

- Translation -

Thai Factory Development Public Company Limited Information Memorandum regarding the connected transaction

1. The date on which the transaction occurs

Within Year 2015

2. The parties involved

Lender	:	VSSL Enterprise Company Limited ("VSSL")
Borrower	:	JC Kevin Development Company Limited ("JC")
Relationship with the Company	:	VSSL is a subsidiary company of Thai Factory Development Public Company Limited ("the Company" or "TFD") which the Company holds 100% of paid-up capital and has connected persons such directors and shareholders in both of the Company and JC. (Please see details in "5. Details of connected person")

3. General Description of the Transaction

Refer to VSSL entered to sign the agreement to buy and sell land with a total area 138-3-51 rai located in Tambon Mu Si, Pak Chong District, Nakornratchasima at amount of 755,000,000 Baht from JC with the payment condition as following:

First payment	Amount of 300,000,000 Baht will be paid on the agreement date
Second payment	Amount of 20,000,000 Baht will be paid within 30 January 2014
Third payment	Amount of 435,000,000 Baht will be paid within 90 days from the date of the Shareholders' Meeting approved VSSL to purchase land from JC

Therefore, VSSL already paid deposit to JC (first payment + second payment) total amount of 320,000,000 Baht with a precedent condition which stated that VSSL shall purchase land when the Shareholders' Meeting approved.

Then on 30 September 2014, the Shareholders' Meeting of the Company disapproved VSSL purchase the land with conditions on the agreement said that JC shall pay the deposit back which received from VSSL within 90 days from the date of the Shareholders' Meeting of the Company disapproved (the due date is on 29 December 2014) with the interest rate of 5.5% per annum from the date that JC received the deposit from VSSL until the date that VSSL got the deposit back from JC. On 29 December 2014, JC only paid the accrued interest amount of 17,684,383.56 Baht to VSSL. JC negotiated to extend the time to pay the deposit amount of 320,000,000 Baht for one year.

In the determination of the debt repayment method from JC, the Company has considered with the feasibility chance and best benefit of the Company. The Company has opined to extend the repayment period for 1 year is beneficial to the Company more than the legal litigation against JC and Mr. Apichai Taechaubol as guarantor because of the legal proceedings need more time and cost of litigation and be disadvantage for the Company, VSSL and JC. Including JC has proposed interest rate of return to the VSSL increased to 7.0% per year, which is higher than the cost of capital of the Company and pledged the assets as collateral against such debt repayment. The collateral value is higher than the principal and interest, which VSSL will be received. If at the maturity date, the JC has not fully paid the principal and interest to VSSL. VSSL entitle to take legal litigation and collateral auction and JC have to pay the penalty at rate of 2.00% of the remaining of the land deposit.

Furthermore, According to the management of JC explained that cash flow has been pay back to VSSL shall be derived from the condominium, hotels and serviced apartments business. But the impact of economic and political conditions in last year, as a result the performance of JC inability to pay debts to VSSL on time. However the current stabilize and better political situation, it will enhance JC performance and payable the debt to VSSL on time. Moreover JC plans to sell other assets such as serviced apartments to the Real Estate Investment Trust (REIT) or other investor, which is expected to be completed in year 2015.

The reasons mentioned above, the Company has been expected to receive fully deposit payment in this year. Also VSSL and JC have been discussing conditions for extended periods of time to return the deposit. Upon conclusion of an agreement is clear now, VSSL and JC is entering into memorandum of understanding to extend the time to pay the deposit back on the date of 13 February 2015 with a precedent condition which stated that the memorandum between VSSL and JC shall complete binding when VSSL receives approval from the Shareholders' Meeting of the Company. Therefore, such transaction is classified as the connected transaction on providing financial assistance under the Notification of Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules of Entering into Connected Transactions 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 B.E. 2546 (2003). A transaction size is equal to 16.62% on net tangible assets of the Company in the consolidated financial statement ended 31 December 2014 which higher than 3% of net tangible assets of the Company that request the Company has a duty to disclose the transaction to the SET immediately and has to be approved from the Shareholders' Meeting hereunder consist of at least three-fourths of the total votes of shareholders attending the meeting and having voting right, excluding interested shareholders' equity. Moreover, the Company shall appoint an independent financial advisor to provide an opinion about the reasonability and benefits of the transaction, the fairness of price and conditions of the transaction to the shareholders for their consideration. Details of calculation of this transaction as following:

$$\frac{\text{Value of Consideration}}{\text{Net tangible assets of the Company}} = \frac{(320.00 + 22.40^*) \times 100}{2,060.25} = 16.62\%$$

(As of the consolidated financial statements ended 31 December 2014)

Note: * Amount of interest that occurs from extend the time to pay the deposit back for one year

4. The total value of consideration and conditions of payment

The total value of consideration for providing financial assistance equal to 342,400,000 Baht with summary of the important terms of the agreement are as following:

Amount of the accrued deposit	: 320,000,000 Baht
Repayment period	: Within 1 year
Interest rate	: 7.00% per annum (the total interest income for the period of 1 year equal to 22,400,000 Baht) The interest rate based on the Company's average cost of capital at 31 December 2014 which equal to 5.96% per annum.
The payment period	: 1. <i>Principle</i> Repayment at one time in full amount or made the payment occasionally 2. <i>Interest</i> Pay every month

- Guarantee : 1. *Property guarantee*
Mortgage the condominium units of JC in " the Sathorn Heritage Residence Project " building C located on Narathiwat-Ratchanakarin Road, Yannawa, Sathorn, Bangkok with the total of 30 units, total area of sale 3,288.49 square meters as collateral for the debt.
Therefore, VSSL hired Ultima Appraisal Company Limited and Advance Appraisal Company Limited which are independent appraisers certified by the SEC to appraisal such property guarantee. The appraisal value equal 398.82 and 367.74 Million Baht respectively.
JC will be responsible for the expense for mortgage and other expenses which will be occur.
2. *Personal guarantee*
Mr. Apichai Taechaubol guarantees the payment of the full amount.
- Cash Penalty : JC have to pay cash penalty to VSSL at rate of 2.00% of the remaining of the land deposit (paid fully at one time) within 30 days from the maturity date.
- Precedent condition : VSSL must receive an approval from the Shareholders' Meeting of the Company before entering to the transaction.

5. Details on connected persons

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 persons	Position	Percentage of shares holding In the Company (As of 10 March 2015)	
		Numbers of shares	Percentage of paid-up capital
1. Mr. Apichai Taechaubol	Director of the Company Director of VSSL Director of JC	268,038,875	20.88
2. Mrs. Chalida Taechaubol ^{1/}		194,199,772	15.13
3. Mr. KrittawatTaechaubol ^{2/}	Director of the Company	43,995,000	3.43
4. Mr. Chotiwiit Taechaubol ^{2/}	Director of JC	40,529,959	3.16
5. Mr. Akarawin Taechaubol ^{2/}		5,000,000	0.39
6. JC Asset Company Limited ^{3/}		7,128	0.00
Total		551,770,734	42.99

Remarks ^{1/} is a wife of Mr. Apichai Taechaubol who classified as a person in section 258
^{2/} is the maturity son of Mr. Apichai and Mrs. Chalida Taechaubol
^{3/} is an juristic entity which its shares are held by sons and daughters of Mr. Apichai and Mrs. Chalida Taechaubol

6. To attend and vote at the Directors' Meeting of the connected persons

The agenda in the Directors' Meeting for entering such transaction, directors with conflict of interest as stated in No.5 do not attend and vote in the Directors' Meeting for consideration on such agenda.

7. Nature and magnitude of the interest of the connected persons entering into the transaction

Mr. Apichai Taechaubol, Chairman of Executive Board, director and shareholder of the Company, as of 10 March 2015 hold shares of the Company equal to 20.88% of the paid-up capital. Mrs. Chalida Taechaubol, shareholder of the Company which is a connected person of Mr. Apichai Taechaubol as section 258 under the Securities and Exchange Act, as of 10 March 2015 hold shares of the Company equal to 15.13% of the paid-up capital.

Moreover, Mr. Apichai Taechaubol is a director of VSSL and also being a director and shareholder of JC, as of 21 February 2014 hold shares of JC equal to 100.00% of the paid-up capital (including shares of JC which held by Mrs. Chalida Taechaubol equal to 12.50% of the paid-up capital).

8. Source of fund

The source of fund paid for the land deposit to JC was used from the Company and VSSL working capital and loans from financial institutions.

9. Opinion of the Board of Directors about a decision to enter into the connected transaction

The Board of Directors considered and gave an opinion that although JC is in default of payment of the deposit of the land within the period. However, the extension of the debt in this time, JC is offering rewards to VSSL with the interest rate of 7.00% per annum which higher than the Company's average cost of capital and JC already paid the accrued interest of the year 2014 to VSSL. Moreover, JC has mortgaged property as collateral for the payment which has the appraisal value of an independent appraiser higher than debt owed in the present, and due to Mr. Apichai Taechaubol has guaranteed the repayment of such a personal. In addition, such providing financial assistance will not affect the liquidity and financial position of the Company. When consideration the consolidated financial statements ended 31 December 2014, the Company had net cash and cash equivalents equal to 157.88 Million Baht which enough for use as working capital. For the reasons as mentioned above, the Board of Directors has confidence that the Company will be receive repayment of deposit from JC. Thus, the Board of Directors has made decision to approve the Company to providing financial assistance to JC and propose to the Shareholders' Meeting for approval.

10. Opinion of the Company's Audit Committee and/or directors which are different from the opinion of the Board of Directors

- None -

11. Delivery of the Shareholders' Meeting Invitation to the shareholders

The Company will submit an invitation to the 2015 Annual General Meeting of Shareholders together with an opinion of an independent financial advisor to the SET at least 5 business days prior to delivering such documents to the shareholders, and deliver such invitation to the shareholders at least 14 days prior to the date of the Shareholders' Meeting.

12. Comments of Independent Specialists

The company has appointed Ultima Appraisal Co., Ltd. and Advance Appraisal Co., Ltd., which are independent appraisers certified by SEC, and are not any associated or connected with the Company, appraise such land. This objective appraisal is set for the public purpose. The summary of appraisal details are as follows:

1. Ultima Appraisal Co., Ltd. appraised as of January 12, 2015
Appraisal Value equal (Residual Method) 398.82 Million Baht
(or equal to 121,278 Baht/sq.m.)
2. Advance Appraisal Co., Ltd. appraised as of January 19, 2015
Appraisal Value equal (Market Approach) 367.74 Million Baht
(or equal to 111,826 Baht/sq.m.)

13. Other significant information that maybe effect to the decision of the shareholders

In case that the shareholders' meeting does not approve this transaction, the Company shall consider other chances to call JC to pay such debt such as JC's assets transfer to repay debt. The Company shall negotiation and compromise with JC as soon as possible and then the Company shall propose new chance to the Audit Committee and the Board of Directors of the Company to reconsider. However, the implementation of the new chance maybe classified as the connected transaction. The Company must propose new transaction for approval of the shareholders' meeting. If the shareholders' meeting still does not approve new transaction, the company will take necessary legal litigation against JC and the guarantor further.

Guidelines for the acquisition and disposition of assets transaction and the connected transaction in the present, the Company has policy to practice into the correct of rules of the Securities and Exchange Commission and the Stock Exchange of Thailand and relevant authority. The Company shall research both finance, marketing and regulation information before to propose the transaction for approval of the Board of Directors. In necessity cases the Company shall hire legal advisor, financial advisor or specialists who are expert on related subjects such as the investment, rules and regulation and the feasibility study etc., to be advised and used to support the decision of the management and the Board of Directors of the Company to approve the transaction.

14. Nature of Business of the Company

History and background of the Company

Thai Factory Development Company Limited (Public) ("TFD") was incorporated in the date on 11 November 1977 as the multi-investment between Industry Fund Corporation of Thailand (IFCT) and Commonwealth Development Corporation (CDC) of England in proportion of shareholding at 55% and 45% respectively which having the objectives of property development of standard instant industrial factories for sale or to the investors in industries states.

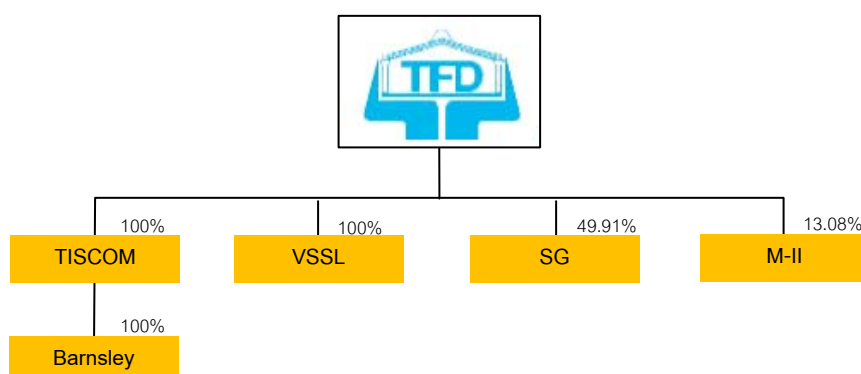
At the present, the Company operates the major business of land development and construction of standard instant factories in Industrial Estate of the Company including other industrial estates and industrial parks. Moreover, the Company also has a business of construction of condominium for sale in the business areas of the downtown of Bangkok and other provinces including investment in business of office building for rent and being a project management of real estate in type of office building and SME industrial factory and warehouse. Summary of background and business operations is below;

- The Company was registered at the date on 11 November 1977 having the objectives of construction of standard instant industrial factories for sale or rent to the investors in several industry estates.
- In 1991, the Company was registered as Listed Company in the Stock of Exchange of Thailand and transformed as Public Company at the date on 4 February 1994.
- In 2003, the Company expanded the development of development of industrial factory passing subsidiary as Total Industrial Services Company Limited (TISCOM) to develop the assets of the Industrial Estate Authority of Thailand and expand the business of residence in the downtown.
- During 2007 - 2008, the Company sold most of land and factories to Thai Industrial Real Estate Mutual Fund 1 (TIF1) and was appointed as the manager to manage every factory of TIF1.
- In 2007, the Company joined the Industrial Estate Authority of Thailand to establish TFD Industrial Estate situated at Tha Sa Arn, Bang Pakong, Chacherngsao to develop land supporting the investors as land and instant factories receiving the interest from the investors consecutively especially the business owners in the business of auto spare part and electronic part manufacturers.

- In 2008, the Company invested with the business associate to establish SG Land Company Limited (SG) to operate the business of office building for rent.
- In 2009, the Company operated the business of construction of the Condominium Project 59 Heritage and transferred the ownerships to the residential unit owners in 2012 completely. Furthermore, the Company sold all of ordinary shares of Princeton Park Sweet Company Limited to Vibhavadi Medical Center Public Company Limited in total value of 266.9 Million Baht.
- In 2010 and 2012, the Company increased registered capital from the amount of the former registered capital of 760,000,000 Baht to be 836,000,000 Baht and 902,879,943 Baht respectively to support the distribution of dividend payment for the existing shareholders of the Company and accommodate the potential change in exercise of rights of TFD-W1.
- In 2012 and 2013, the Company sold land along with factory building and leasehold rights with factory of TISCOM to MFC Industrial Investment Property and Leasehold Fund (M-II).
- In 2013, the Company acquired 100% of the ordinary shares of VSSL which being in the construction business and owner of the 15 Sukhumvit Residences Project. The investment value was 497 Million Baht.
- In 2013, the Extraordinary General Meeting of Shareholders No. 2/2013 on 24 June 2013 had resolution to approve the issuance and offering of debentures in the amount not exceeding 3,500 Million Baht which has maturity of not exceeding 5 years to institutional investors and private placement basis or public offering. On July and November 2013, the Company issued and offered unsubordinated and unsecured Tranche 1 - 2 debentures which maturity of 1 year total value 1,350 Million Baht. Furthermore, on July 2014, the Company issued and offered unsubordinated and unsecured Tranche 3 debentures which maturity of 2 years total value 1,693 Million Baht.
- In 2013 and 2014, the Company increased registered capital from the amount of the former registered capital of 902,879,943 Baht to be 1,264,029,396 Baht and 1,499,861,190 Baht respectively to be reserve for the exercise of TFD-W2, issue and offer ordinary shares to public offering and reserve for the exercise of TFD-W3.
- The Company invested increasing shares in TISCOM for another 300 Million Baht and on April 2014, TISCOM invested in a new subsidiary company named Barnsley Warehouse Limited, a company corporate in United Kingdom, holds 630,000 shares with a par value of GBP 1 each (a total approximately of 34.30 Million Baht), representing 100% of the registered capital of such company in order to operate the investment in land and warehouse for lease and sale.
- On 24 September 2014, the Company signed a Memorandum of Understanding (MOU) with SPCG Public Company Limited (SPCG) to jointly study and business plan of Solar PV Roof on warehouses and industrial buildings.
- On 30 September 2014, the Extraordinary General Meeting of Shareholders No. 2/2014 has not approve VSSL to purchase 6 plots of land as 138-3-51 rai located on a rural highway. (Tha Maprang - Nongkrum), Pak Chong, Nakhon Ratchasima at 755 Million Baht from JC.
- In November 2014, the Company allotted new ordinary shares to Private Placement in amount of 200 Million shares. As a result, current paid-up capital of the company increased to be 1,283.50 Million Baht.
- On 15 December 2014, the Company allotted 3rd right warrant to the existing shareholders (TFD-W3) in amount of 256.56 Million units as ratio of 5 existing shares per 1 unit of TFD-W3 in offering price of 0.00 Baht per unit.
- On 18 December 2014, Board of Directors of the Company has approved VSSL to purchase the land and buildings of TWIN TOWER at total value of 385 Million Baht.

Business Overview

As of 31 December 2014, the Company has subsidiaries and associated companies as follows;



Company	Proportion of Shares (%)	Main Character of Business
1. Total Industrial Services Company Limited (TISCOM) Paid-up capitals of 400.00 Million Baht	100.00	Standard factory and warehouse buildings for sale and rent
2. VSSL Enterprise Company Limited (VSSL) Paid-up capitals of 701.00 Million Baht	100.00	Property Development for sale
3. Barnsley Warehouse Limited (Barnsley) Paid-up capitals of 0.63 Million GBP	100.00	Invest in business of land and warehouse for lease and sale in United Kingdom
4. SG Land Company Limited (SG) Paid-up capitals of 100.45 Million Baht	49.91	Office building for rent
5. MFC Industrial Investment Property and Leasehold Fund (M-II) Paid-up capitals of 1,720.00 Million Baht	13.08	Invest in real estate in part of industry warehouse for rent

At present, the business operation of the company consists of 5 business group are as follows;

- Industrial estate – operated by the Company
- Land with standard factory/warehouse for sale and rent – operated by TISCOM and Barnsley
- Residential project (condominium) – operated by the Company and VSSL
- Office building for rent – operated by SG
- Property management service – operated by the Company

Note: In the past, the Company and TISCOM ran a business which provided land along with standard factory/warehouse buildings. However, in 2013, as the Company planned to list TISCOM in the stock exchange, TISCOM was thereby restructured for clearer corporate position to provide land with standard factories/warehouse buildings from 2013 onward.

Structure of incomes of the Company and subsidiaries in 2012 - 2014 are summary as follows;

	2012 ⁽¹⁾		2013 ⁽¹⁾		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Land development and factory building business						
-Sale incomes	327.71	24.09	460.00	48.66	-	-
-Rent and service incomes	112.94	8.30	47.92	5.07	44.70	3.06
2. Office space for rent business						
-Rent and service incomes	197.78	14.54	200.21	21.18	188.90	12.89
3. Residential condominium business	130.43	9.59	40.36	4.27	1,151.35	78.58
4. Profit from sales of properties for investment purpose	554.89	40.78	134.33	14.21	-	-
5. Other incomes	36.83	2.71	62.60	6.62	80.18	5.47
Total incomes	1,360.58	100.00	945.42	100.00	1,465.13	100.00

Note: ⁽¹⁾ During Q2 of 2013, the Company invested in VSSL which had once been held by the Company's major shareholder, an action considered as a merger of business as it would be subject to the same control. As such, statements of comprehensive profits and loss for the year that ended 31 December 2012 of the Company and subsidiaries were adjusted in retrospect and shown here for comparison purpose.

Development of real estate of industrial estate for sale of land and construction of industrial factory

In 2007, the Company set up the TFD Industrial Estate at Bangpakong District, Chachoengsao Province, to develop land, set up basic infrastructure and build standard factory buildings. The Company signed a joint-operation agreement with the Industrial Estate Authority of Thailand (IEAT) and provided for Thai and foreign investors lands for rent in two zones; namely, General Zone and Free Zone. Target groups of customers were businesses in the auto part industry, electronics and manufacturing industry not generating pollution.

As of 31 December 2014, the TFD Industrial Estate is operated in two phases as follows.

(1) Phase 1

Of the project's entire area totaling 302.44 rai, 231.23 rai of the Phase 1 Project are generating incomes. Of this, 74.59 rai are in Free Zone and 156.64 rai are in General Zone. The Company has recognized incomes from the project both from sales of vacant land and sales of land along with completed factory buildings between 1,500.00 - 3,000.00 square meters since 2011. As of 31 December 2014, the Phase 1 TFD Industrial Estate sold as many as 225.48 rai of its areas. There remained only 5.75 rai or 2.49% of the total income-generating lands left unsold.

(2) Phase 2

The Company plans to expand the TFD Phase 2 Industrial Estate project area which is adjacent to its Phase 1 by another 2,500.00 rai. The project is currently under development, having landscape architecture and infrastructure systems designed while an environment impact assessment (EIA) report is under preparation to seek permission from the authorities as well as approval to use the land for an industrial purpose. As of 31 December 2014, the Company has already bought approximately 1,162.30 rai of vacant land for the Phase 2 project. During 2015 - 2017 investment plan, it expects to buy 750.00 additional rai of land which will cost the Company around 3,000.00 Million Baht. The total project value is around 7,000.00 Million Baht and the Company expects to debut its sales in 2015.

Land with standard factory/warehouse building

TISCOM has built standard factory and warehouse buildings for rent at various sites within industrial estates and industrial zones to facilitate investors taking into consideration convenience in commuting, transporting, communicating as well as basic infrastructure, safety and environment conditions. Factory buildings are available in both General Zone and Free Zone based on investor's needs. Moreover, as of 22 April 2013 TISCOM established subsidiaries company as Barnsley, in England to investment in land and warehouse buildings for rent and for sale.

(1) Completed factory building

The standard completed factory is typically offered as a one-floor building with mezzanine floor for use as office in varying sizes from 1,000 square meters to 3,000 square meters. The factory is built at a fenced-in site to also include a security guard's house and parking space. The factory floor can accommodate 3 metric tons per square meter. TISCOM also builds factory based on customer's design. It can also offer customers a variety of options where they may buy land together with factory or to lease land along with factory building or to lease it with the rights to purchase it later. The rental term of most lease agreements that TISCOM has signed with customers is 3 years with an option for renew. Customer is required to deposit 6 months' worth of rent as a down payment. Moreover, as of 31 December 2014, TISCOM had 5 completed factories remaining located in Laem Chabang Industrial Estate which had 7,650 square meters or average of 750 – 3,330 square meters per factory. At present, 4 completed factories were rent which total area of 6,900 square meters.

(2) Completed warehouse

TISCOM's standard warehouse building is a one-storey building with mezzanine floor for use as office offered in various sizes from 2,000 square meters to 10,000 square meters. The warehouse is built at a fenced-in site with a security guard's house, parking space and loading space. The warehouse's floor can accommodate up to 3 metric tons per square meter. TISCOM also builds warehouses based on customer's needs. It offers various options for investors to either buy land with warehouse or to lease land with warehouse or with a right to purchase it later. The rental term of most lease agreements that TISCOM has signed with customers is 3 years with an option for renew. TISCOM requires customers to deposit 4 months' rent as a down payment.

Moreover, as of 31 December 2014, there are not warehouses due to TISCOM sold all warehouses to M-II in the 4th quarter of the year 2013 and TISCOM had 8 warehouses under construction located in TFD Industrial Estate which had total area of 57,000.00 square meters. These warehouses expected to be complete within 2015.

Residential project (condominium)

In 2006, the Company started developing 2 residential condominium projects for the first time; namely, the Lakegreen Apartment Project and the 59 Heritage Project, both of which were completely sold. There are 3 ongoing projects; namely, the 15 Sukhumvit Residence Project, the Colonial Kao Tao Hua Hin Project and the Mahadlek Residence Project. At present, there are 3 residential condominium projects on development and/or sales operations and/or awaiting transfer to residents, including 3 projects. Details are as follows;

(1) The 15 Sukhumvit Residence Project



A residential condominium project for sale is located between Soi 13 and Soi 15 on Sukhumvit Road, the 2-3-73 rai project is a 25-floor reinforced concrete tower bought by VSSL in 2013. The total project value is 3,995.38 Million Baht. The project's total useable areas are 58,902 square meters of which 31,659.43 square meters are total sales areas. For 491 units of condominiums with a total sales area of 28,339.95 square meters and 13 units of commercial area for a total sales area of 3,319.48 square meters. As of 31 December 2014, construction of the project already complete and on process of transfer to residents. The Project has been sold about 45.94% of Total Project Value.

(2) The Colonial Kao Tao Hua Hin Project



A residential condominium project is located at Kao Tao, Tambon Paknam Pran, Pranburi District, Prachuab Kiri Khan Province, in the 9-0-42.3 rai of land. With a total value of around 3,375.00 Million Baht, The Company already completed the construction of the 3-storey office building which was used as a sales office. As for the construction of residential buildings, there remained the construction of foundation of both the two residential towers and the car park building. However as of 31 December 2014, the company has stopped construction due to the project is still pending litigation.

(3) The Mahadlek Residence Project



A residential condominium project consists of one 41-storey building located in a 1-3-28 rai* of land in Soi Mahadlek Luang 2, Rajdamri Road. At present, the Mahadlek Residence Project is seeking an Environmental Impact Assessment (EIA) and receiving approval from the Office on 10 June 2014. Currently, this is under submitting a construction permit application to the relevant authorities.

Note : * The Company bought the sub-leasehold right over the land owned by Office of Privy Purse from Capital Planner Company Limited for a total of 61.00 Million Baht with a purpose to develop a residential project. The lease term is 30 years.

Office building for rent

In 2008, the Company jointly invested in the office for rent business via SG in which it holds 49.91% of shares and which offers two office buildings for rent in Soi Mahadlek Luang 3, Rajdamri Road and on Langsuan Road for a total rentable area of 26,846.18 square meters. (At present, the Company manages both properties) Details are as follows;



(1) SG Tower 1

The building is located on the 2-3-85 rai of land at No. 161/1 Soi Mahadlekluang 3, Rajdamri Road, Kwaeng Lumpini, Pathumwan District, Bangkok. SG Tower 1 is a 19-storey office tower plus two stories of underground parking space offering a total area of 30,752.00 square meters for rent. This could be broken down into 14,932.53 square meters of space for rent; 7,711.62 square meters of common areas and 8,107.85 square meters of parking space (for 220 cars). As of 31 December 2014, 86.70% of the tower's total rentable areas were rented.



(2) The Millennia (SG Tower 2)

The building which is located at 62 Langsuan Road, Kwaeng Lumpini, Pathumwan District, Bangkok is situated on the 1-3-22 *rai* of land and houses one 26-storey office building plus one underground parking space totaling 29,700 square meters. This consists of 11,913.65 square meters for rent, 7,916.35 square meters of common areas and 9,870.00 square meters of parking space (to accommodate 220 cars). As of 31 December 2014, 82.04% of the tower's total rentable areas were rented.

Most of the rental terms of lease agreements between the Company and its customers are three years with options for customers to renew the lease. The Company requires customers to deposit three months' rent as a down payment.

Property management service

The Company and TISCOM started selling land and factory buildings to the TIF1 Property Fund for the first time in 2005 before selling additional assets to the TIF1 Property Fund and the M-II Property Fund again in 2007, 2012 and 2013. Aside from selling land, factory and warehouse buildings, the Company has been appointed as a property manager of the property funds as well as property manager of SG's office buildings for rent in return for management fees.

Registered and paid-up capitals

As of 31 December 2014, the Company has registered capital at the amount of 1,914.91 Million Baht and paid-up capital at the amount of 1,283.50 Million Baht dividing as the ordinary shares of 1,283.50 Million shares at a par value of 1.00 Baht per share.

Name lists of shareholder

The name lists of the first 10 major shareholders of the company at closing date of shareholder accounts on 10 March 2014 are as follows:

Order	Name lists of shareholder	Proportion of share holding	
		Amount (share)	%
1.	Taechaubol Group ^{1/}	551,770,734	42.99
2.	Kovichjindachai Group ^{2/}	46,668,000	3.64
3.	Viriyamettakul Group ^{3/}	28,130,000	2.19
4.	Sathavoramane Group ^{4/}	14,067,400	1.10
5.	Samitanon Group ^{5/}	13,404,100	1.04
6.	Mrs. Pensri Ratanasuntrakul	11,900,000	0.93
7.	Thai NVDR Company Limited	11,846,566	0.92
8.	Mrs. Kunthong Udommahunthisuk	11,400,200	0.89
9.	Miss Nuchcha Kijchariyaphum	11,250,000	0.88
10.	Mrs. Supawan Santimataneedol ^{6/}	9,700,000	0.76
Total		710,137,000	55.34

Note : ^{1/} Taechaubol Group consists of;

1.1	Mr. Apichai Taechaubol	268,038,875	20.88
1.2	Mrs. Chalida Taechaubol	194,199,772	15.13
1.3	Mr. Kritawat Taechaubol	43,995,000	3.43
1.4	Mr. Chotiwit Taechaubol	40,529,959	3.16
1.5	Mr. Akkarawin Taechaubol	5,000,000	0.39
1.6	JC Asset Company Limited	7,128	0.00

2/	Kovichjindachai Group consists of;			
2.1	Mr. Chairath	Kovichjindachai	33,120,000	2.58
2.2	Mr. Santi	Kovichjindachai	10,187,000	0.79
2.3	Miss Patcharee	Kovichjindachai	1,998,000	0.16
2.4	Mr. Chaiyo	Kovichjindachai	1,140,000	0.09
2.5	Mr. Chawai	Kovichjindachai	153,000	0.01
2.6	Miss Worarath	Kovichjindachai	70,000	0.01
3/	Viriyamettakul Group consists of;			
3.1	Mr. Pisuth	Viriyamettakul	20,000,000	1.56
3.2	Mr. Chaiyasit	Viriyamettakul	8,000,000	0.62
3.3	Mrs. Phimpha	Viriyamettakul	130,000	0.01
4/	Sathavoramane Group consists of;			
4.1	Mr. Mithpun	Sathavoramane	14,032,400	1.09
4.2	Mr. Pundana	Sathavoramane	35,000	0.00
5/	Samitanon Group consists of;			
5.1	Mr. Kunthakorn	Samitanon	11,704,100	0.91
5.2	Mrs. Khingkarn	Samitanon	1,700,000	0.13
6/	Santimataneedol Group consists of;			
6.1	Mrs. Supawan	Santimataneedol	9,544,000	0.74
6.2	Mr. Teerapat	Santimataneedol	100,000	0.01
6.3	Miss Tunwan	Santimataneedol	56,000	0.01

Board of Directors of the Company

As of 31 December 2014, the name lists of Board of Directors of the Company are as follows;

Name - Surname	Position
1. Dr. Sunthorn Sathienthai	Chairman of the Board and Independent Director
2. Mr. Apichai Taechaubol	Director and President
3. Mr. Bunyong Visatemonkolchai	Director
4. Mr. Kritawat Taechaubol	Director
5. Mr. Pisuth Viriyamettakul	Director
6. Mr. Prasong Vara-ratanakul	Independent Director/Chairman of Audit Committee Chairman of Corporate Governance, Nomination and Remuneration
7. Mr. Nan Kijalaksana	Independent Director/Audit Committee Director of Corporate Governance, Nomination and Remuneration
8. Mr. Sommart Sangkhasap	Independent Director/Audit Committee Director of Corporate Governance, Nomination and Remuneration
9. Mr. Gumpol Tiyyarat	Director/Executive Director and Managing Director
10. Mr. Anukul Ubonnuch	Director and Executive Directive

Connected Transactions between the Company and the Directors, Executives and Shareholders who hold shares (both directly and indirectly) for 10% and over

The Company and subsidiaries conducted transactions with related person. The transactions were those executed with directors, executives and/or shareholders of the Company and subsidiaries as well as those with related person of directors, executives and/or shareholders. Details of the transaction occurred in 2013 and 2014 are as follows:

Related persons and nature of relationship

Related Person	Nature of relationship
JC Kevin Development Co., Ltd (formerly named V.C.A.L Business Group Co., Ltd) The company develops condominiums for sales, office space for rent and hotels.	Mrs.Chalida Taechaubol (Mr.Apichai's wife) holds 100 percent of its shares., Mr. Apichai Taechaubol and Mr.Chotiwit Taechaubol (Mr.Apichai's son) are JC's directors.
Mr. Apichai Taechaubol	CEO and major shareholder of the Company
Mrs. Chalida Taechaubol	Mr. Apichai Taechaubol's wife
Mr. Adisorn Taechaubol	Mr. Apichai Taechaubol's brother

Transactions between the Company and subsidiaries vs. related person

General Operation

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
JC	TFD	Entertainment expenses : TFD used JC's restaurants and hotels to entertain guests and to organize the Board of Directors' Meeting and the Shareholders' Meeting.	0.42	0.86	JC charged a service fee with a 10% discount from the rate which JC gives to general customers. <u>The Audit Committee's Opinion:</u> The Audit Committee opined that the transaction was reasonable as it was convenient for the Company to entertain guests and organize meetings because the hotel was close to TFD's office and the Company was given a discount.
		<u>Trade Payables</u>	0.10	0.75	
		<u>Office Rental</u> : TFD signed a lease agreement to rent office space of JC's building at 2 nd floor and 4 th -6 th floor for a total rentable area of 2,497 square meters to serve as the head office of TFD. Rental rate and service charge amount of 1,123,650 Baht per month (450 Baht per square meter). The Lease agreement term is 3 years which end on 31 December 2016.	-	10.47	
JC	TISCOM	<u>Deposit received in advance</u>	-	6.98	Due to the present TFD and subsidiaries have increased the expansion, they need to find the right area to be used as offices for TFD's business and subsidiaries' business. Moreover, office space in the cramped disproportionate number of employees increased and the lease agreement was expired on 30 June 2013, then TFD considers rent office space from JC instead because this is a new building with rental space sufficient to meet demand and office rental rate is comparable to other office buildings nearby. <u>The Audit Committee's Opinion:</u> The Audit Committee Meeting No.2/2013 on 14 March 2013 considered and opined that this connected transaction was suitable because the JC' building is a new building, have enough space for rental, the office rental rate is lower than the Company pay at the present and also is comparable to other office buildings nearby.
		<u>Office Rental</u> : TISCOM signed a lease agreement to rent office space of JC's building at 3 rd floor for a total rentable area of 196 square meters to serve as the head office of TISCOM. Rental rate and service charge amount of 88,200 Baht per month (450 Baht per square meter). The lease agreement term is 3 years which end on 31 December 2016.	-	0.83	
		<u>Deposit received in advance</u>	-	0.53	
JC	VSSL	<u>Deposit for purchase of land</u> : On 25 December 2013, VSSL signed an agreement to buy 138 rai of land totaling 800 Million Baht with JC. Payment condition as follows: 1. First payment amount of 300 Million Baht paid on contact date.	300.00	-	VSSL entered into an agreement to buy 138 rai of land totaling 800 Million Baht at Khao Yai with JC to develop a property project for sales. Therefore the Board of Directors opined that this transaction was normal business and general commercial terms. It will raise TFD's benefit and help VSSL to possess new continuous residential real estate project after the 15 Sukhumvit Residences Project was completed construction. Before decision to buy this

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
		<p>2. Second payment amount of 20 Million Baht paid on 30 January 2014 and amount of 180 Million Baht paid on 31 March 2014.</p> <p>3. Remaining payment amount of 300 Million Baht paid within 30 June 2014 with was the date of transfer of ownership of the land.</p> <p>On 30 January 2014, VSSL paid deposit to JC for a total amount of 320 Million Baht.</p> <p><u>Other receivables</u></p> <p><u>Accrued Interest</u></p>		<p>- 320.00</p> <p>- 0.15</p>	<p>land, TFD hired an appraisal company to value this land for decision making. Later, Asia Plus Advisory Co., Ltd., a financial advisor of TFD who helped preparing raising fund application for submission to the SEC, opined that the transaction was a normal business but contained irregular commercial terms and this transaction's size exceeded 3% of the net tangible assets, According to the relevant regulations. TFD should disclose this transaction to the SET and obtain an approval from the Board of Directors' Meeting and Shareholders' Meeting.</p> <p>In this regard, TFD opined that manipulated this transaction TFD have to hire independent financial advisor to give opinions for approval consideration of the Shareholders' Meeting which effect to delay the land purchase process and raising fund plan. The Board of Directors of TFD No. 4/2014, held on 3 March 2014, had resolution to approve VSSL canceled the purchasing land and informed JC to refund the deposit to VSSL.</p> <p>However, the SEC recommended the Company to propose this transaction to the Shareholders' Meeting to consider and approve of such transaction to ensure transparency and compliance with the principles of Good Corporate Governance and the Notification of the SEC and the Notification of the SET. Then TFD proposed such the transaction to the Board of Directors of TFD No. 14/2014, held on 30 July 2014 to review and approve again. TFD has changed the model of development projects to comply with the economic and political uncertainty and hired two independent appraisers to appraisal which they gave the appraisal price amount of 808.20 Million Baht and 777.71 Million Baht respectively. The Management had negotiated with JC to reduce a new land price to ensure consistency and compatibility with a new appraisal and for opportunity cost that VSSL to put that amount of deposit to make other benefits. Conditions of the new agreement divided into two cases as follows:</p> <p><i>1. In case of the Shareholders' Meeting approve to buy the land</i></p> <p>JC agrees to decrease the land price to be 755 Million Baht which deducting the deposit that had paid amount of 320 Million Baht,</p>

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
					<p>the remaining payment will be equal to 435 Million Baht which will be paid within 90 days from the date of the Shareholders' Meeting has approval.</p> <p><i>2. In case of the Shareholders' Meeting disapprove to buy the land</i></p> <p>JC agrees to refund the deposit amount of 320 Million Baht with interest 5.5% per annum to VSSL from the date that JC receives the deposit from VSSL until the date that VSSL receives refund the deposit from JC within 90 days from the date of the Shareholders' Meeting had disapproval.</p> <p>Moreover, the Board of Directors of TFD approved VSSL purchase the land from JC and proposed the transaction to the Shareholders' Meeting of TFD. On 30 September 2014, the Extraordinary Shareholders' Meeting No. 2/2014 passed the resolution to disapprove VSSL purchase the land. As the result, JC should pay the deposit of 320 Million Baht with interest 5.5% per annum to VSSL within 90 days from the date of the Shareholders' Meeting of TFD had disapproval. (Due date was on 29 December 2014)</p> <p>Later, on 29 December 2014 JC paid accrued interest amount of 17.68 Million Baht to VSSL and JC negotiated an extension of time to pay a refundable deposit for the land with conditions as follows:</p> <ol style="list-style-type: none"> 1. Extension of time to pay a refundable deposit for the land amount of 320 Million Baht for another 1 year from the payment due date which was on 29 December 2014. 2. Pay an interest every month at an interest rate of 7.0% per annum from the date on 29 December 2014 until the date that VSSL will receive the principle with interest from JC completely. 3. Mortgage the condominium units "the Sathorn Heritage Residence Project" building C located on Narathiwat-Ratchanakarin Road, Yannawa, Sathorn, Bangkok with the total of 30 units, total area of sale 3,288.49 square meters as collateral for the debt. JC will be responsible for the expense for mortgage and other expenses which will be occur. Moreover, Mr. Apichai Taechaubol guarantees the payments agreed to be bound by the guarantor.

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
					<p>Therefore, such transaction is classified as the connected transaction on providing financial assistance which the transaction size is higher than 3% of net tangible assets. According to the related regulations, TFD has a duty to propose the transaction to the Board of Directors' Meeting of TFD for approval, disclose the transaction to the SET and propose the transaction to the Shareholders' Meeting for approval.</p> <p>The Board of Directors' Meeting of TFD No. 2/2015 on 23 February 2015 passed the resolution to approve VSSL extension of time to pay a refundable deposit for the land and to propose this transaction to the Shareholders' Meeting of TFD for approval which will be held on 27 April 2015.</p> <p><u>The Audit Committee's Opinion:</u></p> <p>The Audit Committee's Meeting No. 10/2014 on 30 July 2014 opined that the purchasing land from JC will generate new revenue and profit to VSSL and TFD in the future. The price of land is lower than the appraised value of the independent appraiser. In addition, the terms and conditions that is on normal rule of the purchase price of land. Thus, the Audit Committee's Meeting had passed the resolution to propose to the Board of Directors of TFD for consideration and propose to the Shareholders' Meeting of TFD for approval. On 30 September 2014, the Extraordinary Shareholders' Meeting No. 2/2014 passed the resolution to disapprove VSSL purchase the land.</p> <p>Later, the Audit Committee's Meeting No. 2/2015 on 20 February 2015 opined that the extension of the debt at this time, JC was offering rewards to VSSL with the interest rate of 7.00% per annum which higher than TFD's average cost of capital and JC already paid the accrued interest of the year 2014 to VSSL. Moreover, JC has mortgaged property as collateral for the payment which has the appraisal value of an independent appraiser higher than debt owed in the present, and due to Mr. Apichai Taechaubol has guaranteed the repayment of such a personal. Thus, the Audit Committee's Meeting had passed the resolution to propose to the Board of Director of TFD for consideration and propose to the Shareholders' Meeting of TFD for approval.</p>

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
Mr. Apichai and Mrs. Chalida Taechaubol	TFD	On 1 April 2013, the Company bought 7.01 Million Shares of VSSL, which accounted for 100% of its registered and paid-up capital from Mr. Apichai and Mrs. Chalida Taechaubol totaling of 497 Million Baht. (The agreed price set at 500 Million Baht but as TFD fully paid before the due date, TFD was given discount of 3 Million Baht.)	496.90	-	TFD acquisition VSSL for expanding the business with the potential to generate revenues and profits for the foreseeable future of TFD and as the result will make TFD have revenue from sale of the 15 Sukhumvit Residence Project process to offset income from the sale of the residential project of TFD which already sold off and some of the projects are under development. Therefore, the price for acquisition was suitable because the appraisal price from the independent financial advisor equal to 582.98 Million Baht. Then such the price for acquisition was lower than the fair value. This transaction was approved by the Extraordinary Shareholders' Meeting No. 1/2013 held on 14 February 2013. <u>The Audit Committee's Opinion:</u> The Audit Committee's Meeting No. 8/2012 held on 26 December 2012 opined that this VSSL's shares purchasing was reasonable to TFD's operation as it would raise a major source of income and cash flows to TFD in the near future and was beneficial to TFD. The Audit Committee's Meeting had agreed that the purchased shares of VSSL which was considered to be the connected transaction should propose to the Board of Directors' Meeting for consideration and propose to the Shareholders' Meeting for approval. Therefore the Extraordinary Shareholders' Meeting No. 1/2013 held on 14 February 2013 passed the resolution to approve TFD enter the transaction to purchase shares of VSSL amount of 7,009,998 shares at the par value of 100 Baht per share or equal to 100% of the registered and paid-up capital of VSSL at the price of 71.3266 Baht per share for totaling selling price of 500 Million Baht from Mr. Apichai and Mrs. Chalida Taechaubol.
Mr. Adisorn Taechaubol	TFD	<u>Deposit</u> : As of 5 April 2013, Mr. Adisorn Taechaubol signed an agreement to buy and sell residential condominium units	0.78	0.78	The sale of the two projects clarified as normal commerce business which have general price and conditions as well as for sale to other customers.

Related Person	Company	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Rationality
			2013	2014	
		of the Colonial Kao Tao Hua Hin Project at the number of 1 unit at the price of 5.19 Million Baht. He already paid deposit and earnest money amount of 0.78 Million Baht.			<u>The Audit Committee's Opinion:</u> The Audit Committee opined that these two transactions clarified as normal commerce business.
Child of a director	VSSL	<u>Deposit</u> : As of 23 December 2012, child of a director signed an agreement to buy and sell residential condominium units of the 15 Sukhumvit Residence Project at the number of 4 unit for a total price of 41.12 Million Baht. The child already paid earnest money and down payment amount of 9.24 Million Baht. As of 25 July 2014, the child of a director sent a letter to cancel the agreement to buy and sell such 4 residential condominium units and asked for refund the earnest money and down payment at the total of 9.24 Million Baht. VSSL already refunded that amount of money on 1 August 2014.	9.24	-	

Loans between the Company and subsidiaries with related persons

Related Person	Nature of Transaction	Transaction Value (Million Baht)	2013		Outstanding	Necessity and Rationality
			Increase	payment		
JC	JC borrowed money from VSSL by issued a promissory note (P/N) with the following details: <ul style="list-style-type: none"> Issue date: 30 November 2010 for a face value of 124.2 Million Baht with due payment upon demand and interest rate was 8.0% per annum. New P/N was issued in 2011 and 2012 to replace the existing one for a total of 104.15 Million Baht with an interest rate was adjusted to 8.4% per annum. During Q1 of 2013, VSSL was entirely repaid for both the short-term loan and interest incomes. 	Principal 104.15	-	(104.15)	-	This transaction had taken place before TFD bought VSSL who was repaid loan before being acquired by TFD.
		Acc. Int. 11.35	3.24	(14.59)	-	
		Total 115.50	3.24	(118.73)	=	

Borrowing Loans between the Company and subsidiaries with related persons

Related Person	Nature of Transaction	Transaction Value (Million Baht)	2013		Outstanding	Necessity and Rationality
			Increase	payment		
Mrs. Chalida Taechaubol	VSSL borrowed money from Mrs. Chalida Taechaubol by issued a P/N on 27 December 2012 for a face value of 33.57 Million Baht with due payment upon demand and without interest.	Principal 33.57	-	(33.57)	-	This transaction had taken place before the Company bought VSSL.

Loan guarantee with financial institutions

Related Person	Borrower	Guarantee	Amount (Million Baht) 31 Dec 14	Outstanding (Million Baht)		Nature of transaction	Necessity and Rationality
				31 Dec 13	31 Dec 14		
Mr. Apichai Taechaubol	TFD	✓	990.00	150.00	150.00	Personal guarantee	This guarantee was given in accordance with loan conditions of a financial institution form. Those loans were borrowed for use as working capital and to buy land and build projects of TFD and subsidiaries, which a transaction carried out for the best interest of TFD and subsidiaries. <u>The Audit Committee's Opinion:</u> The Audit Committee opined that loan guarantee of TFD and subsidiaries was reasonable and necessary and it would benefit performance of both TFD and subsidiaries.
	VSSL	✓	1,550.00	558.72	-		
	TFD	✓	800.00	-	513.35		

Summary of Financial Position and Operating Result

Statement of Financial Position

(Unit : Million Baht)	2012 ^{1/}	%	2013 ^{1/}	%	2014	%
Assets						
Current assets						
Cash and cash equivalents	403.90	6.76%	1,268.66	16.51%	157.88	2.13%
Short-term investment open-end fixed income fund	0.00	0.00%	0.00	0.00%	27.37	0.37%
Investments in trading securities	0.00	0.00%	0.00	0.00%	84.05	1.13%
Trade and other receivables	19.21	0.32%	20.44	0.27%	30.51	0.41%
Short-term loan to and interest receivable from related	115.49	1.93%	0.00	0.00%	320.15	4.32%
Project development costs	4,120.33	68.93%	4,824.25	62.79%	5,202.86	70.22%
Deposit for purchase of land from related party	0.00	0.00%	300.00	3.90%	0.00	0.00%
Deposit for purchase of land	29.71	0.50%	54.64	0.71%	46.50	0.63%
Deposit for acquisition of ordinary shares of a subsidiary	100.00	1.67%	0.00	0.00%	0.00	0.00%
Deposit for construction	24.00	0.40%	79.00	1.03%	9.97	0.13%
Income tax receivable	0.00	0.00%	0.00	0.00%	25.45	0.34%
Other current assets	34.22	0.57%	58.83	0.77%	38.62	0.52%
Total current assets	4,846.86	81.09%	6,605.83	85.98%	5,943.37	80.21%
Non-current assets						
Restricted bank deposits	26.93	0.45%	13.21	0.17%	64.04	0.86%
Long-term loan to and interest receivable from subsidiaries	0.00	0.00%	0.00	0.00%	0.00	0.00%
Investments in subsidiaries	0.00	0.00%	0.00	0.00%	0.00	0.00%
Investments in equity securities available for sales	160.50	2.69%	243.00	3.16%	225.00	3.04%
Leasehold rights	502.26	8.40%	440.98	5.74%	401.11	5.41%
Investment properties	365.01	6.11%	232.19	3.02%	535.95	7.23%
Equipment	18.83	0.32%	60.70	0.79%	90.68	1.22%
Deferred tax asset	30.84	0.52%	60.63	0.79%	131.52	1.78%
Other non-current assets	26.22	0.44%	26.46	0.34%	17.63	0.24%
Total non-current assets	1,130.59	18.91%	1,077.18	14.02%	1,465.93	19.79%
Total assets	5,977.45	100.00%	7,683.01	100.00%	7,409.30	100.00%

(Unit : Million Baht)	2012 ^{1/}	%	2013 ^{1/}	%	2014	%
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	504.01	8.43%	2,560.20	33.32%	1,548.00	20.89%
Short-term loans from other individuals	53.50	0.90%	0.00	0.00%	0.00	0.00%
Trade and other payables	968.01	16.19%	585.50	7.62%	331.77	4.48%
Debentures	0.00	0.00%	1,344.55	17.50%	0.00	0.00%
Current portion of liabilities under finance lease agreements	3.71	0.06%	3.45	0.04%	6.96	0.09%
Current portion of long-term loans financial institutions	1,209.92	20.24%	894.22	11.64%	521.04	7.03%
Current portion of debt restructuring payable	44.38	0.74%	47.18	0.61%	0.00	0.00%
Current portion of long-term loans from related parties	46.13	0.77%	13.33	0.17%	0.00	0.00%
Income tax payable	119.24	1.99%	50.35	0.66%	1.58	0.02%
Other current liabilities	13.68	0.23%	7.50	0.10%	13.11	0.18%
Total current liabilities	2,962.57	49.56%	5,506.28	71.67%	2,422.46	32.69%
Non-current liabilities						
Debenture, net of current portion	0.00	0.00%	0.00	0.00%	1,687.45	22.77%
Liabilities under finance lease agreements, net of current portion	7.19	0.12%	3.74	0.05%	11.51	0.16%
Long-term loans from financial institutions, net of current portion	525.05	8.78%	155.00	2.02%	739.40	9.98%
Debt restructuring payable, net of current portion	66.71	1.12%	19.53	0.25%	0.00	0.00%
Long-term loans from related party and interest payable, net of current portion	334.67	5.60%	300.04	3.91%	312.72	4.22%
Rental deposit received	60.03	1.00%	53.06	0.69%	48.53	0.65%
Deferred tax liabilities	3.42	0.06%	3.91	0.05%	2.23	0.03%
Provisions for long-term employee benefits	5.20	0.09%	8.94	0.12%	11.91	0.16%
Long-term provisions	0.00	0.00%	2.37	0.03%	2.37	0.03%
Other non-current liabilities	3.00	0.05%	2.03	0.03%	1.69	0.02%
Total non-current liabilities	1,005.28	16.82%	548.62	7.14%	2,817.81	38.03%
Total liabilities	3,967.85	66.38%	6,054.91	78.81%	5,240.27	70.73%

(Unit : Million Baht)	2012 ^{1/}	%	2013 ^{1/}	%	2014	%
Shareholders' equity						
Share capital - Registered	902.88	15.10%	1,264.03	16.45%	1,914.91	25.84%
Share capital - Issued and fully paid up	789.53	13.21%	1,083.50	14.10%	1,283.50	17.32%
Share premium	147.20	2.46%	147.78	1.92%	955.10	12.89%
Share subscriptions received in advance	68.18	1.14%	0.00	0.00%	0.00	0.00%
Retained earnings						
Appropriated - statutory reserve	32.12	0.54%	50.66	0.66%	50.66	0.66%
Unappropriated	559.17	9.35%	421.12	5.48%	-40.85	-0.55%
Other components of shareholders' equity	320.34	5.36%	-172.34	-2.24%	-188.16	-2.54%
Equity attributable to owners of the Company	1,916.53	32.06%	1,530.72	19.92%	2,060.25	27.81%
Non-controlling interests of the subsidiary	93.07	1.56%	97.38	1.27%	108.75	1.47%
Total shareholders' equity	2,009.60	33.62%	1,628.10	21.19%	2,169.03	29.27%
Total liabilities and shareholders' equity	5,977.45	100.00%	7,683.00	100.00%	7,409.30	100.00%

Statements of Comprehensive Income

(Unit : Million Baht)	2012 ^{1/}	%	2013 ^{1/}	%	2014	%
Revenues						
Revenues from sale of land and building	327.71	24.09%	460.00	48.66%	0.00	0.00%
Revenue from sale of land to a subsidiary	0.00	0.00%	0.00	0.00%	0.00	0.00%
Revenue from sale of condominium units	130.43	9.59%	40.36	4.27%	1,151.35	78.58%
Revenue from rental and services	310.72	22.84%	248.13	26.25%	233.60	15.94%
Gain from sell of investment properties	554.89	40.78%	134.33	14.21%	0.00	0.00%
Other incomes						
Dividend income	0.00	0.00%	7.82	0.83%	16.06	1.10%
Proceeds from the transfer of land-purchasing	0.00	0.00%	0.00	0.00%	0.00	0.00%
Others	36.83	2.71%	54.78	5.79%	64.12	4.38%
Total revenues	1,360.58	100.00%	945.42	100.00%	1,465.13	100.00%
Expenses						
Cost of land and building sold	164.68	12.10%	244.23	25.83%	0.00	0.00%
Cost of land sold to a subsidiary	0.00	0.00%	0.00	0.00%	0.00	0.00%
Cost of condominium units sold	77.30	5.68%	32.20	3.41%	878.14	59.94%
Cost of rental and services	157.99	11.61%	148.91	15.75%	152.14	10.38%
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%
Loss on exchange rate	0.00	0.00%	0.00	0.00%	26.24	1.79%
Total expenses	617.85	45.41%	636.25	67.30%	1,374.03	93.78%
Profit before finance cost and income tax expenses	742.73	54.59%	309.16	32.70%	91.10	6.22%
Finance cost	(85.52)	-6.29%	(113.14)	-11.97%	(305.06)	-20.82%
Profit before income tax expenses	657.21	48.30%	196.03	20.73%	(213.96)	-14.60%
Income tax expenses	(154.21)	-11.33%	(42.17)	-4.46%	56.15	3.83%
Net Profit (Loss)	503.00	36.97%	153.86	16.27%	(157.81)	-10.77%

(Unit : Million Baht)	2012 ^{1/}	%	2013 ^{1/}	%	2014	%
Other comprehensive income:						
Loss on change in value of available-for-sale investment	10.50	0.77%	7.50	0.79%	(18.00)	-1.23%
Actuarial losses	0.00	0.00%	0.00	0.00%	(0.26)	-0.02%
Exchange differences on translation of financial statements in foreign currency	0.00	0.00%	0.00	0.00%	(1.42)	-0.10%
Income tax effect	(2.10)	-0.15%	(1.50)	-0.16%	3.65	0.25%
Other comprehensive income for the period	8.40	0.62%	6.00	0.63%	(16.03)	-1.09%
Total comprehensive income for the period	511.40	37.59%	159.86	16.91%	(173.84)	-11.87%
Total comprehensive income attributable to:						
Equity holders of the Company	520.04	38.22%	157.32	16.64%	(169.15)	-11.55%
The major shareholder of the Company	(10.00)	-0.74%	(1.78)	-0.19%	0.00	0.00%
Non-controlling interests of the subsidiaries	511.40	37.59%	4.31	0.46%	11.33	0.77%
Earnings per share - to equity holders of the Company						
Basic earnings per share	0.54		0.13		(0.15)	
Diluted earnings per share	0.51		0.12		(0.15)	

Cash Flow Statement

(Unit : Million Baht)	2012 ^{1/}	2013 ^{1/}	2014
Net cash flows used in operating activities	(925.61)	(1,562.23)	(792.78)
Net cash flows used in investing activities	738.46	(56.38)	(483.15)
Net cash flows from financing activities	557.81	2,483.38	167.32
Net increase (decrease) in cash and cash equivalents	370.66	864.77	(1,110.79)
Cash and cash equivalents at beginning of period	33.24	403.90	1,268.66
Cash and cash equivalents at end of period	403.90	1,268.66	157.88

Note : ^{1/} During Q2 of 2013, the Company invested in VSSL which had once been held by the Company's major shareholder, an action considered as a merger of business as it would be subject to the same control. As such, Management team has restated the cash flow statement by themselves for the year ended 31 December 2012 and 2013 of the Company and subsidiaries in retrospect and shown here for comparison purpose and to reflect the effect of the business combination under the same control.

Important Financial Ratio

Financial Ratio	2012	2013	2014
Liquidity Ratio			
Current Ratio (Times)	1.64	1.20	2.45
Quick Ratio (Times)	0.14	0.23	0.12
Account Payable Turnover (Times)	41.43	37.75	54.36
Collection Period (Days)	8.69	9.54	6.62
Inventory Turnover (Times)	0.12	0.10	0.21
Selling Period (Days)	2,979.34	3,785.26	1,751.83
Account Receivable Turnover (Times)	0.58	0.55	2.25
Payment Period (Days)	618.80	657.43	160.26
Cash Cycle (Days)	2,369.23	3,137.37	1,598.20

Financial Ratio	2012	2013	2014
Profitability Ratio			
Gross Profit Margin (%)	47.98%	43.17%	25.61%
Profit from Operation (%)	19.64%	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%
Efficiency Ratio			
Return on Total Assets (%)	9.82%	2.25%	-2.09%
Return on Fixed Assets (%)	54.06%	28.60%	-17.92%
Asset Turnover (Times)	0.27	0.14	0.19
Financial Policy Ratio			
Debt to Equity (Times)	1.97	3.72	2.42
Dividend Ratio (%)	82.27%	78.93%	0.00%

Management Explanation and Analysis of Financial Status & Results of Operation

Results of Operation

Revenues

Total Revenues	2012		2013		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sale of land and building	327.71	24.09	460.00	48.66	-	0.00
Revenue from sale of condominium units	130.43	9.59	40.36	4.27	1,151.35	78.58
Revenue from rental and services	310.72	22.84	248.13	26.25	233.60	15.94
Gain from sell of investment properties	554.89	40.78	134.33	14.21	0	0.00
Dividend income	-	0.00	7.82	0.83	16.06	1.10
Other incomes	36.83	2.71	54.78	5.79	64.12	4.38
Total	1,360.58	100.00	945.42	100.00	1,465.13	100.00

For consideration of a structure of revenues of the Company in 2012 - 2014, it is founded that the Company mainly earned the revenues from 4 kinds of business as 1) Revenues from sale of land and building 2) Revenue from sale of condominium units 3) Revenue from rental and services and 4) Gain from sell of investment properties. Details of the change of revenues of the Company are as follow;

- Revenues from sale of land and building which are from land developed and land with factories in TFD Industrial Estate Phase 1. In 2013, the Company earned revenues from sale of land and building of 460.00 Million Baht increase 40.37% when compared with year 2012 which mainly causing from the Company sold land with factories to the M-II Fund in Q4 of 2013 while year 2014 the Company did not have this revenue because the land and building of TFD Industrial Estate Phase 1 have been sold to almost completely. At present, the Company is in a process of developing land in Phase 2.
- During 2012 - 2014, the Company earned revenue from sale of condominium units of 130.43 Million Baht 40.36 Million Baht and 1,151.35 Million Baht respectively. In 2013 revenue from sale of condominium units decreased from 2012 by 69.06% causing from the Company was almost delivered and transferred of ownership of the Condominium Project 59 Heritage to customers in the year 2012. While revenues from sale of condominium units in 2014 came from the 15 Sukhumvit Residences Project which completed for the construction and starting to transfer of ownership to customers in Q4 of 2013. For other 2 Projects which the Company is operating now are the Colonial Kao Tao Hua Hin Project that is under construction after the Supreme Administrative Court ordered to cancel the order of the Administrative Court and the Mahadlek Residence Project is already receiving EIA and currently, this is under submitting a construction permit application to the relevant authorities.

- The Company earned revenue from rental and services in 2012 - 2014 of 310.72 Million Baht 248.13 Million Baht and 233.60 Million Baht respectively, decreased by 20.14% in 2013 and decreased by 5.86% in 2014. This was because of the Company and TISCOM sold factory and warehouse for rent to the M-II Fund. These resulted to the business groups of the Company did not recognize the rental from factory and warehouse that have already sold to the M-II Fund.

Revenue from rental and services	2012	2013	2014
Revenue from rental factory	38.92	9.24	14.90
Revenue from rental warehouse	74.03	38.97	29.80
Revenue from rental office building	197.78	199.93	188.90
Total	310.72	248.13	233.60

- The Company had a gain from sell of investment properties in 2012 - 2013 equivalent to 554.89 Million Baht and 134.33 Million Baht respectively, due to the year 2012 the Company and TISCOM sold completed factory and leasehold rights in TFD Industrial Estate and other industrial estates to the TIF1 Fund and the M-II Fund at the amount of 1,044 Million Baht and recognized to be gain from sell equivalent to 554.89 Million Baht and in 2013 TISCOM transferred the leasehold rights and sold factory to the M-II Fund at the amount of 290.00 Million Baht which TISCOM recognized to be gain from sell in this time equivalent to 134.33 Million Baht. For year 2014, the Company did not have such gain from sell of investment properties.

Cost of sales and services

Cost of sales	2012		2013		2014	
	Million Baht	% of sale*	Million Baht	% of sale*	Million Baht	% of sale*
Cost of land and building sold	164.68	50.25%	244.23	53.09%	0	0.00%
Cost of condominium units sold	77.30	59.27%	32.20	79.78%	878.14	76.27%
Cost of rental and services	157.99	50.85%	148.91	60.01%	152.14	65.13%
Total cost of sales	399.97	52.02%	425.34	56.83%	1,030.28	74.39%

Note : * Cost to Sale Ratio (Each Revenue)

In 2012 - 2014, the Company had the cost of sales and services at the amount of 399.97 Million Baht 425.34 Million Baht and 1,030.28 Million Baht respectively. In 2013, the cost of sales increased at the amount of 25.37 Million Baht causing from the cost of land and building sold increased 79.55 Million Baht while the cost of condominium units sold and the cost of rental and services decreased 45.10 Million Baht and 9.08 Million Baht respectively. Considering cost to sale ratio of each revenue is found that the cost to sale ratio increased to 56.83% in 2013 and 74.39% in 2014 due to the sale of land and building of the Company in 2013 had higher than 2012 which was vacant land only and the cost of condominium units sold in 2013 increased because of the cost for acquisition of the project and the cost for interior renovation of the 15 Sukhumvit Residences Project higher than the Condominium Project 59 Heritage. While 2014 the Company did not have such revenue from sale of land and building which cause the overall costs increased from 2013 including the cost of rental continue rising due to the Company improved office building during 2014.

Selling and Administrative Expenses

Selling and Administrative Expenses	2012		2013		2014	
	Million Baht	% of total revenues	Million Baht	% of total revenues	Million Baht	% of total revenues
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%

In 2012 - 2014, the Company had the selling and administrative expenses at the amount of 217.88 Million Baht 210.91 Million Baht and 317.51 Million Baht respectively. In 2013, the selling and administrative expenses decreased from the previous year 6.97 Million Baht causing from the selling expenses decreased 29.00 Million Baht from the reduction of the transfer expense but the administrative expenses increased 22.03 Million Baht causing from financial advisor and legal counsel expenses. In 2014 the Company had the selling and administrative expenses increased from year 2013 equivalent to 106.60 Million Baht causing from the selling expenses of the 15 Sukhumvit Residences Project including the administrative expenses increased due to rising rent expense, financial advisor expense, factory reserve compensation expense and expense on behalf of the condominium corporation.

Finance Cost

The Company had the finance cost in 2012 - 2014 at the amount of 85.52 Million Baht 113.14 Million Baht and 305.06 respectively. In 2013, the financial cost increased from 2012 32.29% causing from the Company offered the Tranche 1 debentures value of 500.00 Million Baht in Q3 of 2013 and the Tranche 2 debentures value of 850.00 Million Baht in Q4 of 2013. Moreover, during 2013 the Company issued promissory notes value of 1,403.70 Million Baht. In 2014, the Company had the finance cost increased 169.63% from 2013 that the main cause was from the Company offered debentures value of 1,693.50 Million Baht. Moreover it increased from VSSL record interest on the loan as expense because the condominium units which were complete of construction cannot be record as a part of the cost of project development anymore.

Net Profit

In 2013, the Company had the net profit decrease from 2012 that equal to 503.00 Million Baht dropped to 153.86 Million Baht because in 2013 the Company earned the profit from sell of investment properties decreased 420.56 Million Baht including the cost of cost of sales and services of all businesses growing and along with financial expenses increased from the issuing promissory notes and debentures. In 2014, the Company had the net loss at the amount of 157.81 Million Baht due to the Company did not have revenues from sale of land and building including the overall business costs and the financial cost in 2014 increased.

Profitability Ratio

Considering to the net profit margin in 2012 - 2014 as counting at 37.60%, 16.01% and -11.55% respectively reflect that the net profit margin of the Company are volatile and vary by revenues from the sale of land and building and the sale of condominium units that had the gross profit margin are quite high but sales are unpredictable including the selling and administrative expenses and financial expenses increased from 2012 onwards. Such expenses were to be used to expand the business of the Company to replace the revenue from the sale of land in the industrial estate phase 1 which was almost sold out including warehouse building and factory building that almost sold to the fund during 2012 - 2013.

Financial Position

Assets

In 2012 - 2014, the Company owned the assets at the amount of 5,977.45 Million Baht 7,683.01 Million Baht and 7,409.30 Million Baht increased 1,705.56 Million Baht or 28.53% in 2013 and decreased 273.71 Million Baht or 3.56% in 2014. Therefore, the total assets of the Company increased in 2013 causing from cash that increasing from sale of the assets to the property fund, the increasing of cost of property development because of the Company bought extra land and develop TFD Industrial Estate Phase 2 and the deposit for purchase of land from the related party. In 2014, the assets of the Company were decreased mostly being the reduction of cash and cash equivalents including project development costs that decreased from transferring ownership of condominium units of the 15 Sukhumvit Residences Project to customers.

Liabilities

In 2012 - 2014, the Company had the total liabilities at the amount of 3,967.85 Million Baht 6,054.91 Million Baht and 5,240.27 Million Baht respectively. In 2013, the Company had the total liabilities increased from 2012 another 2,087.05 Million Baht causing from the Company issued promissory notes and debentures during 2013 which to be used to purchase of new land for a new project and acquisition of VSSL including used as working capital. In 2014, the Company had the liabilities decreased amount of 814.63 Million Baht compared with the end of the year 2013 resulting from the Company had repayment of the debentures.

Shareholder's Equity

In 2012 - 2014, the Company had the shareholders' equity at the amount of 2,009.60 Million Baht 1,628.10 Million Baht and 2,169.03 Million Baht respectively. In 2014 the Company had the shareholders' equity decreased to 18.98% compared with the previous year due to the Company paid cash dividend equivalent to 90.28 Million Baht including the Company had different between the cost of this business combination under common control and the net book value of the equity of VSSL to 141.04 Million Baht was recorded as "Surplus on business combination under common control" and separately presented under other components of equity in the consolidated statements of changes in the shareholders' equity. In 2014, the Company had the shareholders' equity increased because of the Company issued of the ordinary shares during the period on November 2014 and the Company allotted the ordinary shares to Private Placement at the total amount of 200.00 Million shares.

Debt to Equity Ratio

The Company had the debt to equity ratio at the end of the year 2012 - 2014 at 1.97 times 3.72 times and 2.42 times respectively. The decreasing of the debt to equity ratio of the Company in 2013 resulting from the Company issued promissory notes and debentures during the year 2013 which made the total liabilities increased. Moreover, in 2014 the debt to equity ratio decreased because of the Company issued of the ordinary shares during the period on November 2014 and the Company allotted the ordinary shares to Private Placement at the total amount of 200.00 Million shares.

Liquidity

Cash Flows

In 2012 - 2014, the Company had the cash and cash equivalents equivalent to 370.66 Million Baht 864.77 Million Baht and -1,110.79 Million Baht respectively. The important cause was from the cash flows from operating activities in the past had decreased equivalent to -925.61 Million Baht -1,562.23 Million Baht and -792.78 Million Baht in 2012 - 2013 respectively as the main cause of the Company had increased an investment in real estate development projects which is a normal of real estate if the project is not completed or is in the course of a purchase of land for development projects it still cannot recognize the revenue from them. As this reasons made the Company had cost of property development increased from the TFD Industrial Estate phase 2 and the 15 Sukhumvit Residences Project while the Company's cash flow from financing activities increased steadily. In 2012, the cash flow from short-term loans and long-term loans from financial institutions was used to support the investment in the TFD Industrial Estate phase 2 and the Colonial Kao Tao Hua Hin Project. Also in 2013, the Company has increased financing of short-term loans from financial institutions and the issuance of debentures to support investments in the TFD Industrial Estate phase 2, repayment of the loan of the 15 Sukhumvit Residences Project and was used as working capital including on November 2014 the Company allotted the ordinary shares to Private Placement at the total amount of 200.00 Million shares. For the investing activities in 2012, the Company had cash flows from investing activities due to the Company received cash from sale of properties for investment at the amount of 1,000.60 Million Baht but in 2013 - 2014 the Company had cash flows used in investing activities 56.38 Million Baht and 483.15 Million Baht respectively because of in 2013 the Company acquired the ordinary shares of VSSL who owns the 15 Sukhumvit Residences Project and in 2014 TISCOM had establish subsidiary to investment of buying factory and warehouse in England for sale and rent.

Liquidity Ratio

At the end of the year 2012 - 2014, the Company had the liquidity ratio equivalent to 1.64 times 1.20 times and 2.45 times respectively. The decreasing of the liquidity ratio in 2013 had the main cause from the increasing of short-term loans from financial institutions and debentures for expand a business of the Company. For the liquidity ratio of the year 2014 increased from the end of the year 2013 because of the decreasing of short-term loans from financial institutions and debentures that to be repaid within one year from the repayment of the Company during the period of such accounting.

The Board of Directors of the Company has reviewed this Information Memorandum with caution and certify that the Information Memorandum is accurate and complete and no false information can cause significant errors in essence or a lack of information that should be disclosed.

Please be informed accordingly.

Yours sincerely,
Thai Factory Development Public Company Limited



Sign  Director
(Mr.Gumpol Tiyarat)

Sign  Director
(Mr.Anukul Ubonnuch)