compared to the liabilities amounting to Baht 140 million (the current outstanding debt) + interest = Baht 149.55 million; therefore, the units must be sold at least Baht 74,261 per square meter or 52.11% of the project's list price. However, the project's list price is higher than the average market values of Baht 114,061 and Baht 117,596 per square meter appraised by 2 independent appraisers. The Independent Financial Advisor is of the opinion that, if JC reduces the selling price to be lower than the appraised value, the units will be sold quicker.

When considering the value of the collateral in various ways, all 3 methods represent higher value than the debt JC has with CROWN. Thus, the IFA is of the opinion that the value of the collateral is sufficient.

#### 4. Opinions of the Independent Financial Advisor

##### 4.1 The objective and rationale of entering into the transaction

As JC Kevin Development Company Limited was unable to repay the deposit for land purchase to CROWN amounting to Baht 180 million, which was due on 29 December 2015, because JC did not have sufficient financial liquidity and was not able to find other sources of fund to settle all of the debt, JC requested to extend the repayment period for 1 more year to due on 29 December 2016 and to adjust other terms to be more beneficial to CROWN as follows:

Item	Original Terms	New Terms
1. Interest rate	7.00% per year	7.25% per year
2. Mortgage	Condominium units	Condominium units and cheque payable dated in advance
3. Guarantor	Mr. Apichai Taechaubol	
4. Penalty charge	2.00% of the outstanding principle	
5. Interest payment	Monthly	

Remark: To enter into the transaction will require the waiver of the penalty fee for Baht 2.80 million.

Currently, the liability that JC has with CROWN is considered as a secured debt and having a guarantor. With the new conditions, JC will increase an interest rate from 7.00% per year to 7.25% per year, and provide an additional collateral, which is a cheque payable dated in advance. To enter into this transaction will allow CROWN to get a higher return from the interest rate than the finance costs of the Company and the subsidiaries and also having an extra collateral being a cheque payable dated in advance. However, the Company has to waive the penalty fee charged for Baht 2.80 million.

The Independent Financial Advisor gives an opinion that the Company has 3 options;

- (1) Accepting the request for extending the repayment period from JC
- (2) Filing a lawsuit to enforce the execution, legal procedures may take 3 – 5 years
- (3) Asset appraisal to settle the debt

JC had been paying the debt on time and completing the payment, and it paid back the principle in 2015 for Baht 140 million and withdrew the 14 units of the collaterals. But JC mortgaged 2 more units as collaterals, and paid back the principle more in 2016 for Baht 40 million without withdrawing any collaterals. Moreover, JC paid the penalty fee as being in default of the repayment for Baht 3.60 million (excluding the waived amount of the penalty charged). The remaining principle was Baht 140 million. For the waived amount of the penalty fee of Baht 2.80 million, it was the penalty charged for the delay of the repayment, as specified in the Agreement (due date on 29 December 2015), for only 1 day, and the delay of the repayment was from the late consideration of approving loans from financial institutions. For the mentioned information, the Independent Financial Advisor comments that in general practice, the exception is normal.

While the interest rate charged to JC is higher than average loan interest rate of the Company, which made the Company to enable to receive profit from interest rate margin. Moreover, such rate is higher than average loan interest rate of JC, which will encourage JC to repay the debt to CROWN first.

In comparison, if the Company does not enter into this transaction and prosecutes against JC and the guarantor to enforce the mortgage, it will take longer time and damage to TFD, CROWN, JC and the guarantor, which reduce ability to repay the debt.

In case of the asset appraisal to settle the debt, the process requires negotiations in many aspects, such as the collateral price used as the appraisal and transfer price to pay off the debt, the room for asset appraisal to settle the debt, etc. CROWN will further find a channel to sell the assets, and it may take more than 1 year to sell such assets if the transfer price of the assets is high. Currently, JC still has the condominium units to sell. Or in case of renovation of the appraised units for debt settlement to be a service apartment for rent, it will require some extra investment and need to hire a unit keeper. The expected return will approximately be 4 – 5%, which is lower than the interest rate that CROWN currently receives. For this option, there is not yet any agreement in details at the moment.

Remark: Procedures to enforce mortgage of collateral unit

- (1) Written notice to the mortgagor to repay the debt within a reasonable time, usually takes about 30 days
- (2) Mortgagee filed to the court to ask the court to seize the mortgage to public auction
- (3) Enforcement Officer bring property to public auction

These procedures will take approximately 3 – 5 years, with related expenses of Baht 300,000. If the value of the property sold for less than the amount of liabilities, CROWN has a right to ask for more claims from JC and the guarantor until the debt is fully paid. The risk of CROWN that is paid less than the liabilities amount from such procedures is very low.

#### 4.2 Advantages and disadvantages of entering into the transaction

##### 4.2.1 Advantages of entering into the transaction

###### (1) Gaining the interest rate margin

Currently, average cost of loans of the Company and subsidiaries, excluding intercompany loans and SG Land Company Limited (because the Company has less than 50% of shareholding), is 5.89% per year, while JC will pay interest to CROWN at 7.25% (or 6.63% per year after deducting related expense, which are the IFA fee and the independent appraisal fees, totaling approximately Baht 1.05 million) which is higher than the average cost of loan of the Company by 0.74% per year.

When calculating from the outstanding principle, on 30 December 2015, of Baht 180 million and the amount paid back at the beginning of 2016 for Baht 40 million, the Company will have an interest income (referred to the effective interest rate at 6.63% per year) for Baht 9.55 million, and have an interest cost (the average loan rate of the Company at 5.89% per year) for Baht 8.49 million; therefore, the Company will have more net profit after income tax by Baht 0.85 million in 2016.

The Independent Financial Advisor does not compare the interest rates received with the returns from other investments, because of the difference in risks that cannot be compared.

###### (2) Having a chance to get a refund faster than a foreclosure lawsuit or an asset appraisal to settle the debt

In the previous year, JC had been paying the debt on time and completing the payment, and it paid back the principle in 2015 for Baht 140 million, and paid more principle in 2016 for Baht 40 million. Moreover, JC paid the penalty fee as being in default of the repayment for Baht 3.60 million (excluding the waived amount of the penalty charged). At present, JC has the remaining principle of Baht 140 million. It can

be seen that JC had tried to seek for the funds to repay the debt to CROWN, from the initial principle of Baht 320 million to be reduced to Baht 140 million. While the interest rate charged to JC is higher than average loan interest rate of JC, which will encourage JC to repay the debt to CROWN first. If the Company does not enter into this transaction and prosecutes against JC and the guarantor to enforce the mortgage, it will take longer time for about 3 – 5 years and damage to TFD, CROWN, JC and the guarantor, which reduce ability to repay the debt.

In case of the asset appraisal to settle the debt, the process requires negotiations in many aspects, such as the collateral price used as the appraisal and transfer price to pay off the debt, the room for asset appraisal to settle the debt, etc. CROWN will further find a channel to sell the assets, and it may take more than 1 year to sell such assets if the transfer price of the assets is high. Currently, JC still has the condominium units to sell. Or in case of renovation of the appraised units for debt settlement to be a service apartment for rent, it will require some extra investment and need to hire a unit keeper. The expected return will approximately be 4 – 5%, which is lower than the interest rate that CROWN currently receives. For this option, there is not yet any agreement in details at the moment.

In the case that the Shareholders' Meeting resolves to approve of the extension period of the repayment, and JC cannot fully repay the debt within 29 December 2016, the Company will negotiate with JC for asset appraisal to settle the debt to CROWN under the condition that when CROWN sells the collaterals with insufficient value to cover the outstanding debt's value, the Company will ask the guarantor (Mr. Apichai Taechaubol) to pay for the absent amount of debt, or in the case that JC refuses to consent on the condition, the Company will proceed to file a lawsuit to enforce the mortgage against JC and the guarantor. Nevertheless, the executive directors of the Company are confident that JC will repay the remaining debt fully to CROWN within the due date as specified in the agreement of the extension of the repayment period.

#### 4.2.2 Disadvantage of entering into the transaction

- (1) Having a possibility that the repayment period will be extended in the future

The extension of the repayment period of the remaining debt of Baht 140 million without asking for paying off part of the debts will make JC choose to repay only interest and ask for an extension again in the future, which the Company and subsidiaries already have burden of liabilities. The interest-bearing liabilities are Promissory Note amounting to Baht 2,191.50 million (repay within 2016 – the Company will issue new promissory note instead of original one), loans from financial institution of Baht 1,877.51 million (gradually payback along with the sales of project), debentures amount to Baht 3,083.18 million (redeem in July 2016 for Baht 1,691.06 million, but the Company plans to issue new debentures to pay back), totaled Baht 7,152.19 million.

- (2) Waiving some part of the penalty fee charged for the delay of payment

JC paid back the principle of Baht 140 million on 30 December 2015, and the payment was delayed from the date specified in the agreement (29 December 2015) by 1 day. According to the agreement, JC would have to pay a penalty fee for 2.00% of the outstanding debt to CROWN within 30 days since the due date of the payment, or the total penalty amount of Baht 6.40 million (2% x Baht 320 million). However, JC requests to CROWN for the waiver of the penalty fee of Baht 2.80 million (2% x Baht 140 million), which is the penalty amount of the principle's portion that JC already paid back to CROWN on 30 December 2015 for Baht 140 million. The delay of the repayment by 1 day was from the late consideration of approving loans from financial institutions, and that made JC to be late for the repayment of some portion of the principle from the due date on 29 December 2015. As mentioned, to enter into the transaction will make CROWN not to receive some part of the penalty fee for Baht 2.80 million.

#### 4.3 Advantage and disadvantage of not entering into the transaction

##### 4.3.1. Advantage of not entering into the transaction

- (1) May receive the repayment faster

If the Meeting of Shareholders of the Company disapproves the transaction, the Company and JC will have to find a new solution, which the results of negotiation may cause CROWN to possibly receive repayment faster than 29 December 2016. However, currently there is no other clear solution to solve this problem.

#### 4.3.2. Disadvantage of not entering into the transaction

##### (1) Delayed the implementation of solutions

If the Meeting of Shareholders' of the Company disapproves the transaction, the Company and JC will have to find a new solution and will bring the result of approval from the Board of Directors and Meeting of Shareholders, which will take approximately 2 – 3 months to negotiate with JC. Call for the Board of Directors' meeting, recruit and appoint an Independent Financial Advisor, and call for the Meeting of Shareholders will delay the solution for the problem.

The meeting of the Board of Audit Committee No.3/2016 of the Company, held on 16 March 2016 is of the opinion that the extension of repayment period is the best solution, and will benefit to the Company more than prosecuting the case against JC and the guarantor. However, there is a chance that the Meeting of Shareholders will not approve the transaction. Thus, the management came up with other solution to call from repayment of such debt from JC, such as transferring assets of JC to pay off the debt, etc. The Company will accelerate the negotiation and conclusion with JC as soon as possible after acknowledging the disapproval from the Meeting of Shareholders of the Company, and when negotiating with JC until come up with clear conclusion, the Company will propose the Board of Audit Committee and the Board of Directors to consider again. The implementation above is considered as a connected transaction, which the Company will propose for approval from the Meeting of Shareholders prior to entering into the transaction. The persons who have conflicts of interests will not entitled to vote, but if the Meeting of Shareholders of the Company still disapproves a new solution proposed above, the Company will prosecute the case against JC and Guarantor to enforce the mortgage.

4.4 Advantage and disadvantage of entering into the transactions with related parties and third parties

Cannot be specified, because this connected transaction is for the extension of the repayment period in relevant to the original agreement between CROWN and JC.

4.5 Risk of the transaction

Currently, the Company has a risk of debt repayment from JC, because JC failed to repay the debts within 29 December 2015. Although such debt is a secured debt with a guarantor, JC's liquidity is relatively low. As of 31 December 2015, the current assets amounted to Baht 533.06 million, and the current liabilities amounted to Baht 1,044.61 million. The current ratio is at 0.51 time.

Although to enter into this transaction will reduce the risks of the Company, the risk of repayment of the land deposit for the remaining amount of Baht 140 million still exists. If the plan to sell the condominium units, which are JC's collaterals, is unsuccessful, or JC is not able to seek for other source of fund to repay the debt, such as a fund from additional working capital, a loan from a financial institution, cash from selling condominium units that are not collaterals, etc., the prosecution to ask for repayment from JC will require a relatively long time, about 3 - 5 years. (IFA does not estimate the cashflow projection because the source of fund to repay the debt does not come from operating cashflow of JC)

4.6 Appropriateness of the price and the conditions of the transaction

Appropriateness of interest rate

According to the memorandum, the interest rate, which CROWN will receive from JC, is 7.25% per annum. The Independent Financial Advisor considered on such interests by comparing with:

- The Company's average cost of debt
- Weighted Average Cost of Capital (WACC) of the Company
- JC's average cost of debt

(1) The Company's average cost of debt

According to the consolidated financial statement of the Company as of 31 December 2015, interest-bearing liabilities are as follows:

Unit: Million Baht

Interest-Bearing Debt	Amount	Average Effective Interest Rate	Payment Due	
			2016	2017 onwards
Short-term loans	2,191.50	5.65	2,191.50	-
Long-term loans	4,960.69	6.00	2,674.99	2,285.70
Total	7,152.19	5.89	4,866.49	2,285.70

Remark:

1. The calculation of interest-bearing debt does not include the liabilities that SG Land Company Limited has with Schubert Holdings PTE., LTD as recorded in the consolidated financial statement (SG is a joint venture between TFD and Schubert Holdings PTE., LTD. At 49.91% each), because it is a syndicate loan with the Company. As of 31 December 2015, SG is a debtor to TFD for Baht 178.24 million, and Schubert Holdings PTE., LTD for Baht 242.38 million with same interest rate at 15% per annum.
2. Such interest rate calculated from the financial statement as of 31 December 2015.

(2) Weighted Average Cost of Capital of the Company can be calculated as follows:

The formula is  $WACC = (D/V) * K_d * (1 - \text{Tax}) + (E/V) * K_e$  Whereas;

$D/V$  = Ratio of interest-bearing liabilities to total investment

$E/V$  = Ratio of shareholder's equity to total investment

$K_d$  = Weighted cost of Interest bearing debts

$K_e$  = Return of equity calculated by using Capital Asset Pricing Model from the following formula  $K_e = R_f + \beta * (R_m - R_f)$  Whereas;

$R_f$  = Risk Free Rate, which is the rate of return on investment in government bonds for 30 years (as of 14 March 2016)

$R_m$  = The expected rate of market return from investing in The Stock Exchange of Thailand calculated from historical average yield for the past 10 years since 15 March 2006 to 14 March 2016 of The Stock Exchange of Thailand Index (SET Index), including dividend yield

Tax = Corporate income tax rate at 20%

$\beta$  = The correlation coefficient between the rate of return on investing on SET and securities of the Company for the past 3 years ended on 14 March 2016

The calculation of each variable is as follows:

Ratio of interest-bearing liabilities to total investment (D/V)	:	80.01%
Ratio of shareholder's equity to total investment (E/V)	:	19.99%
As of 31 December 2015		
Weighted cost of Interest bearing debts ( $K_d$ )	:	5.89%
Return of equity ( $K_e$ )	:	6.28%
Rate of return of risk free rate ( $R_f$ )	:	2.90%
The coefficient ratio of the rate of return on investing in securities and Stock Exchange ( $\beta$ )	:	0.47
The expected rate of market return from investing in Stock Exchange ( $R_m$ )	:	10.08%
WACC	:	5.03%

(3) The average cost of debt of JC

According to financial statement of JC as of 31 December 2015 (has not been audited)

interest-bearing debts are as follows:

Interest-Bearing Debt	Amount	Average Effective Interest Rate
Short-term loans	Baht 418.83 million	6.26%
Long-term loans	Baht 1,413.84 million	6.62%
Total	Baht 1,832.67 million	6.53%

Remark: The calculated liabilities is excluded loans from directors and deposit for land purchase, which has to be repaid to CROWN, because the objective is to calculate the effective interest rate that JC has with third parties.

Comparison table of the interest rates charged to JC and financial costs

Unit: per year

Item	Short-Term	Long-Term	Average
The interest rate charged to JC	7.25% = 6.63% after deducting related expenses		
The Company's average cost of debt	5.65%	6.00%	5.89%
Weighted Average Cost of Capital of the Company			5.03%
JC's average cost of debt	6.26%	6.62%	6.53%

The effective interest rate charged to JC equals 7.25% per annum (or 6.63% per annum after deducting related expenses, such as the IFA fee and the appraisal fees from independent appraisers, totaled Baht 1.05 million). The interest rate is appropriate, because it is higher than the average loan rate and Weighted Average Cost of Capital of the Company at 5.89% per annum and 5.03% per annum respectively, which made the Company gain interest margin, and the interest rate is also higher than the average loan rate of JC at 6.53% per annum, which will encourage JC to repay the debt to CROWN first.

The average loan rate of the Company is a floating rate by 18.07%, and a fixed rate by 81.93%. The change of the interest rate of financial institutions will not affect the average cost of loans of the Company, and interest rates are likely to be stable. The chance of the average cost of loans of the Company to be higher than 6.63% per year in 2016 is unlikely.

#### The Appropriateness of the conditions of the transaction

- (1) Extending the period of repayment for 1 more year to ended on 29 December 2016

The opinion of the Independent Financial Advisor: Appropriate, it is an appropriate period for JC to sell the condominium units at Sathorn Heritage Residence or find other sources of fund to repay the debt. However, there is a chance that when the payment is due and JC is unable to repay the debt, and is willing to extend the period of repayment of the deposit, the Company must follow the same process again, starting from asking for approval from the Meeting of the Audit Committee, asking for approval from the Company's Board of Directors and asking for the approval from the Meeting of Shareholders. The persons who have conflict

of interest will not be entitled to vote. If the Meeting of Shareholders disapproves the transaction, the repayment period will not be extended. This extension will cause the Company to require more loans to use for project development as initially planned.

- (2) The penalty rate at 2.00% of the outstanding principle if JC is unable to repay the debts

The opinion of the Independent Financial Advisor: Appropriate, it is a way to encourage JC to repay the debt to CROWN. Assuming that, on 29 December 2016, JC is unable to repay any of the deposit, JC will have to pay the penalty charge for 2.00% of Baht 140 million, equal to Baht 2.80 million.

- (3) JC will pay an interest rate at 7.25% per year to CROWN every month

The opinion of the Independent Financial Advisor: Appropriate, because the Company has an obligation to pay interest to financial institutions on a monthly basis as well.

- (4) Mortgage 18 condominium units of Sathorn Heritage Residence Building C, the total area of 2,013.86 square meters compared to the outstanding principle of Baht 140 million

The opinion of the Independent Financial Advisor: Appropriate, it is to reduce the risk to the Company, and the property value is much higher than the debt. The appraisal values by the Independent Appraiser No.1 and No.2 are Baht 229.70 million and 236.82 million respectively.

- (5) Waiving some part of the penalty fee charged for the delay of payment for the amount of Baht 2.80 million

The opinion of the Independent Financial Advisor: Appropriate, the penalty fee that is waived is from the charge of the delay of the payment by 1 day from the late consideration of loans from financial institutions, and that made JC not to be able to transfer and bring money to pay off some part of the principle within 29 December 2015. The waiver of such penalty fee charged is acceptable, because it was the delay by only 1 day, and in general practice, this exception is normal.

- (6) Mr. Apichai Taechaubol is the guarantor of this memorandum of agreement

The opinion of the Independent Financial Advisor: Appropriate, it is a way to reduce the risk to the Company. CROWN has a right to take a legal action to enforce Mr. Apichai Taechaubol to repay the debt as a guarantor. In addition to the enforcement of the mortgage of condominium

## The opinion of the independent Financial Advisor Regarding Connected Transaction

units and the prosecution against JC to repay the debt, currently Mr. Apichai Taechaubol is the Chief Executive Officer of the Company and holds approximately 306 million ordinary shares of the Company.

- (7) In case that JC sells the condominium units, which are collaterals, JC will use the cash received from the sale at least 85% of the sale value, or not less than Baht 105,000 per square meter, whichever price is higher, to pay back to CROWN

The opinion of the Independent Financial Advisor: Appropriate, the sale value corresponds to the current value of liabilities of Baht 140 million + interest, equal to Baht 149.55 million, while the total area of collateral units equals 2,013.86 square meters; therefore, the average price is Baht 74,261 per square meter, which is lower than the price per square meter that JC will repay to the Company to free the mortgage, and will also encourage JC to sell the condominium units to repay the debt. CROWN will receive money every time when there is a sale of condominium units on the ownership transfer date.

Unit: Baht per square meter

Selling Price	Repay CROWN	JC Receives
Lower than or equal 105,000	105,000	-
Above 105,000	105,000 + 85% of the excess of 105,000 until the repayment completed	15% of the excess of 105,000

Unit: Million Baht

Selling Price (Baht/Sqm.) In Case of Selling the Entire Units	Repay CROWN from Selling Collaterals	JC Receives Money (Pay More) from Selling Collaterals
60,000	120,831,600	(28,720,141)
70,000	140,970,200	(8,581,541)
80,000	149,551,741	11,557,059
90,000	149,551,741	31,695,659
100,000	149,551,741	51,834,259
105,000	149,551,741	61,903,559

The opinion of the independent Financial Advisor Regarding Connected Transaction

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Selling Price (Baht/Sqm.) In Case of Selling the Entire Units	Repay CROWN from Selling Collaterals	JC Receives Money (Pay More) from Selling Collaterals
110,000	149,551,741	71,972,859
115,000	149,551,741	82,042,159
120,000	149,551,741	92,111,459
145,000	149,551,741	142,457,959

## 5. Summary of the Opinion of the Independent Financial Advisor

As the meeting of the Board of Directors of the Company resolved to approve Crown Development Company Limited, which is the Company's subsidiary, to extend the repayment period of deposit of the land from JC Kevin Development Company Limited for the remaining amount of Baht 180 million for another 1 year, the repayment date will be extended from 29 December 2015 to be ended on 29 December 2016. The interest rate will be charged at 7.25% per year, along with an additional collateral, but the Company has to waive the penalty fee for the amount of Baht 2.80 million. Such transaction is considered as a connected transaction with the transaction size equal to 10.91% of net tangible assets of the Company, and that the Company is required to ask for an approval from the shareholders to entering into the transaction.

The Independent financial advisor concludes that this transaction is reasonable and appropriate; because to extend the repayment period will give the Company a chance to receive cash back sooner than a foreclosure or an asset appraisal to settle the debt. The Independent Financial Advisor also compares the finance costs of the Company, the finance costs of JC with the interest rate that the Company will charge JC, and finds that the interest rate charged at 7.25% per year (6.63% per year after deducting related expenses) is higher than the loan rate the Company pays at 5.89%, and also higher than the loan rate JC pays at 6.53% per year. Not only that if entering into the transaction, the Company will be beneficial from (1) Gaining the interest rate margin (2) Having a chance to get a refund faster than a foreclosure lawsuit or an asset appraisal to settle the debt. However, the disadvantages of the transaction are (1) Having a possibility that the repayment period will be extended in the future (2) Waiving some part of the penalty fee charged for the delay of payment. Although, entering into the transaction may reduce the risk of the Company, but risk of getting a refund of deposit of land still exists. If the plan to sell the condominium units, which are JC's collaterals, is unsuccessful, or JC is not able to seek for other source of fund to repay the debt, such as a fund from additional working capital, a loan from a financial institution, cash from selling condominium units that are not collaterals, etc., the prosecution to ask for repayment from JC will require a relatively long time, about 3 - 5 years.

When considering together with the advantages, the disadvantages, and other relevant factors, the Independent Financial Advisor opines that the shareholders should approve of entering into such connected transaction.

## The opinion of the independent Financial Advisor Regarding Connected Transaction

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However, the decision for the current vote depends on the judgment of the shareholders of the Company. The shareholders are encouraged to study the information in the documents that are attached with the invitation letter to the General Shareholders' Meeting for the year of 2016 in order to make an appropriate decision.

Yours sincerely,

Capital Link Advisory Limited

- Mr. Kriangkrai Siravanichkan -

- Mr.Dhitiwat Supanpong -

Company's seal

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(Mr. Kriangkrai Siravanichkan)

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(Mr.Dhitiwat Supanpong)

Authorized Director

Operational Controller