

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

2 April 2015

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- Translation -

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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. 2/2015, held on 23 February 2015, resolved to approve VSSL Enterprise Company Limited which is the Company subsidiary to extend repayment period of deposit of the land amounting to 320 Million Baht, which JC Kevin Development Company Limited shall pay by 1 year. The repayment date will be extended from 29 December 2015 to on 29 December 2016, interest is charged at 7.00 percent per annum and required securities as collateral.

The transaction also constituted a connected transaction under the Notification of Capital Market Supervisory Board Tor Jor. 20/2551 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 Companies Concerning the Connected Transaction, 2003. The size of the transaction is equal to 16.62 percent of net tangible assets of the Company as of 31 December 2014. In order to enter into such transaction must receive approval to enter to the transaction from the Shareholders' meeting at least three-fourths of the total votes of shareholders attending the meeting and having voting right, excluding interested shareholders and the Company must provide independent financial advisor to propose the opinion of entering into said transaction to the shareholders of the Company for approval.

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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, year 2013 - 2014
3. Minutes of the meeting 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 completed and correct in relation to the truth and has no event that will significantly affect to 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 in this time, the Independent Financial Advisor has considered the rationale of the transaction and appropriateness of the purchasing price along with the relevant factors so that the shareholders could decide "approve" or "disapprove" on such transaction, which could be summarized as follows:

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## 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
VSSL	VSSL Enterprise Company Limited
TISCOM	Total Industrial Services Company Limited
SG	SG Land Company 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

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## Executive Summary

As the meeting of the Board of Directors of Thai Factory Development Public Company Limited No. 2/2015, held on 23 February 2015, resolved to approve VSSL Enterprise Company Limited which is the Company subsidiary to extend repayment period of deposit of the land from JC Kevin Development Company Limited amounting to 320 Million Baht for another period of 1 year from 29 December 2015 to on 29 December 2016, interest is charged at 7.00 percent per annum and required securities as collateral.

Such transaction is considered as connected transaction due to Taechaubol Family is managements and major shareholders of both the Company and JC Kevin Development Company Limited. The calculated transaction size is equal to 16.62 percent 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 approval from the Company's Board of directors and arrange a meeting of shareholders to approve the transaction by appoint independent financial advisor to prepare the opinion of the transaction to propose to the shareholders.

Capital Link Advisory Limited as independent financial advisor considered on the objectives, the necessity and compensation, which the Company will be receive from JC including other related conditions. Independent financial advisor concluded that this transaction is appropriate, because it is necessary to reduce the risks of getting a refund of deposit of the land and interest rate is appropriate with beneficial results such as (1) receive property as collateral (2) receive interest margin (3) Do not require to set allowance for doubtful accounts. However, the disadvantage of the transaction is that there is a chance of repayment period will be extend in the future. Although, entering into the transaction may reduce the risk of the Company, but risk of getting a refund of deposit of land is still exist. If the plan to establish Real Estate Investment Trust or sale of condominium units is unsuccessful, 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, IFA recommends the shareholders to consider other factors, which might affect to the decision making such as terms of the transaction, advantages and disadvantages of the transaction and compare between enter and not enter into the transaction. In considering on approval or disapproval on such transactions in this time, the shareholders could consider the rationale and the opinions, of which the Independent Financial Advisor has written in this report.

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Nevertheless, the shareholders could decide “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 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 90 Million Baht  |
| 1994 | The Company became a Public Company and increased registered capital to 320 Million Baht  |
| 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) at 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	100.00%	Develop standard factory and warehouse for sale and rent
2. VSSL Enterprise Company Limited	100.00%	Develop Condominium for sale
3. Barnsley Warehouses Limited (in direct subsidiary, the shares holds through TISCOM)	100.00%	Develop standard factory and warehouse for sale in England
4. SG Land Company Limited	49.91%	Develop office building for rent

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

(1) Industrial Estate – Operated by the Company

In 2007, the Company was established TFD Industrial Estate at Bang Pakong District, Chachoengsao Province by signed 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 divided 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 percent.
- Phase 2 –The project has connected area with Phase 1. The project is under land development, landscaping and infrastructure design together with preparation of Environmental impact assessment report. Currently, the Company has vacant land in Phase 2 approximately 1,161.16 rai.

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

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

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

In the past, company was engaged in property for housing projects and there were 2 completed projects which are Lake Green and 59 Heritage. There are 3 under construction projects which are 15 Sukhumvit Residences, The Colonial Kao Tao Huahin and Mahadlek Residences.

(4) Offices for rent – Operated by SG

The Company has a joint venture with Schubert Holdings Ple., Ltd (Singaporean company) by holding 49.91 percent in SG to invest in leasehold right of land and building of SG Tower 1 and Sub leasehold right of land and building of The Millennia Tower.

(5) Property management – Operated by the Company

The Company was appointed to be the management of 2 Property Funds which are TIF1 and M-II, including 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 at the par value of Baht 1. The list of top 10 shareholders of the Company as of 10 March 2015 (recent data), which is the book closing date of the Company are consist of:

No.	Name	Number of shares	Shareholding
1.	Taechaubol Family	551,770,734	42.99%
	Mr. Apichai Taechaubol	268,038,875	20.88%
	Mrs. Chalida Taechaubol	194,199,772	15.13%
	Mr. Kritawat Taechaubol	43,995,000	3.43%

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No.	Name	Number of shares	Shareholding
	Mr. Chotiwit Taechaubol	40,529,959	3.16%
	Mr. Akrawin Taechaubol	5,000,000	0.39%
	JC Asset Company Limited	7,128	0.00%
2.	Kovitjindachai Family	46,668,000	3.64%
	Mr. Chairat Kovitjindachai	33,120,000	2.58%
	Mr. Santi Kovitjindachai	10,187,000	0.79%
	Mrs. Patcharee Kovitjindachai	1,998,000	0.16%
	Mr. Chaiyo Kovitjindachai	1,140,000	0.09%
	Mr. Chawai Kovitjindachai	153,000	0.01%
	Ms. Worrarat Kovitjindachai	70,000	0.01%
3.	Viriyamettakul Family	28,130,000	2.19%
	Mr. Pisuth Viriyamettakul	20,000,000	1.56%
	Mr. Chaisith Viriyamettakul	8,000,000	0.62%
	Ms. Pimpa Viriyamettakul	130,000	0.01%
4.	Satavoramane Family	14,067,400	1.10%
	Mr. Mitpan Satavoramane	14,032,400	1.09%
	Ms. Pimpa Satavoramane	35,000	0.01%
5.	Samitanon Family	13,404,100	1.04%
	Ms. Kantakorn Samitanon	11,704,100	0.91%
	Ms. Khingkarn Samitanon	1,700,000	0.13%
6.	Ms. Pensri Rattanasuntrakul	11,900,000	0.93%
7.	Thai NVDR Company Limited	11,846,566	0.92%
8.	Mrs. Kunthong Udommahuntisuk	11,400,200	0.89%
9.	Ms. Natcha Kitjariyapoom	11,250,000	0.88%
10.	Santimethanidol Family	9,700,000	0.76%
	Mrs. Suphawan Santimethanidol	9,544,000	0.74%
	Mr. Teerapat Santimethanidol	100,000	0.01%

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No.	Name	Number of shares	Shareholding
	Ms. Tanawan Santimethanidol	56,000	0.01%
Total number of share of top 10 shareholders		710,137,000	55.33%
	Other Shareholders	573,364,405	44.67%
Total shares		1,283,501,405	100.00%

### 1.4 Board of Directors

As at 16 March 2015 (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	President
3.	Mr. Gumpol Tiyarat	Managing Director
4.	Mr. Anukul Ubonnuch	Director
5.	Mr. Banyong Wisedmongkolchai	Director
6.	Mr. Kritawat Taechaubol	Director
7.	Mr. Pisuth Viriyamettakul	Director
8.	Mr. Prasong Vara-ratanakul	Independent director and Audit committee chairman
9.	Mr. Nan Kitjalaksana	Independent director and Audit committee member
10.	Mr. Sommart Sangkhasap	Independent director and Audit committee member

### 1.5 Management of the Company

As at 16 March 2015 (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

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No.	Name	Position
		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			
	As of 31 December		
	2012	2013	2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	403.90	1,268.66	157.88
Short-term investment and trading	-	-	111.42
Trade and other receivables	19.21	20.44	30.51
Project development costs	4,120.33	4,824.25	5,202.86
Other current assets	303.43	492.47	440.70
<b>Total current assets</b>	<b>4,846.86</b>	<b>6,605.83</b>	<b>5,943.37</b>
<b>Non-current assets</b>			
Restricted bank deposits	26.93	13.21	64.05
Investments in available-for-sales securities	160.50	243.00	225.00
Leasehold rights	502.26	440.98	401.11
Investment properties	365.01	232.19	535.95
Other non-current assets	75.90	147.79	239.83
<b>Total non-current assets</b>	<b>1,130.59</b>	<b>1,077.18</b>	<b>1,465.93</b>
<b>Total assets</b>	<b>5,977.45</b>	<b>7,683.00</b>	<b>7,409.30</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			

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Statements of financial position			
	As of 31 December		
	2012	2013	2014
Short-term loans from financial institutions	504.01	2,560.20	1,548.00
Trade and other payables	968.01	585.50	331.77
Debentures	-	1,344.55	-
Current portion of long-term loans from financial institutions due within 1 year	1,209.92	894.22	521.04
Other current liabilities	280.64	121.82	21.65
<b>Total current liabilities</b>	<b>2,962.57</b>	<b>5,506.28</b>	<b>2,422.46</b>
<b>Non-current liabilities</b>			
Debenture, net of current portion	-	-	1,687.45
Long-term loans from financial institutions, net of current portion due within 1 year	525.05	155.00	739.40
Long-term loans from related party	334.67	300.04	312.72
Other non-current liabilities	145.55	93.59	78.23
<b>Total non-current liabilities</b>	<b>1,005.28</b>	<b>548.62</b>	<b>2,817.81</b>
<b>Total liabilities</b>	<b>3,967.85</b>	<b>6,054.91</b>	<b>5,240.27</b>
<b>Shareholders' equity</b>			
Share capital			
Registered Capital			
Ordinary share 902.88 million shares par value of Baht 1 per share	902.88	-	-
Ordinary share 1,264.03 million shares par value of Baht 1 per share	-	1,264.03	-
Ordinary share 1,914.91 million shares par value of Baht 1 per share	-	-	1,914.91
Issued and fully paid up			
Ordinary share 789.53 million shares par value of Baht 1 per share	789.53	-	-
Ordinary share 1,083.50 million shares par value of Baht 1 per share	-	1,083.50	-
Ordinary share 1,283.50 million shares par value of Baht 1 per share	-	-	1,283.50

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

Statements of financial position			
	As of 31 December		
	2012	2013	2014
Share premium	147.20	147.78	955.10
Retained earnings			
Appropriated - statutory reserve	32.12	50.66	50.66
Unappropriated	559.17	421.12	(40.85)
Other components of shareholders' equity	481.58	(74.96)	(79.38)
<b>Total shareholders' equity</b>	<b>2,009.60</b>	<b>1,628.10</b>	<b>2,169.03</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,977.45</b>	<b>7,683.00</b>	<b>7,409.30</b>

Unit: Million Baht

Statements of comprehensive income			
	For the year ended		
	2012	2013	2014
Revenue from sales	458.14	500.36	1,151.35
Revenue from rental and services	310.72	248.13	233.60
Cost of sales	241.98	276.43	878.14
Cost of rental and services	157.99	148.91	152.14
<b>Gross profit</b>	<b>368.89</b>	<b>323.15</b>	<b>354.66</b>
Gain from sale of investment properties	554.89	134.33	-
Dividend income	-	7.82	16.06
Interest income	-	13.49	30.97
Other income	36.83	41.29	33.15
<b>Profit before expenses</b>	<b>960.61</b>	<b>520.08</b>	<b>434.85</b>
Selling expenses	81.76	52.76	65.26
Administrative expenses	136.12	158.15	252.25
Other expenses	-	-	26.24
<b>Profit (loss) before finance cost and income tax</b>	<b>742.73</b>	<b>309.16</b>	<b>91.09</b>

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Statements of comprehensive income			
	For the year ended		
	2012	2013	2014
expenses			
Finance cost	85.52	113.14	305.06
Profit (loss) before income tax expenses	657.21	196.03	(213.96)
Income tax expenses	154.21	42.17	(56.15)
Profit (loss) for the year	503.00	153.86	(157.82)
Total comprehensive income for the year	511.40	159.86	(173.84)
Basic earnings per share (Baht)	0.5398	0.1275	(0.1529)
Diluted earnings per share	0.5091	0.1206	(0.1470)

Unit: Million Baht

Cash flow statement			
	For the year ended		
	2012	2013	2014
Net cash from (used) in operating activities	(925.61)	(1,562.24)	(792.78)
Net cash from (used) in Investing activities	738.46	(56.38)	(483.15)
Net cash from (used) in Financing activities	557.81	2,483.38	165.14
Net increase (decrease) in cash and cash equivalents	370.66	864.77	(1,110.79)
Cash and cash equivalents at beginning of the years	33.24	403.90	1,268.66
Cash and cash equivalents at end of the years	403.90	1,268.66	157.88

## 1.6.2 Financial Ratios

Financial Ratios	As of 31 December		
	2012	2013	2014
<i>Liquidity ratio</i>			
Current ratio (times)	1.64	1.20	2.45
Quick ratio (times)	0.14	0.23	0.12
Account Receivable Turnover (times)	41.43	37.75	54.36



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Financial Ratios	As of 31 December		
	2012	2013	2014
Average Collection Period (days)	8.69	9.54	6.62
Inventory Turnover (times)	0.12	0.10	0.21
Average Selling Period (days)	2,979.34	3,785.26	1,751.83
Account Payable Turnover Ratio (times)	0.58	0.55	2.25
Repayment period (days)	618.80	657.43	160.26
Cash Cycle (days)	2,369.23	3,137.37	1,598.20
<i>Profitability ratio</i>			
Gross profit margin (%)	47.98%	43.17%	25.16%
Operating margin (%)	19.65%	15.00%	0.79%
Other profit margin (%)	43.49%	20.83%	5.47%
Net profit margin (%)	37.60%	16.01%	(11.55%)
Return on equity (%)	31.68%	8.78%	(9.42%)
<i>Efficiency ratio</i>			
Return on total assets (%)	9.82%	2.25%	(2.09%)
Return on fixed assets (%)	54.06%	28.60%	(17.92%)
Asset Turnover ratio (times)	0.27	0.14	0.19
<i>Financial policy ratio</i>			
Debt to Equity Ratio (times)	1.97	3.72	2.42
Dividend Payout Ratio (%)	82.27%	78.93%	0.00%

## 1.6.3 Summary of financial position and result of operation of 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 is worth 5,977.45 Million Baht, 7,683.01 Million Baht and 7,409.30 Million Baht in 2012- 2014 respectively, which was increased by 1,705.56 Million Baht or equal

to 28.53 percent in 2013 and decreased by 273.71 Million Baht or equal to 3.56 percent in 2014. The Company assets in 2013 was increased due to increase in cash from the sale of assets to the Fund and increase of project development cost, because the Company bought land to develop TFD Industrial Estate Phase 2 and deposit for purchase of land from related companies for the year 2014. For the year 2014, total assets decreased due to the Company used cash for business operation.

The return on assets amounted to 9.82 percent, 2.25 percent and (2.09) percent in the year 2012 – 2014 respectively. The decreased of return on assets in 2013 was due to the drop of profit from selling investment properties, while total assets increased from the cash receive from the sale of assets to the Fund at the end of the period and rise property development costs. For the year 2014, the return on assets decreased from a loss from operations.

(1) Trade and other receivables

Trade and other receivables of the Company amounted to 19.21 Million Baht, 20.44 Million Baht and 30.51 Million Baht in the year 2012 – 2014 respectively with 1.23 Million Baht or 6.40 percent increase in 2013 and 10.07 Million Baht or 49.27 percent increase in 2014. Changes in trade and other receivables was a result of the change in the income of the company and subsidiaries.

(2) Project development costs

Project development cost of the Company amounted to 4,120.33 Million Baht, 4,824.25 Million Baht and 5,202.86 Million Baht in the year 2012 – 2014 respectively, was increased by 703.92 Million Baht or 17.08 percent in 2013 and increased by 378.61 Million Baht or 7.85 percent in 2014. The increase of project development costs of the Company was due to the investment in land, project development, warehouse and factory construction of TISCOM was increased.

(3) Deposit paid for purchase of land

Deposit paid for purchase of land of the Company amounted to 29.71 Million Baht, 54.64 Million Baht and 46.50 Million Baht in the year 2012 – 2014 respectively, was increased by 24.93 Million Baht or 83.91 percent in 2013 and decreased by 8.14 Million Baht or 14.90 percent in 2014. The Deposit paid for purchase of land increased in 2013 was due to the Company invested in land in order to expand the

TFD Industrial Estate phase 2, while in the year 2014 the value was decreased due to the Company has got some part of land ownership.

(4) Investment in available for sales securities

Investment in available for sales securities of the Company group amounted to 160.50 Million Baht, 243.00 Million Baht and 225.00 Million Baht in the year 2012 – 2014 respectively, was increased by 82.50 Million Baht or 51.40 percent in 2013 and decreased by 18 Million Baht or 7.41 percent in 2014. The Company and subsidiaries (TISCOM) in 2012 had bought investment unit in M-II of 15.00 million units at a par value of Baht 10, represented a total of 150.00 Million Baht. The Company also invested in property fund M-II by 7.50 million units, represented a total of 75.00 Million Baht.

(5) Leasehold rights

The Company leasehold rights consist of leasehold right for land and leasehold right for factory building amounted to 502.26 Million Baht, 440.98 Million Baht and 401.11 Million Baht in the year 2012 – 2014 respectively, was decreased by 61.28 Million Baht or 12.20 percent in 2013 and decreased by 39.87 Million Baht or 9.04 percent in 2014 as the result from selling the leasehold rights to the Property Fund.

(6) Investment properties

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

Investment properties of the Company amounted to 365.01 Million Baht, 232.19 Million Baht and 535.95 Million Baht in the year 2012 – 2014 respectively, was decrease by 132.82 Million Baht or 36.39 percent in 2013 due to sell the assets to property fund. For the year 2014, investment property was increased by 303.76 Million Baht or 130.82 percent due to TISCOM had invested in warehouse for rent in England.

(7) Trade receivables

Trade receivables of the Company consisted 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 in the year 2012 – 2014 are as follows:

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Aged	2012	2013	2014
Not due	2.11	1.93	1.76
Overdue within 3 months	6.61	9.73	4.17
Overdue within 3 - 6 months	5.29	1.66	1.53
Overdue within 6 - 12 months	2.41	0.06	5.99
Overdue more than 12 months	5.28	6.53	5.31
Total	21.70	19.90	18.76
<u>Less</u> Allowance for doubtful debts	(3.84)	(3.84)	(5.71)
Trade accounts receivable, net	17.86	16.06	13.05

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

### Liabilities

Liabilities of the Company consisted of the short-term loan from the financial institutions and long-term loan from the financial institutions

Total liabilities of the Company amounted to 3,967.85 Million Baht, 6,054.90 Million Baht and 5,240 Million Baht in the year 2012 – 2014 respectively, was increased by 2,087.05 Million Baht or 52.60 percent in 2013 due to issue bills of exchange and debentures increase during the period. For the year 2014, total liabilities decreased by 814.63 Million Baht or 13.45 percent as the result from repayment of debentures.

#### (1) Short-term loans from financial institutions

Short-term loans from financial institutions of the Company at the end of the year 2014 were bills of exchange without collateral. However the Company guarantees for the issuance and sale of short-term debt securities, bill of exchange to subsidiaries with interest rate equal to MLR – 1% and 4.90% to 5.50%

The short-term loans from financial institution of the Company amounted to 504.01 Million Baht, 2,560.20 Million Baht and 1,548.00 Million Baht in the year 2012 – 2014 respectively, was increased by

2,056.19 Million Baht or 407.97 percent in 2013 and decreased by 1,012.20 Million Baht or 39.54 percent in 2014.

(2) Trade and other payables

Account payables of the Company consisted of trade payables, construction payable and land payable. The other payables of the Company consisted of cash receive in advance and retentions payable and accrued expenses and other.

Trade and other payables of the Company amounted to 968.01 Million Baht, 585.50 Million Baht and 331.77 Million Baht in the year 2012 – 2014 respectively, was decreased by 382.51 Million Baht or 39.52 percent in 2013 and 253.73 Million Baht or 43.34 percent in 2014 due to the Company recognized the cash received in advance from the sale of condominium units.

(3) Debenture

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 debenture not more than 3,500 Million Baht with term to maturity of not more than 5 years to institutional investors, private investors and public. On 3 July 2013, the Company issued and offered senior and unsecured debenture #1 of 500,000 units at a par value of Baht 1,000 each or a total value of 500 Million Baht. The redemption on 3 July 2014 and pay interest every 6 months at the rate of 5.30% per annum. On 22 November 2013, the Company issued and offered 850,000 unit of senior and unsecured debenture #2 with a par value of Baht 1,000 each or a total of 850 Million Baht. The debentures mature on 22 November 2014, bearing interest at a rate of 5.50% per annum that is paid in every 3 months.

(4) Long term loans from financial institutions

Long term loans from financial institutions amounted to 1,734.97 Million Baht, 1,049.22 Million Baht and 1,260.44 Million Baht in the year 2012 – 2014 respectively, was decreased by 685.75 Million Baht or 39.53 percent in 2013 and increased by 211.22 Million Baht or 20.13 percent in 2014. Long term loans from financial institutions decreased in 2013 due to the Company group had recapitalized by using capital received from issuance and sale of debentures to repay loans from financial institutions. For the

year 2014 the long term loans from financial institution increased due to TISCOM loans to use in the construction of warehouse at Thasa-an.

#### Shareholders' equity

Shareholders' equity amounted to 2,009.60 Million Baht, 1,628.10 Million Baht and 2,169.03 Million Baht in the year 2012 – 2014 respectively, was decreased by 381.50 Million Baht or 18.98 percent in 2013 and increased by 540.93 Million Baht or 33.22 percent in 2014. In the year 2013 shareholders' equity decreased because in that period the Company has paid out dividend of total 90.28 Million Baht and a difference between the equity from the business combination under common control and the net book value of VSSL in total 141.04 Million Baht, such difference is classified as "Surplus on business combination under common control" and separately presented under other components of equity in the shareholders' equity. For the year 2014, shareholders' equity increased due to issuance of shares during November 2014, the Company allocated the new ordinary shares to private placement totaled 200 million shares.

## Operating result analysis

### Revenue

#### (1) Total revenue

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

Total revenues	2012	2013	2014
Revenue from sale of land and factory building	327.71	460.00	-
Revenue from sale of condominium units	130.43	40.36	1,151.35
Revenue from rental and services	310.72	248.13	233.60
Gain from sale of investment properties	554.89	134.33	-
Dividend income	-	7.82	16.06
Other income	36.83	54.78	64.12
Total	1,360.58	945.42	1,465.13

Total revenue of the Company amounted to 1,360.58 Million Baht, 945.42 Million Baht and 1,465.13 Million Baht during the year 2012 – 2014 respectively, was decreased by 30.51 percent in 2013 and increased by 54.97 percent in 2014 because the sale of condominium units increased.

#### (2) Revenue from sale of land and factory building

Revenue from sale of land and factory building	2012	2013	2014
Revenue from sale of vacant land	327.71	-	-
Revenue from sale of land and factory building	-	460.00	-
Total	327.71	460.00	-

Revenue from sale of land and factory building amounted to 327.71 Million Baht and 460.00 Million Baht in 2012 and 2013 respectively, was increased by 40.37 percent in 2013 as a result from selling the land and factory building to the Property Fund M-II in the 4<sup>th</sup> quarter. For the year 2014 the Company did not have revenue from sale of land and factory building, because the land is being authorized as an industrial area (purple area) and factory building is still under construction.

(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 3 Condominium Projects in hand: The 15 Sukhumvit Residences, The Colonial Khao Tao Hua Hin and The Mahadlek Residences

Revenue from sale of condominium units	2012	2013	2014
59 Heritage Condominium Project	130.43	-	-
15 Sukhumvit Residences Project	-	40.36	1,151.35
Total	130.43	40.36	1,151.35

Revenue from sale of condominium units amounted to 130.43 Million Baht, 40.36 Million Baht and 1,151.35 Million Baht in 2012 – 2014 respectively, was decreased by 69.06 percent in 2013 and increased by 2,752.70 percent in 2014. The decrease was due to the transfer of ownerships of 59 Heritage Condominium to buyers was completed in 2012 and VSSL completed the 15 Sukhumvit Residences Project at the end of 2013 as the result not many ownerships were transferred. The revenue in 2014 was increased due to the transfer of the ownership of 15 Sukhumvit Residences Project was transferred throughout the year.

For the Colonial Khao Tao Hua Hin project, the Company was 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 Administrative Court. On 27 March 2014 Supreme Administrative Court ordered the cancellation of the suspension order from the Central Administrative Court. 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 a building permit.

(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	2012	2013	2014
Rental revenue from factory	38.92	9.24	14.90
Rental revenue from warehouse	74.03	38.97	29.80
Rental revenue from office building	197.78	199.93	188.90
Total	310.72	248.13	233.60

Revenue from rental and services amounted to 310.72 Million Baht, 248.13 Million Baht and 233.60 Million Baht in the year 2012 – 2014 respectively, was decreased by 20.14 percent in 2013 and decreased by 5.86 in 2014. The revenue decreased in 2013 was due to the Company and TISCOM sold factory building and warehouse for rent to the Property Fund M-II.

(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	2012	2013	2014
Gain on sale of real estate to TIF 1	28.97	-	-
Gain on sale of real estate to M-II	525.92	134.33	-
Total	554.89	134.33	-

Revenue from gain on sale of investment properties of the Company was 554.89 Million Baht and 134.33 Million Baht in the year 2012 - 2013, respectively. In 2012, the Company and TISCOM have sold the ready built factory and the land leasehold in the TFD Industrial Estate and other industrial estates to the TIF 1 and M-II in total of 1,044 Million Baht and have recognized the gain from these transactions of 554.89 Million Baht. In year 2013, TISCOM has also transferred leasehold of land and sold factory building to Property Fund for 290 Million Baht which TISCOM has recognized the profit gain of 134.33 Million Baht. For the year 2014, there was 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, management fee and other miscellaneous income.

Other revenue	2012	2013	2014
Dividends	-	7.82	16.06
Management Fee	8.58	10.98	10.10
Interest earned	0.63	13.49	30.97
Other	27.62	30.31	23.05
Total	36.83	62.60	80.18

Other Income amounted to 36.83 Million Baht, 62.60 Million Baht and 80.18 Million Baht in the year 2012 – 2014 respectively, was increased by 69.96 percent in 2013 and increased by 28.08 percent in 2014 due to dividends received from Property Fund

Cost and Expense(1) Total Cost

Total cost of the Company consists 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 cost	2012	2013	2014
Cost of land and factory building	164.68	244.23	-
Cost of condominium unit	77.30	32.20	878.14
Cost of rental and services	157.99	148.91	152.14
Selling expenses	81.76	52.76	65.26
Administrative expenses	136.12	158.15	252.25
Loss from exchange rate	-	-	26.24
Total	617.85	636.25	1,374.03

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

Total cost of the Company amounted to 617.85 Million Baht, 636.25 Million Baht and 1,374.03 Million Baht in the year 2012 – 2014 respectively, was increased by 2.98 percent in 2013 and increased by 115.96 percent in 2014

### (2) Cost of sales of land and factory building

Cost of sales	2012		2013		2014	
	Million Baht	Compare to revenue	Million Baht	Compare to revenue	Million Baht	Compare to revenue
Cost of sales of land	164.68	50.25%	-	n/a	-	n/a
Cost of sales of land and factory	-	n/a	244.23	53.09%	-	n/a
Total	164.68	50.25%	244.23	53.09%	-	n/a

Total cost of sales of land and factory building was 164.68 Million Baht and 244.23 Million Baht in the year 2012-2013 respectively. When comparing to revenue of each type, the percentage of cost of sales of land and factory building was 50.25 percent and 53.09 percent in the year 2012 – 2013 respectively, of which in year 2012 the percentage represented the cost of sales of vacant land whilst in the year 2013, the figure represented the cost of sales of land and factory building sold to the M-II in the last quarter. For the year 2014 there was no land and factory building sold, thus no cost for this part

### (3) Cost of sales of condominium

Cost of sales	2012		2013		2014	
	Million Baht	Compare to revenue	Million Baht	Compare to revenue	Million Baht	Compare to revenue
59 Heritage Condominium Project	77.30	59.27%	-	n/a	-	n/a
15 Sukhumvit Residences Project	-	n/a	32.20	79.80%	878.14	76.27%
Total	77.30	59.27%	32.20	79.80%	878.14	76.27%

The cost of sales of condominium of the Company amounted to 77.30 Million Baht, 32.20 Million Baht and 878.14 Million Baht in the year 2012 – 2014 respectively. The revenue and sales cost of condominium in 2012 was belong to 59 Heritage Condominium Project and for the year 2013 – 2014

was belong 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 2013 increased when compared to 2012 due to the cost of 15 Sukhumvit Residences Project higher than 59 Heritage Condominium Project. The cost of sales in the year 2014 was decreased from 2013 due to the selling price per square meter of the transferred ownership condominium units in the year 2014 higher than 2013.

(4) Cost of rental and services

Cost	2012		2013		2014	
	Million Baht	Compare to revenue	Million Baht	Compare to revenue	Million Baht	Compare to revenue
Cost of factory rental	12.61	32.40%	8.96	96.99%	11.63	78.06%
Cost of warehouse rental	22.80	30.80%	11.48	29.46%	9.91	33.26%
Cost of office building rental	122.58	61.98%	128.47	64.26%	130.60	69.14%
Total	157.99	50.85%	148.91	60.01%	152.14	65.13%

Cost of rental and services of the Company amounted to 157.99 Million Baht, 148.91 Million Baht and 152.14 Million Baht in the year 2012 – 2014 respectively. When considered on the cost of rental and service as percentage of revenue of each type, the cost of factory and warehouse rental decreased in the year 2013 and 2014 due to sell assets to the Property Fund. Cost of office building rental was increased because the Company renovated office building.

(5) Selling and Administrative Expenses

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

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Expenses	2012		2013		2014	
	Million Baht	Compare to revenue	Million Baht	Compare to revenue	Million Baht	Compare to revenue
Selling expenses	81.76	6.01%	52.76	5.58%	65.26	4.45%
Administrative expenses	136.12	10.00%	158.15	16.73%	252.25	17.22%
Total	217.88	16.01%	210.91	22.31%	317.51	21.67%

The selling expenses of the Company amounted to 81.76 Million Baht, 52.76 Million Baht and 65.26 Million Baht in the year 2012 – 2014 respectively, while percentage of total revenue is 6.01 percent, 5.58 percent and 4.45 percent respectively. The selling expenses in the year 2013 decreased from the year 2012 as a result of decrease transfer of ownerships of condominium units which caused less transfer expenses and specific business tax. However, even in 2014 there was increase in number of condominium units ownership transferred from 2013, but the selling expense as a percentage of total revenue decreased as a result from revenue from sales of condominium units increased in proportion which higher than the increase of selling expenses.

Administrative expenses of the Company amounted to 136.12 Million Baht, 158.15 Million Baht and 252.25 Million Baht in the year 2012 – 2014 respectively, while percentage of total revenue is 10.00 percent, 16.73 percent and 17.22 percent respectively. The administrative expenses for the year 2013 increased from higher financial advisor and legal advisor fees to support expanded business. The administrative expenses of the year 2014 increased from rental compensation and pay service of Property Fund M-II, office rental and unrealized losses on investment in trading securities and condominium corporate fee.

## (6) Financial costs

Financial costs of the Company consist of interests and fees etc. The Company financial cost amounted to 85.52 Million Baht, 113.14 Million Baht and 305.06 Million Baht respectively, was increased by 32.29 percent in 2013 due to the Company issued 1,350 Million Baht debentures and 1,403.70 Million Baht promissory notes. In the year 2014 financial cost was increased by 169.63 percent because the

Company issued 1,693.50 Million Baht debentures and VSSL recorded loan interests as expenses because the condominium was completed, thus the loan interest cannot record as part of project development cost anymore

#### Gross profit

The gross profit margin of the Company was 47.98 percent, 43.17 percent and 25.61 percent in the year 2012 – 2014 respectively. In the year 2014 the gross profit margin decreased since there was no income from the sale of land and factories. The gross profit margin of the Company can be divided into three main business segments as the following table.

Gross profit margin	2012	2013	2014
Sale of land and factory building	49.75%	46.91%	n/a
Sale of condominium units	40.73%	20.22%	23.73%
Rental and services	49.15%	39.99%	34.87%
Total	47.98%	43.17%	25.61%

From the table the gross profit margin of sale of land and factory building was 49.75 percent and 46.91 percent respectively. In the year 2012 was due to vacant land has relatively low cost of sales. The gross profit margin in 2013 was represented the sale of land and factory building to the M-II in the 4th quarter. For the year 2014 there was no sales of land and factory building.

The gross profit margin of sale of condominium units was 40.73 percent, 20.20 percent and 23.73 percent in the year 2012 – 2014 respectively. In 2012 the gross profit margin was from the sale of 59 Heritage's units. In 2013 the gross profit margin decreased because 15 Sukhumvit Residences project has high cost.

Gross profit margin of rental and services business was 49.15 percent, 39.99 percent and 34.87 percent in the year 2012 – 2014 respectively, which decreased in 2013 because most of the factories were already sold to the Property Fund.

1.7 Investment plan in 2015

Unit: Million Baht

Project name	Operate by	Source of fund		Total capital
		External loans	Company's capital	
TFD Industrial Estate	TFD	364.10	229.90	594.00
Mahadlek Residence	TFD	150.33	106.88	257.21
Thasa-an ready-made warehouse	TISCOM	530.00	417.06	947.06
Bang Sao Thong ready-made factory	TISCOM	420.00	228.94	648.94
Twin Tower Condominium	VSSL	231.00	467.48	698.48
Total		1,695.43	1,450.26	3,145.69

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

1.8 Information of VSSL Enterprise 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 16 March 2015 (most updated) consists of

No.	Name	Position
1	Mr. Sunthorn Sathirathai	Director
2	Mr. Apichai Taechaubol	Authorized Director
3	Mr. Gumpol Tiyyarat	Authorized Director
4	Mr. Anukul Ubolnuch	Authorized Director

## 1.8.2 Financial statement

Unit: Million Baht

Statements of financial position		
	As of 31 December	
	2013	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	28.69	30.60
Trade and other receivables	1.10	2.65
Short-term loans and interest receivable from related parties	-	320.15
Project development costs	2,620.22	1,772.97
Deposit for purchase of land – related parties	300.00	-
Other current assets	17.77	10.14
<b>Total current assets</b>	<b>2,967.79</b>	<b>2,136.51</b>
<b>Non-current assets</b>		
Restricted bank deposits	1.76	2.35
Equipment	0.09	0.42
Other non-current assets	2.16	9.28
<b>Total non-current assets</b>	<b>4.01</b>	<b>12.06</b>
<b>Total assets</b>	<b>2,971.80</b>	<b>2,148.56</b>



Statements of financial position		
	As of 31 December	
	2013	2014
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Short-term loans from financial institutions	320.00	170.00
Trade and other payables	467.45	158.67
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	1,391.11
Other current liabilities	1.25	0.30
<b>Total current liabilities</b>	<b>2,635.76</b>	<b>1,722.08</b>
<b>Non-current liabilities</b>		
Deposits for rent	1.18	-
Long-term provisions	-	0.00
<b>Total non-current liabilities</b>	<b>2,636.94</b>	<b>1,722.09</b>
<b>Total liabilities</b>		
<b>Shareholders' equity</b>		
Share capital		
Registered capital		
Ordinary share 7,010,000 shares par value of Baht 100 per share	701.00	701.00
Issued and fully paid up		
Ordinary share 7,010,000 shares par value of Baht 100 per share	701.00	701.00
Profit (loss), accumulated	(366.14)	(274.52)
<b>Total shareholders' equity</b>	<b>334.86</b>	<b>426.48</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,971.80</b>	<b>2,148.56</b>

Unit: Million Baht

Statements of comprehensive income		
	For the year ended	
	2013	2014
Revenues		
Revenue from sales of condominium	40.36	1,151.35
Revenue from rental and services	1.54	3.82
Other revenues	3.70	27.68
<b>Total revenues</b>	<b>45.60</b>	<b>1,182.85</b>
Costs		
Cost of sales of condominium	32.20	878.14
Cost of rental and services	1.88	1.80
Selling expenses	19.33	63.30
Administrative expenses	5.84	23.38
<b>Total costs</b>	<b>59.26</b>	<b>966.62</b>
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>(13.66)</b>	<b>216.22</b>
Finance cost	1.96	113.48
<b>Profit (loss) before income tax expenses</b>	<b>(15.62)</b>	<b>102.74</b>
Income tax expenses	-	11.13
<b>Profit (loss) for the year</b>	<b>(15.62)</b>	<b>91.61</b>

## 2. Details of the transaction

### 2.1 Sequences of events

#### 2.1.1 25 December 2013

VSSL (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 pay on the agreement signing date, the second deposit amounting to Baht 20,000,000 pay on 30 January 2014, the third deposit amounting to Baht 180,000,000 pay within 31 March 2014 and the remaining amount Baht 300,000,000 pay 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:

- (1) Terminated texts in 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 have rights over the land, whatsoever”.

#### 2.1.3 3 March 2014

As the financial advisor noticed that such transaction is considered as connected transaction and required the approval from the meeting of shareholder before process the transaction. The approval request to buy the land from the meeting of shareholders of TFD may affect the issuance and sale of the share to the public to be delayed from the original schedule which TFD planned and affect the funding that is significant to TFD more.

The meeting of TFD's Board of Directors resolved to approve VSSL to cancel the purchase of such land and send notice to JC to repay the whole amount of deposit to VSSL. However, SEC recommended to ensure the transparency and operate according to the good corporate

governance principle, TFD should propose the meeting of shareholders to participate in the approval on the transaction because the approval or cancelation of the above transaction is considered as connected transaction.

#### 2.1.4 30 July 2014

The meeting of the Board of Directors No. 14/2014, resolved to propose the extraordinary general meeting of shareholder No. 2/2014, held on 30 September to approve VSSL to buy such land from JC at the amount of 755 Million Baht.

#### 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 approve VSSL to buy the land.
- (3) If TFD's meeting of shareholders disapprove 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 VSSL until the date that VSSL got the deposit back from JC within 90 days from the date of the TFD's shareholders meeting disapproved 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 City Planning Law of Nakorn Ratchasima announced before related government agencies allow VSSL to allocate the land and VSSL unable to allocate the land for sell, JC agreed to buy back the land at the price VSSL paid or the average price of 2 new appraisal reports provide by appraiser who approved by SEC, whichever 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 shall pay the deposit of 320 million baht with interest at the rate of 5.50% per annum back to VSSL which calculated from the day JC received deposit from VSSL until the day VSSL receive the deposit back from JC, the repayment must be complete within 90 days from the date of the Shareholders' Meeting disapproved the transaction. The repayment date is on 29 December 2014, which Mr. Apichai Taechaubol will be guarantor to repay the deposit and interest to JC

#### 2.1.8 29 December 2014

At the payment due date which JC need to repay VSSL, JC paid interests amounted to Baht 17,684,383.56 to VSSL, 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, VSSL have rights to demand the guarantor and JC to repay the debt immediately.

Since the debt default until the date of the report announced, JC have not repaid any additional principles or interests to VSSL. However, the interest rate since 29 December 2014 onward will be charged at 7.00 percent, after the meeting of the Company's shareholders approves the transaction.

#### 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 JC have to VSSL for 1 more year, ended on 29 December 2015

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

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- (2) If the payment due on 29 December 2015 and JC unable to repay the deposit, JC have to pay the penalty rate at 2.00 percent of the outstanding deposit to VSSL within 30 days of the payment due date.
- (3) JC will pay the interest at 7.00 percent per year to VSSL every month.
- (4) Mortgage condominium 30 units of Sathorn Heritage Residence 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 approve 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 sales condominium unit which is collateral, JC will use the cash received from the sale to pay back to VSSL not less than 85 percent of the sale price or not less than Baht 105,000 per square meters which ever price is higher.
- (8) This memorandum will be effective only if the Board of Director and meeting of the shareholders' of the Company approve.

However, such transaction is considered as connected transaction, which required approval from the meeting of TFD's shareholders prior enters into the transaction.

### 2.2 Type and size of connected transaction

- |                                      |   |
|--------------------------------------|---|
| - Type of transaction                | Providing financial assistance  |
| - Nature of transaction              | VSSL asks for approval to extend the repayment period of deposit for land purchase to JC amounted to Baht 320,000,000 for 1 more year, from the date of 29 December 2014 to 29 December 2015. |
| - Date of the transaction            | After the Company approved by the meeting of shareholders   |
| - Financial supporter                | VSSL Enterprise Company Limited, the Company subsidiary   |
| - Recipients of financial assistance | JC Kevin Development Company Limited, the related company   |
| - Size of connected transaction      | 16.62 percent of net tangible assets.   |

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

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### 2.3 Details of the connected person who not entitled to vote

Name list of shareholders of the Company with being the connected persons and the conflict of interest which are not entitled to vote at the meeting to approve this transaction consists as following

Name of the connected person	Position in the Company	Number of shareholding	Percentage of shareholding
1. Mr. Apichai Taechaubol	Authorized to sign director	268,038,875	20.88%
2. Mrs. Chaldea Taechaubol <sup>1</sup>	-	194,199,772	15.13%
3. Mr. Krittawat Taechaubol <sup>2</sup>	-	43,995,000	3.43%
4. Mr. Chotiwit Taechaubol <sup>2</sup>	-	40,529,959	3.16%
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>551,770,734</b>	<b>42.99%</b>

Remark: 1. wife of Mr. Apichai Taechaubol                      2. Maturity son of Mr. Apichai and Mrs. Chalida Taechaubol  
 3. Juristic entity which its 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 not entitled to vote.

### 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 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 21 February 2015 (most update) consists of

No.	Name	Number of shares	Shareholding
1	Mr. Apichai Taechaubol	6,999,998	87.50%
2	Mrs. Chalida Taechaubol	1,000,000	12.50%
3	Mrs. Sanitta Panpob	1	0.00%
4	Mrs. Kitsanaporn rattanapol	1	0.00%
	<b>Total</b>	<b>8,000,000</b>	<b>100.00%</b>

#### 3.3 Board of Directors

As of 16 March 2015 (most update) consists of

No.	Name	Position
1	Mr. Apichai Taechaubol	Director
2	Mr. Chotiwit Taechaubol	Director
3	Mrs. Sanitta Panpob	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 6-2-91 rai and part of leasehold rights. The areas divided into different operation, details 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 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 50.00 Million Baht    Holding 99.99 percent
- (2) Fine to asset Company Limited  
Register Capital 0.10 Million Baht    Holding 99.97 percent

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

(3) Fine one (Holdings) Company Limited

Register Capital 0.10 Million Baht Holding 99.80 percent

## 3.5 Financial statement

Unit: Million Baht

Statements of financial position			
	As of 31 December		
	2012	2013	2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15.91	31.91	9.46
Trade and other receivables - net	44.28	41.35	59.29
Short-term loans	17.37	17.58	7.12
Project development costs for sales	620.53	510.07	408.30
Hotel inventories	1.59	4.84	4.28
<b>Total current assets</b>	<b>699.68</b>	<b>605.75</b>	<b>488.45</b>
<b>Non-current assets</b>			
Restricted bank deposits	20.00	20.41	0.65
Investments in subsidiaries	1.20	1.20	21.29
Long-term investment	468.90	3.10	3.10
Property, plant and equipment – net	3,048.40	2,944.28	2,772.89
Leasehold rights – net	52.29	43.00	47.04
Intangible assets – net	8.17	4.60	1.28
Other non-current assets			
Advances payment to contractors	17.01	16.17	15.78
Non-current assets	197.13	34.65	45.30
<b>Total non-current assets</b>	<b>3,813.11</b>	<b>3,067.40</b>	<b>2,907.33</b>
<b>Total assets</b>	<b>4,512.79</b>	<b>3,673.16</b>	<b>3,395.78</b>
<b>Liabilities and shareholders' equity</b>			

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

Statements of financial position			
	As of 31 December		
	2012	2013	2014
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from financial institutions	0.02	245.26	330.00
Trade and other payables	135.07	279.72	336.84
Short-term loans	114.45	180.68	262.65
Portion of long-term debt due within 1 year	195.00	255.00	378.75
Finance lease liabilities due within 1 year	2.41	1.57	0.14
Other current liabilities			
Advances received from Condo	82.57	54.22	31.35
Cash received from the sale of shares	95.00	-	-
<b>Total current liabilities</b>	<b>624.52</b>	<b>1,016.45</b>	<b>1,339.73</b>
<b>Non-current liabilities</b>			
Long-term liabilities - net	2,261.61	1,479.89	1,038.69
Finance lease liabilities - net	1.62	0.05	0.21
Employee benefit obligations	0.87	1.04	1.04
Other non-current liabilities			
Payable for purchase of plant	34.73	34.73	34.73
Advance income	594.16	567.67	547.97
Contractor retentions payable	26.06	20.12	19.54
Deposit for rental and services	88.76	88.72	96.14
<b>Total non-current liabilities</b>	<b>3,007.82</b>	<b>2,192.22</b>	<b>1,738.32</b>
<b>Total liabilities</b>	<b>3,632.34</b>	<b>3,208.67</b>	<b>3,078.05</b>
<b>Shareholders' equity</b>			
Share capital			
Registered Capital			

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

Statements of financial position			
	As of 31 December		
	2012	2013	2014
Ordinary share 8.00 million shares par value of Baht 100 per share	800.00	800.00	800.00
Issued and fully paid up Ordinary share 8.00 million shares par value of Baht 100 per share	800.00	800.00	800.00
Retained earnings			
Unappropriated	(274.17)	(334.11)	(480.86)
Other components of shareholders' equity	354.61	(1.40)	(1.40)
<b>Total shareholders' equity</b>	<b>880.44</b>	<b>464.49</b>	<b>317.73</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,512.79</b>	<b>3,673.16</b>	<b>3,395.78</b>

Remark: The financial statement for the year ended 2012 and 2013 were audited by Mrs. Chintana Techamontrikul from

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

Financial Statements for the year 2557 have not been audited by the auditor

Unit: Million Baht

Statements of comprehensive income			
	For the year ended		
	2012	2013	2014
Revenue from rental and services	44.09	42.40	60.33
Revenue from sale of condominium	76.97	212.14	196.36
Revenues from sales and services of hotel	277.52	346.78	285.58
<b>Total revenues</b>	<b>398.58</b>	<b>601.32</b>	<b>542.26</b>
Cost of rental and services	(32.92)	(25.47)	(14.43)
Cost of sales of condominium	-	(142.68)	(117.91)
Cost of sales and services – Hotel business	(150.31)	(180.24)	(151.68)
Cost – Depreciation and amortization expenses of hotel	(119.32)	(132.11)	(129.95)
<b>Total costs</b>	<b>(302.58)</b>	<b>(480.51)</b>	<b>(413.97)</b>

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

Statements of comprehensive income			
	For the year ended		
	2012	2013	2014
Gross profit (loss)	96.02	120.81	128.29
Gain on sale of investments	453.60	123.58	-
Other income	27.96	15.65	21.47
Total other income	481.56	139.24	21.47
Profit (loss) before expenses	577.59	260.04	149.76
Selling expenses	(6.74)	(11.93)	(8.83)
Administrative expenses	(104.00)	(134.24)	(147.50)
Total expenses	(110.75)	(146.18)	(156.34)
Profit (loss) before finance cost	466.84	113.87	(6.58)
Finance cost	(186.24)	(17.81)	(140.18)
Profit (loss) for the year	280.61	(59.94)	(146.76)

Remark: The financial statement for the year ended 2012 and 2013 were audited by Mrs. Chintana Techamontrikul from

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

Financial Statements for the year 2557 have not been audited by the auditor

Unit: Million Baht

Cash flow statement			
	For the year ended		
	2012	2013	2014
Net cash from (used) in operating activities	296.04	284.37	Not prepared
Net cash from (used) in Investing activities	(90.93)	172.63	
Net cash from (used) in Financing activities	(191.87)	(441.01)	
Net increase (decrease) in cash and cash equivalents	13.24	16.00	
Cash and cash equivalents at beginning of the years	2.67	15.91	
Cash and cash equivalents at end of the years	15.91	31.91	

### 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 41.35 Million Baht and 59.29 Million Baht at the end of the year 2013 and 2014 respectively, was increased by 17.94 Million Baht from the decoration of restaurant which JC Kevin Food & Beverage Company Limited, the JC's subsidiary and increase in number of receivables in hotel business.

##### (2) Short-term loans

Short-term loans amounted to 17.58 Million baht and 7.12 Million Baht at the end of the year 2013 and 2014 respectively, was decreased by 10.46 Million Baht as the result from repayment of debt from JC Kevin Food & Beverage Company Limited in 2014.

##### (3) Project development costs for sales

Project development costs for sales amounted to 510.07 Million Baht and 408.30 Million Baht at the end of the year 2013 and 2014 respectively, was decreased by 101.77 Million Baht due to the adjustment costs of assets to the costs of the transferred ownership unit and recognized revenue of 9 units out of 13 units in 2014.

##### (4) Restricted bank deposits

Restricted bank deposits amounted to 20.41 Million baht and 0.65 Million Baht at the end of the year 2013 and 2014, was decreased by 19.76 Million Baht because took restricted bank deposits to pay off debt.

##### (5) Investment in subsidiaries

Investment in subsidiaries amounted to 1.20 Million Baht and 21.29 Million Baht as the end of 2013 and 2014 respectively, was increased by 20.09 Million Baht due to additional investments in JC Kevin Food & Beverage Company Limited amounted to 20.09 Million Baht.

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(6) Other non-current assets

Other non-current assets amounted to 50.83 Million Baht and 61.08 Million Baht at the end of the year 2013 and 2014 respectively, was increased by 10.25 Million Baht, because in 2014 was opened a new restaurant at the mall and must pay insurance on the rental and services and the withholding tax amounted to 7 Million Baht.

Liabilities

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

Bank overdrafts and short-term loans from financial institutions amounted to 245.25 Million Baht and 330.00 Million Baht at the end of the year 2013 and 2014 respectively, was increased by 84.74 Million Baht due to the increase of promissory notes issuance with the interest rate of 5.40 percent per annum. In 2015, JC plans to renew the all of the promissory notes when reached maturity date, until the establishment of Real Estate Investment Trust completed.

(2) Trade and other payables \*

Trade and other payables amounted to 279.72 Million Baht and 336.84 Million Baht at the end of the year 2013 and 2014 respectively, was increased by 57.12 Million Baht due to the revenue from the deposit for purchase the land at Khao Yai, Trade payables of the hotel and advanced receipts for the hotel room.

\* Independent financial advisor was reviewed the accounting record of other payables for the year 2013 and 2014 and found out that such account was recorded undervalue, but does not affect the shareholders' equity due such undervalue is the same amount.

(3) Short-term loans

Short-term loans amounted to 180.68 Million Baht and 262.65 Million Baht at the end of the year 2013 and 2014 respectively, was increased by 81.96 Million Baht because the loans from the director. In 2015, JC plans to extend the repayment period by whole amount, when the payment due.

(4) Advances received from Condominium

Advances received from Condominium amounted to 54.22 Million Baht and 31.26 Million Baht at the end of the year 2013 and 2014 respectively, was decreased by 22.96 Million Baht due to the transfer of the ownership of all 13 units

(5) Long-term loans

Long-term loans amounted to 1,734.89 Million Baht, and 1,417.44 Million Baht at the end of the year 2013 and 2014 respectively, was decreased by 317.45 Million Baht because repayment of debt to financial institution.

(6) Debt repayment Plan

Currently, JC is under the process of establishment of Real Estate Investment Trust by sales units in service apartment and condominium, which will be operated by MFC Asset Management Public Company Limited. The REIT is expected to be completed at the end of 2015, the capitals received will be used to repay the loans to financial institution and VSSL.

**Operating result analysis**Revenue(1) Revenue from rental and services

Revenue from rental and services amounted to 42.40 Million Baht and 60.30 Million Baht of the end of the year 2013 and 2014, was increased by 17.93 Million Baht, because in 2014 JC was started laundry business and expand the office rental area together with increase the rental fees.

(2) Revenue from sale of condominium

Revenue from sale of condominium amounted to 212.14 Million Baht and 196.36 Million Baht of the year 2013 and 2014 respectively, was decreased by 15.78 Million Baht, because political problems made buyers to delay the decision.



(3) Revenues from sales and services of hotel

Revenues from sales and services of hotel amounted to 346.78 Million Baht and 285.58 Million Baht of the year 2013 and 2014 respectively, was decreased by 61.20 Million Baht due to 2 restaurant was closed and transferred to operate by subsidiary and number of hotel's customers were decreased from the domestic political problems.

(4) Gain on sale of investments

Gain on sale of investments amounted to 123.58 Million Baht of the year 2013, while in 2014 there was no gain on sale of investments, because in 2013 all investments were sold out and no additional purchase.

Expenses(1) Costs

Costs amounted to 480.51 Million Baht and 413.97 Million Baht in the year 2013 and 2014 respectively, was decreased by 66.54 Million Baht which correspond to the revenue decline in sales of condominium and hotel business.

(2) Financial costs

Financial costs amounted to 173.81 Million Baht and 140.18 Million Baht of the year 2013 and 2014 respectively, was decreased by 33.63 Million Baht due to repayment of debts.

3.7 Details of the collateral

JC Kevin Development Company Limited will mortgage 30 condominium units of the Sathorn Heritage Residence Building C, located on 36 Naradhiwas Rajanagarindra Road, Yannawa District, Bangkok with a total area of 3,288.49 square meters (total area of condominium units equal to 63,116.19 square meter) 33<sup>th</sup> – 36<sup>th</sup> floor (floor number by elevator) to be collateral for the payment of liabilities to VSSL. All condominium units are obligations 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 presented 37-storey

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

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building but building does not have 13<sup>th</sup> floor, elevator has 38 floors) with 300 units. 4<sup>th</sup> – 16<sup>th</sup> is service apartment for rent and 17<sup>th</sup> – 38<sup>th</sup> (floor number by elevator) is 180 condominium units for sales, with approximately 17,765.10 square meters total area. 86 units were sold (average 12.29 units per year) accounted for 7,235 square meter or equal to 40.73 percent of sellable areas. The total area of the project presented on title deed is 2-3-65.2 rai. The project was available for sales since 2008.

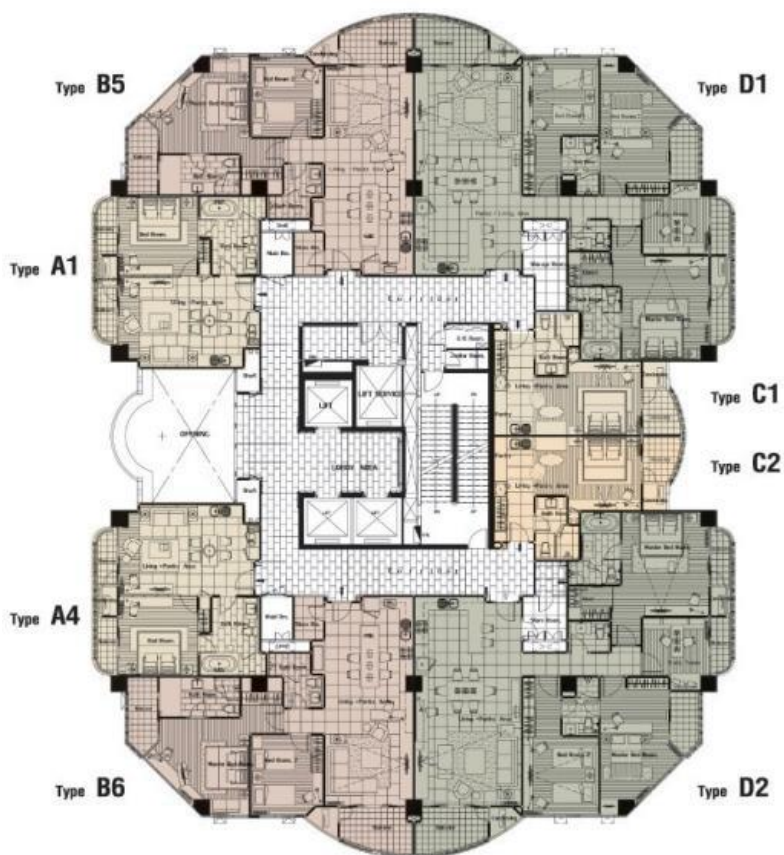
JC started to renovate the condominium units under Fully Furnished to sell since 2011 in order to add more value to the units and will be able to sell faster.

The project's facilities including swimming pool, playground, gym, garden, sauna, tennis court, security system, security cameras, elevators and 75 cars parking space and etc.

Details of the collateral are as follows:

Type of unit	Living area (square meter)	Number of bedroom / toilet	Number of units	Total area (square meter)
Type A	67.18 – 68.10	1/1	6	405.84
Type B	116.44 – 120.05	2/2	6	709.47
Type C (studio)	40.26	1/1	8	322.08
Type D	184.88	3/3	10	1,851.10
Total			30	3,288.49

Such units are under interior decoration to sell as Fully Furnished. Overall were completed about 90 percent.

Floor plan of 33<sup>th</sup> - 36<sup>th</sup>Market price appraisal

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

Report No.089/2015 appraised on 19 January 2015 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 define by a score of 1 – 10 the quality score level are as follows:

The opinion of the independent Financial Advisor Regarding Connected Transaction

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

Market data used to compare in the property appraisal

Factor	Comparison data			
	Project 1	Project 2	Project 3	Project 4
Name of project	RHYTHM Sathorn – Naradhiwas	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 condominium
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, 3 passenger lifts, parks and small pool on 7 <sup>th</sup> floor, CCTV / Access	Swimming pool, children's pool, gym, a steam room, garden, basketball field, putting green, tennis court,	Security system with CCTV, mailbox room, Garden, Sky Pool, meeting rooms, sauna, 160 parking space	Security system, leisure garden, swimming pool, sauna, parking space and etc.

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

Factor	Comparison data			
	Project 1	Project 2	Project 3	Project 4
	Card, 177 parking spaces and etc.	playground, jogging track, guards, CCTV, 277 parking spaces and etc.	and 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	Interior decoration	Under construction expected to complete in 2016	Under construction expected to complete in 2015	Interior decoration

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

Factors to consider		Score (%)	Comparative data				Appraised property
			1	2	3	4	
Size of the unit (square meter)			35.00	39.00	27.00	40.00	40.26
Floor			12	31	18	10	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%		8	8	7	7	5
Unit's floor	15%		5	9	7	6	9
Facilities	10%		8	8	6	5	7
Project style	5%		7	8	8	8	6

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

Factors to consider	Score (%)	Comparative data				Appraised property
		1	2	3	4	
Facilities in the project	10%	8	8	8	7	8
Entrance and exist	5%	9	9	6	8	7
Market popularity	15%	7	7	5	8	6
<b>Weighted score</b>	<b>100%</b>	<b>7.25</b>	<b>7.75</b>	<b>7.05</b>	<b>6.75</b>	<b>7.15</b>
Offering price (Baht/square meter)		146,452	164,102	118,518	105,000	
Diluted price *		140,000	160,000	110,000	100,000	
Percentage compare to property		0.99	0.92	1.01	1.06	
Adjusted price		138,069	147,613	111,560	105,926	
Weighted reliability		41.38%	6.90%	41.38%	10.34%	
Value from the weight		57,132	10,180	46,163	10,958	
Market value (Baht/square meter)						124,433
Rounding						<b>124,000</b>

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

#### Summarized of the opinion of the appraiser

From comparison data of offering price of condominium unit in nearby area, the offering price is around Baht 105,000 – Baht 129,629. The 1<sup>st</sup> comparative data is located in the RHYTHM Sathorn – Narathiwas is a condominium unit with 1 bedroom, living area of 35 square meters at 7<sup>th</sup> floor, has selling price of Baht 4,100,000 (Baht 117,143 per square meter). The residential condominium with 2 bedroom, living area of 46.50 square meters located in 12<sup>th</sup> floor, has selling price of Baht 6,810,000 (Baht 146,452 per square meter) comes with built-in furniture this comparative data has better location than the property, similar environment, better 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 4,200,000 (Baht 105,000 per square meter) comes with built-in furniture. This comparative data has worse

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

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 worth, details as follows:

No.	Floor	Total unit area (square meters)	Price/Unit (Baht / sqm.).	Completion	Value as exploration date (Baht)
1	33 – 35	2,466.15	124,000	90%	275,222,240
2	36	822.34	125,000	90%	92,513,250
Total area		3,288.49	Appraised value		367,735,590

Unit: Baht

	Current condition value	Value after decoration
Market value	367,736,000	408,595,100
The market value of the portfolio	257,415,000	286,016,570

Portfolio means group of 2 or more assets which owned by the legal right or manage 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 offer to sell all together at once or 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 –Baht 8,000 per square meter or equal to 4 – 6 percent of the unit value, but appraiser deducted the value of unit by 10 percent because the decoration does not complete. Therefore it does not reasonable, which caused the units that are being renovated have lower price than unit prior decoration.

The opinion of the independent Financial Advisor Regarding Connected Transaction

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

Report No. 58-UTM-GR-002 appraised on 12 January 2015 for public purpose

Analysis of the market value of the property using Residual Approach by consideration on current condition which all ownerships are condominium ownership.

Comparative market data for Property Appraisal

Factor	Comparative data		
	Project 1	Project 2	Project 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 condominium
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 90%	Approximately 20%	Approximately 100%



# The opinion of the independent Financial Advisor Regarding Connected Transaction

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

Factor	Comparative data			Appraised
	1	2	3	Property
Unit area (square meter)	35.00	43.00	46.60	40.26
Floor	7	31	8	32
Offering price (Baht/sqm.)	117,100	148,800	122,060	
Negotiated price (Baht/sqm.)	117,000	140,000	120,000	
Introductory Price (Baht/sqm.)	110,000	130,000	120,000	
Location			+6,000	
Environment			+6,000	
Unit's floor	+25,000	+1,000	24,000	
Decoration and unit condition	-11,000	-13,000	-12,000	
Reputation of operator	-5,500	-6,500	-6,000	
Total	8,500	-18,500	18,000	
Adjusted price (Baht)	118,500	111,500	138,000	
Weighted quality score (WQS)	26.36%	53.37%	20.26%	
Total amount (Baht)	31,243	59,511	27,962	118,715
Appraised value of condominium unit on 33 <sup>th</sup> floor (Baht per square meter)				119,000
Total Appraised value of 30 condominium units (Baht)				398,824,050
Less construction and additional furniture (Baht)				18,338,016
Remaining Value (Baht)				380,486,034
Assets value of sell entire project (Baht)				266,340,224

Remark: (1) Starting price of standard room on 33<sup>th</sup> floor is Baht 119,000 per square meter  
 (2) Additional Baht 1,000 per square meter for each additional floor  
 (3) Additional Baht 1,000 per square meter for corner room  
 (4) Furniture in the units such as wardrobe, bed, dresser, dining table with 2 chairs, TV shelves, built-in kitchen and air conditioner.  
 (5) Appraised value of unit is considered on the current market condition

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

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(6) From the survey found that the unit requires flooring, ceiling, light switches, sanitary ware in the bathroom, thus the appraiser estimate the additional construction cost from actual condition as of the survey date.

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

Agreed with the appraisal method of this independent appraiser because the work is quite detail and consider unit separately

### (3) Selling price of the project

No.	Floor	Room No.	Type	View	Area (square meter)	Price Per square meter	Selling price (Baht)
1.	33	36/25	C2	City	40.26	143,000	5,757,180
2.	33	36/26	D2	City	184.88	143,000	26,437,840
3.	33	36/27	B6	City	120.05	143,000	17,167,150
4.	33	36/28	A4	City	67.18	143,000	9,606,740
5.	33	36/29	A1	River	68.10	143,000	9,738,300
6.	33	36/30	B5	River	116.44	143,000	16,650,920
7.	33	36/31	D1	River	184.88	143,000	26,437,840
8.	33	36/32	C1	River	40.26	143,000	5,757,180
9.	34	36/17	C2	City	40.26	143,000	5,757,180
10.	34	36/18	D2	City	184.88	143,000	26,437,840
11.	34	36/19	B6	City	120.05	143,000	17,167,150
12.	34	36/20	A4	City	67.18	143,000	9,606,740
13.	34	36/21	A1	River	68.10	143,000	9,738,300
14.	34	36/22	B5	River	116.44	143,000	16,650,920
15.	34	36/23	D1	River	184.88	143,000	26,437,840
16.	34	36/24	C1	River	40.26	143,000	5,757,180
17.	35	36/9	C2	City	40.26	143,000	5,757,180
18.	35	36/10	D2	City	184.88	143,000	26,437,840

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

No.	Floor	Room No.	Type	View	Area (square meter)	Price Per square meter	Selling price (Baht)
19.	35	36/11	B6	City	120.05	143,000	17,167,150
20.	35	36/12	A4	City	67.18	143,000	9,606,740
21.	35	36/13	A1	River	68.10	144,000	9,806,400
22.	35	36/14	B5	River	116.44	145,000	16,883,800
23.	35	36/15	D1	River	184.88	146,000	26,992,480
24.	35	36/16	C1	River	40.26	147,000	5,918,220
25.	36	36/3	C2	City	40.26	148,000	5,958,480
26.	36	36/4	D2	City	184.88	149,000	27,547,120
27.	36	36/5	D3	City	187.18	150,000	28,077,000
28.	36	36/6	D4	River	184.88	151,000	27,916,880
29.	36	36/7	D1	River	184.88	152,000	28,101,760
30.	36	36/8	C1	River	40.26	153,000	6,159,780
Total					3,288.49	Average 145,184	477,437,130

Source: Sales department, JC Kevin Development Company Limited as of 10 March 2015

The Collateral units are under decoration, when the decoration is completed they will gradually sold. During 2013 – 14 the Fully Furnished were sold by 20 units to 19 foreigner buyers and 1 Thai buyer. From 19<sup>th</sup> – 32<sup>th</sup> floor totaled 1,020.03 square meters at the selling price of Baht 111,989 – Baht 142,871 per square meter, average price equal to Baht 136,709 per square meter.

## Summarized of value of the collateral

		Total value (Million Baht)	Average (Baht/sqm.)
1.	Appraised by Advanced Appraisal Company Limited	367.74	111,826
2.	Appraised by Ultima Appraisal Company Limited	398.82	121,278
3.	Project's price lists	477.44	145,184

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

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Independent Financial Advisor does not choose the entire project sale price, because when collaterals were sold through public auction, VSSL has rights to choose whether to sell each unit separately or to sell entire project, thus select 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 VSSL, the total area of 3,288.49 square meter compare to the liabilities amounted to 320 Million Baht + interest = 342.40 Million Baht, therefore units must be sold at least Baht 104,121 per square meter or 71.72 percent of the project's pricelist. However, the project's pricelists were higher than the average market value of Baht 111,826 and Baht 121,278 per square meter appraised by 2 independent appraisers. Independent Financial Advisor is of the opinion that, if JC reduce the selling price to lower than the appraised value, the selling of units will be faster.

The value of the collateral considering various ways, all 3 methods represented higher value than the debt JC has over VSSL, thus IFA is of the opinion that the value of the collateral is sufficient.

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

##### 4.1 Purpose of the transaction and necessity

As JC Kevin Development Company Limited was unable to repay the deposit for land purchase to VSSL amounted to 320 Million Baht, which was due on 29 December 2014, because JC was not have sufficient financial liquidity. JC requested to extend the repayment period for 1 more year to due on 29 December 2015 and adjust other terms to be more beneficial to VSSL as follows:

	Original terms	New Terms
1. Interest rate	5.50%	7.00%
2. Mortgage	none	Condominium Units
3. Guarantor	Mr. Apichai Taechaubol	Mr. Apichai Taechaubol
4. Penalty charges	none	2.00% of outstanding principle
5. Interest payment	When due	Monthly

Currently, the liabilities JC has to VSSL are considered as unsecured debt, only guarantor. This transaction will make VSSL receive real estate as collateral, which have higher value than the current amount of liabilities. It will reduce the risk of the company down and receive compensation as interest, which has higher return than both company and subsidiaries financial cost.

In comparison, if the Company does not enter into this transaction and prosecuted with JC and guarantor, it will take longer time and damage to TFD, VSSL, JC and Guarantor, which made lower ability to repay the debt, while the Company must record allowance for doubtful accounts.

While the interest rate charged to JC is higher than average loan interest rate of the Company, which mad the Company enables 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 VSSL first.

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 with the court to ask the court to seize the mortgage to public auction
- (3) Enforcement Officer bring property to public auction

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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, VSSL has rights to ask for more claims from JC and guarantor until the debt is paid. The risk of VSSL 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) Receive property as collateral

Liabilities amounted to 320 Million Baht which JC has to VSSL are unsecured liabilities only a guarantor. After enter into this transaction VSSL will receive the condominium unit in the Sathorn Heritage Residence which have higher value than mortgage amount, this will decrease the risk of the Company, because the Company can claim to sell collateral to pay back the debt. JC and guarantor have liabilities with several creditors, after the litigation process to public auction money received from the auction will pay back to creditors, who have collateral first, then average with VSSK and other unsecured creditors.

When the mortgage collateral is sold out every time there is a transfer of ownership VSSL will receive the refund under the mortgage agreement at 85 percent of the selling price, but not lower than Baht 105,000 per square meter, which will make debts JC has to VSSL gradually reduced.

###### (2) Receive interest 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 percent shareholding) is 5.96 percent per annum, while JC will be pay interest to VSSL at 7.00 percent (or 6.66 percent per annum after deducting related expense which are IFA fees, independent appraisal fees totaling approximately 1.10 Million Baht) which is higher than cost of loan by 0.70 percent per year, when calculated from the maximum value of 320 Million Baht the Company net profit will increase by 1.79 Million Baht in 2015.

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(3) Do not require to record allowance for doubtful accounts

The Company policy of allowance for doubtful account is “to estimate the allowance for doubtful accounts of receivables the management will use judgment to estimate the losses expected to arise from each receivables by referring from the past collection experience, age of outstanding debts and current economic conditions, etc.” JC enable to pay the deposit since 29 December 2014 and after that day JC did not pay any interests and such liabilities is unsecured. Moreover, JC has substantial debt burden, while the net received cash flow from operation is relatively low. Independent Financial Advisor is of the opinion that, the Company has a risk to record allowance for doubtful accounts.

Enter into such transaction VSSL will mortgage collateral, which have higher value than liabilities and make the risk of doubtful account reduce. Independent Financial Advisor is of the opinion that the Company do not need to record allowance for doubtful accounts.

#### 4.2.2 Disadvantage of entering into the transaction

(1) May ask for period extension again in the future

The extension of repayment of entire liabilities without asking for repay part of the debts will make JC choose to repay only interest and ask for extension again in the future, which the Company and subsidiaries already have burden of liabilities. Liabilities which have interest are Promissory Note amounted to 1,548.00 Million Baht (repay within 2015 – the Company issue new promissory note instead of original one), loans from financial institution 1,260.44 Million Baht (gradually payback along with the sales of project), debentures amounted to 1,687.45 Million Baht, totaled 4,495.89 Million Baht (Redeem on July 2016).

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

##### 4.3.1 Advantage of not enter into the transaction

###### (1) May be repaid faster

If the Meeting of Shareholders' of the Company disapprove the transaction, the Company and JC will have to find new solution, which the results of negotiation may cause VSSL to possibly receive repayment faster than 29 December 2015. However, currently there was no other clear solution to solve this problem.

##### 4.3.2 Disadvantage of not enter into the transaction

###### (1) May have to record allowance for doubtful account

JC enable to pay the deposit since 29 December 2014 and after that day JC did not pay any interests and such liabilities is unsecured, thus the Company has a risk to record allowance for doubtful accounts

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

If the Meeting of Shareholders' of the Company disapprove the transaction, the Company and JC will have to find 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 Board of Directors meeting, recruit and appoint IFA and call for meeting of shareholders will delay the solution of problem.

The meeting of the Board of Audit Committee No.3/2015 of the Company, held on 30 March 2015 is of the opinion that the extension of repayment period is the best solution and will benefit to the Company more than prosecute JC and guarantor. However, there is a chance that the Meeting of Shareholders will not approve the transaction, thus the management came up with solution to call from repayment of such debts from JC such as transfers assets of JC to pay off debt, The Company will accelerate the negotiation and conclusion with JC as soon as possible after acknowledge the disapproval from the Meeting of the



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Shareholders of the Company and when negotiate with JC until come up with clear conclusion, the Company will propose the Board of Audit Committee and Board of Directors to consider again. The implementation above is considered as connected transaction which the Company will be proposed for approval from the Meeting of Shareholders prior enter into the transaction persons who have conflicts of interests will entitled to vote, but if the Meeting of Shareholders of the Company still disapprove new solution propose above, the Company will prosecute with JC and Guarantor.

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

JC Cannot be determine due to this connected transaction is extension of the original agreement between VSSL and JC.

#### 4.5 Risk of the transaction

Currently, the Company has a risk of repayment of debts from JC due to JC was failed to repay the debts since 29 December 2014 and such debt is unsecured debt, only guarantor, while the JC liquidity is relatively low. As of 31 December 2014, current assets amounted to 488.45 Million Baht and current liabilities amounted to 1,339.73 Million Baht with current ratio of 0.36 times

Although enter into this transaction will reduce the risks of the Company, but risk of repayment of deposits still existed, if the establishment of the real estate investment trust or sales of collateral units are not success. The prosecute process to ask JC to repay the debt will take relatively long time approximately 3 – 5 years

4.6 Appropriateness of priceAppropriateness of interest rate

According to the memorandum the interest rate which VSSL will receive from JC is 7.00 percent per annum. Independent Financial Advisor considered on such interests by comparing with

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

## (1) The Company's average cost of debt

According to consolidated financial statement of the Company as of 31 December 2014, liabilities with interest are as follows:

Unit: Million Baht

Interest-bearing debt	Amount	Average effective interest rate	Payment due	
			2015	2016 onwards
Short-term loans	1,548.00	5.23%	1,548.00	-
Long-term loans	2,947.89	6.34%	521.04	2,426.85
Total	4,495.89	5.96%	2,069.04	2,426.85

Remark:

1. The calculation of interest-bearing debt is not include (1) liabilities that SG Land Company Limited has with chubert Holdings PTE., LTD that recorded in the consolidated financial statement (SG is joint venture between TFD and Schubert Holdings PTE., LTD. At 49.91 percent each), because it is syndicate loan with the Company. As of 31 December 2014 SG is TFD receivable amounted to 230.49 Million Baht Schubert Holdings PTE., LTD and Schubert Holdings PTE., LTD receivable amounted to 312.72 Million Baht with interest rate of 15 percent per annum and (2) liabilities under the finance lease because its only worth 18.46 Million Baht, representing 0.41 percent of total Interest-bearing debt.
2. Such interest rate calculated from the financial statement as of 31 December 2014. However on 11 March 2015 The Monetary Policy Committee was resolved to reduce the interest down by 0.25 percent per year from 2.00 percent to 1.75 percent per annum, as the result commercial bank reduce the loans interest down, therefore the Company's current average cost of debt will be lower than such level.

(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 18 March 2015)

$R_m$  = The expected rate of market return from investing in the Stock Exchange of Thailand calculated from historical average yield for the past 12 years since 2003 to 2014 of the Stock Exchange of Thailand Index (SET Index), including dividend yield

Tax = Corporate income tax rate at 20 percent

$\beta$  = The correlation coefficient between the rate of return on investing on SET and securities of the Company for the past 3 years ended on 16 March 2015

The calculation of each variable is as follows:

Ratio of interest-bearing liabilities to total investment ( $D/V$ )	:	68.66%
Ratio of shareholder's equity to total investment ( $E/V$ )	:	31.34%
As of 31 December 2014		
Weighted cost of Interest bearing debts ( $K_d$ )	:	5.96%
Return of equity ( $K_e$ )	:	5.51%
Rate of return of risk Free Rate ( $R_f$ )	:	3.76%
The coefficient ratio of the rate of return on investing in securities and Stock Exchange ( $\beta$ )	:	0.13

# The opinion of the independent Financial Advisor Regarding Connected Transaction

The expected rate of market return from investing in Stock Exchange ( $R_m$ )	:	17.24%
WACC	:	5.00%

## (3) The average cost of debt of JC

According to financial statement of JC as of 31 December 2014 (has not been audited) interest-bearing debts are as follows

Interest-bearing debt	Amount	Average effective interest rate
Short-term loans	370.30 Million Baht	5.80%
Long-term loans	1,417.44 Million Baht	6.84%
Total	1,787.74 Million Baht	6.63%

Remark: The calculated liabilities is excluded loans from director, deposit for land purchase which has to repay to VSSL, because want to calculate the effective interest rate with JC has with third parties.

Comparison table the interest rates charged to JC and financial cost

unit: per year

List	Short term	Long term	Average
The interest rate charged JC	7.00% = 6.66% After deducting related expenses		
The Company's average cost of debt	5.23%	6.34%	5.96%
Weighted Average Cost of Capital of the Company			5.00%
JC's average cost of debt	5.80%	6.84%	6.63%

The effective interest rate charged to JC equal 7.00 percent per annum (or 6.66 percent per annum after deducted related expense such as IFA fee and appraisal fees from independent appraisal, totaled 1.10 Million Baht) is appropriate due to higher than the average loans interest and Weighted Average Cost of Capital of the Company at 5.96 percent per annum and 5.00 percent per annum respectively, which made the Company receive profit margins and the rate still higher than average of loans interest of JC at 6.63 percent per annum, which will encourage JC to repay the debt to VSSL first.

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

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The average loans interest of the Company is a floating rate of 28.04 percent and fixed rate of 71.96 percent the change of the interest rate of financial institution will not quite affect the average costs of loan of the Company and interest rates are likely to decline the chance of the average cost of loans of the Company will be higher than 6.66 percent per year in 2015 is unlikely.

### The Appropriateness of the conditions of the transaction

- (1) Extend the period of repayment for 1 more year to ended on 29 December 2015

The opinion of independent financial advisor appropriate it is appropriate period of times for JC to sales the condominium unit at Sathorn Heritage Residence to repay the debt. However, there is a chance that when the payment due and JC is unable to repay the debt and willing to extend the period of repayment of the deposit, therefore the Company must follow the same process again, starting from ask for approval from the meeting of the Audit Committee, ask for approval from the Company Board of Directors and ask for the approval from the meeting of shareholder, the persons who have conflict of interest will be entitled to vote. If the Meeting of Shareholders disapprove, the repayment will unable to extend. This extension will cause the Company require more loans to develop the planned projects.

- (2) The penalty rate at 2.00 percent of the outstanding if JC unable to repay the debts.

The opinion of independent financial advisor appropriate it is a way to encourage JC to repay the debt to VSSL by assuming that 29 December 2015 JC unable to repay any of the deposit, JC has to pay the penalty charges for 2 percent of 320 Million Baht = 6.40 Million Baht.

- (3) JC will pay the interest at 7.00 percent per annum to VSSL every month.

The opinion of independent financial advisor appropriate due to the Company has obligation to pay interest to the financial institutions on a monthly basis as well

- (4) Mortgage condominium 30 units of Sathorn Heritage Residence Building C, total areas of 3,288.49 square meters in the mortgage amount of Baht 342,400,000

The opinion of independent financial advisor appropriate to reduce the risk of the Company and the property value is higher than the debt

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

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

The opinion of independent financial advisor appropriate it is a way to reduce the risk of the Company. VSSL has rights to take legal action to force Mr. Apichai Taechaubol to repay the debt as a guarantor. In addition, to enforce the mortgage of condominium unit and prosecute JC to repay the debt, Mr. Apichai Taechaubol was guaranteed large amount of loan to the Company, subsidiaries and JC as well.

- (6) In case JC sales condominium unit which is collateral, JC will use the cash received from the sale to pay back to VSSL not less than 85 percent of the sale price or not less than Baht 105,000 per square meters which ever price is higher.

The opinion of independent financial advisor appropriate the value correspond with the value of liabilities, when include the interest until 29 December 2015, it will equal to 342.40 Million Baht, while the total area of collateral unit equal to 3,288.49 square meter, therefore the average is Baht 104,121 per square meter which is lower than the price per square meter which JC will repay to the Company to free the mortgage and also encourage JC to repay the debt. VSSL will receive the money every time when there is a sale of condominium unit on ownership transfer date.

unit: Baht per square meter

Selling price	Repay VSSL	JC Receive
Less than or equal 105,000	105,000	-
Higher than 105,000	105,000 + 85% of excess of 105,000 until repayment completed	15% of excess of 105,000

unit: Million Baht

Selling price (Baht/sqm.)	Repay VSSL	JC Receive
100,000	342,400,000	(13,551,000)
105,000	342,400,000	2,891,450
110,000	342,400,000	19,333,900
115,000	342,400,000	35,776,350
120,000	342,400,000	52,218,800
125,000	342,400,000	61,659,188

The opinion of the independent Financial Advisor Regarding Connected Transaction

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Selling price (Baht/sqm.)	Repay VSSL	JC Receive
130,000	342,400,000	64,125,555
135,000	342,400,000	66,591,923
140,000	342,400,000	69,058,290
145,000	342,400,000	71,524,657

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

As the Board of Directors of the Company resolved to approve VSSL Enterprise Company Limited, which is the subsidiary of the Company to extend repayment period of deposit for land purchase from JC Kevin Development Company Limited, amounted to 320 Million Baht for 1 more year from original date of 29 December 2015 to end on 29 December 2016, interest is charged at 7.00 percent per annum and required securities as collateral. Such transaction is considered as connected transaction, which the transaction size equal 16.62 percent of net tangible assets, thus the Company is required to request for approval to enter into the transaction from the meeting of shareholder.

Independent Financial Advisor is of the opinion that, the Company enter into this transaction is appropriate, because it is necessary to reduce the risks of getting a refund of deposit for land purchase. Independent Financial Advisor compared the financial cost of the Company, financial cost of JC and interest rate which the Company charge JC and found out that the interest rate at 7.00 percent per annum (6.66 percent per annum after deducted related expenses) is higher than the cost of loans of the Company at 5.96 percent and higher than financial cost of JC at 6.63 percent per annum and the Company benefit from the transaction for several reasons which are (1) receive property as collateral (2) receive interest margin (3) Do not require to set allowance for doubtful accounts. However, the risk of getting a refund of deposit of land is still exists. If the plan to establish Real Estate Investment Trust or sale of condominium units is unsuccessful, the prosecution to ask for repayment from JC will require a relatively long time, about 3-5 years

The Independent Financial Advisor is of the opinion that shareholders should approve this connected transaction

Nevertheless, the decision to vote in this time is at the discretion of the shareholders of the Company. The shareholders should study the information in regard of the documents attached to the invitation of Annual General Meeting of Shareholders for the year 2015 to determine the appropriate resolution.



Yours sincerely,

Capital Link Advisory Company Limited

Company's seal

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(Mr. Kriangkrai Siravanichkan)

President