

Information Memorandum regarding the Connected Transaction and the Disposal of Asset Schedule (2)

The Board of Directors Meeting No. 2/2014 of Sri Ayudhya Capital Public Company Limited (the “Company” or “AYUD”), held on 25 February 2014 has passed the resolution of disposal of ordinary shares of Sunrise Equity Company Limited (“Sunrise”), amounted to 54,613,666 shares at the price of 34.70 Baht per share or equivalent to 1,895.09 MB in total, to The Great Luck Equity Company Limited of amount 11,000,000 shares and Great Fortune Company Limited of amount 43,613,666 shares (the “Transaction”)

The aforementioned transaction is considered as the disposal of assets according to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and Notification of the Board of Governors of the Stock exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning the Acquisition and Disposition of Assets, 2004 dated 29 October 2004 (as amended). The transaction is considered as a Category 2 transaction. The size of transaction is 20.20% of total assets of the Company based on the total value of consideration criteria calculated based on the Company's consolidated financial statement as of 31 December 2013.

Such transaction is also considered as a connected transaction under the Notification of the Capital Market Supervisory Board Tor.Jor. 21/2008 Re: Connected Transaction Rules dated 31 August 2008 (as amended) and 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 Transactions, 2003 dated 19 November 2003 (as amended). Based on the latest audited consolidated financial statements of the Company for the year ended 31 December 2013, the total size of such transaction is equivalent to 38.90% of the Company's net tangible assets, which is more than 3% of the net tangible assets of the Company and greater than 20 MB.

To enter into the Transaction, the Company needs to submit the Information memorandum regarding the Transaction to the Stock Exchange of Thailand (“SET”) and to convene a meeting of general shareholders to approve the Transaction. To be approved, the Transaction needs a vote of not less than three-fourths of the total number of votes of the shareholders who have the rights to vote, excluding the votes of shareholders with vested interests. The Company is required to arrange for an Independent Financial Advisor to provide the opinion on the reasonableness of the Transaction and the fairness of the Transaction price to the shareholders; the opinion shall be sent out with the invitation letter, stating the names and number of shares of the shareholders who have no right to vote, to its shareholders no less than 14 days prior to the meeting.

In this regard, the Company sets out the details of the transactions as follows:

1. Date, month, year to enter into the transaction

The Board of Directors Meeting of the Company No. 2/2014 held on 25 February 2014 has passed the resolution of disposal of ordinary shares of Sunrise to The Great Luck Equity Company Limited and Great Fortune Company Limited. The attendance of the directors present at the Meeting were totaling 11 persons, thus constituting a quorum whereby 2 directors, Mr. Veraphan Teepsuwan and Miss Nopporn Tirawattanagool, who were connected person of the Company did not attend the Board of Directors meeting and had no rights to vote on this agenda.

2. Name of the connected persons and the relationship

Seller : Sri Ayudhya Capital Public Company Limited

Buyer : The Great Luck Equity Company Limited and The Great Fortune Company Limited

The relationship with the Company

The Great Luck Equity Company Limited and Great Fortune Company Limited is considered connected persons of the Company and both of them have the same indirect major shareholder which is CKS Holding Co.,Ltd. ("CKS") in which the ultimate shareholder is Ratanarak family. CKS holds the Company and the Great Fortune Company Limited via Bangkok Broadcasting & T.V. Co., Ltd. ("BBTV") and holds The Great Luck Equity Company Limited via (i) BBTV Asset Management Co., Ltd. ("BBTV AM") and (ii) BBTV. Therefore, Ratanarak family is considered to have interest in the transaction and not entitled to vote the approval of the transaction.

The Company and the group of companies which are related to the Buyer are sharing the same directors, which are Mr. Weeraphan Theepsuwan and Miss Nopporn Tirawattanagool. Therefore, these 2 directors are considered to have interest in the transaction and not entitled to vote at the Board of Directors meeting of the Company for approval of this transaction.

3. Company Description

3.1. Business Description

Sri Ayudhaya Capital Public Company Limited ("The Company") formally known as Sri Ayudhaya Insurance Public Company Limited which is the leading insurance company in Thailand. The Ayudhya

Insurance was founded on October 7, 1950 to operate non-life insurance businesses, including fire, marine, motor insurance and other non-life insurance products. In 1994, the Company became a publicly listed company on the SET (Stock Exchange of Thailand) with a capital investment of Bht. 500 million, and changed its name to The Ayudhya Insurance Public Company Limited.

In 2011, the Company and its subsidiary entered into the Transfer of Business Agreement to transfer all insurance policy including assets and liabilities relating to non-life insurance operation to the subsidiary. The Company has transferred non-life insurance operation to the subsidiary. The Company returned insurance license to the Office of the Insurance Commission (OIC) and was converted to an investment holding company follow the business integration plan since December 20, 2011.

In 2011, the Company sold the entire holding ordinary shares of Ayudhya Securities Public Company Limited (AYS) totaling 257,452 shares to Bank of Ayudhya Public Company Limited at the price of Baht 12.67 per share, at the total amount of Baht 3.26 million, or representing to 0.43% of issued and paid-up shares of the AYS.

In 2002, the Company invested in 17,162,978 common shares of Allianz Ayudhya Assurance Public Company Limited (Formerly Ayudhya Allianz C.P. Life Public Company Limited) or equivalent to 5.82% of its paid-up capital. Further, on January 18, 2012, the Company purchased an additional 17,265,108 common shares of such company for Baht 517.95 million, resulting in a total holding of 34,428,086 shares or 11.67%. Subsequently, on May 9, 2012, the Company purchased additional 25,072,194 common shares for Baht 752.17 million. These resulted in a total investment of 59,500,280 shares or 20.17%.

The Company has subsidiary which is Sri Ayudhya General Insurance ("SAGI"). SAGI engages in all classes of non-life insurance business since September 25th, 1982 as follows;

1. Fire Insurance

Coverage is available throughout Thailand for buildings, houses, residences, commercial buildings and factories, goods held in storage, as well as machinery and raw materials at industrial plants within Thailand territory limit.

2. Motor Insurance

Cover the risk of losses due to automotive and motorcycle accidents divided into Compulsory insurance and Voluntary insurance.

3. Marine Insurance

The company offers coverage on goods transported by sea and by river both internationally and within Thailand. Coverage is also provided on good transported overland by truck or by train, as well as by air and parcel post.

4. Miscellaneous Insurance

Numerous types of insurance coverage are available, including Personal and group accident insurance, Travel insurance, Money insurance, Burglary insurance, Machinery insurance, Erection all risks insurance, Contractor's all risks insurance, Workmen's compensation insurance, Electronic equipment insurance, Public liability insurance, All risks insurance, Credit card insurance, Plate glass insurance, Contractor's plant and machinery insurance and Leasehold insurance.

Apart from direct acceptance of risks, our Company accepts reinsurance from domestic and overseas insurance companies, balancing the risks to increase financial security.

3.2. List of directors and top 10 shareholders

As of 31 December 2013, the board of directors of the Company consists of the following 13 directors:

No.	Name	Position
1	Mr. Veraphan Teepsuwan	Chairman
2	Mr. Chusak Salee	Managing Director
3	Mr. Rowan D Arcy	President
4	Mr. Laksna Thongthai	Director
5	Mr. Virojn Srethapramotaya	Director
6	Miss Nopporn Tirawattanagoo	Director
7	Mr. Ulf Lange	Director

No.	Name	Position
8	Mr. Surachai Prukbamroong	Chairman of Audit Committee/Independent Director
9	Mr. Metha Suvanasarn	Independent Director/ Audit Committee
10	Mr. Suwat Suksongkroh	Independent Director/Audit Committee
11	Mr. Vichit Kornvitayakoon	Audit Committee

As of book closing date, March 14, 2013, The Company had the top 10 shareholders as follow;

No.	Shareholder names	No. of shares	% ownership
1	Deutsche Bank AG, Frankfurt A/C Clients Account-DCS	42,104,000	16.84
2	Bangkok Broadcasting & T.V. Co., Ltd.	28,802,500	11.52
3	Triple Prime Team Holdings Company Limited	25,238,750	10.10
4	Bank of Ayudhya Public Company Limited by Krungsri Securities Public Company Limited	24,305,800	9.72
5	B B T V Equity Co., Ltd.	21,946,000	8.78
6	Thongthai (1965) Co., Ltd.	9,610,000	3.84
7	Citibank Nominees Singapore Pte Ltd-UBS AG London Branch-NRBS	7,380,500	2.95
8	Great Fortune Equity Company Limited	7,045,250	2.82
9	Miss Sudthida Ratanarak	6,344,870	2.54
10	Krungthai Panich Insurance Public Company Limited	3,938,400	1.58
11	Others	73,283,930	29.00
Total		250,000,000	100.00

3.3. Transactions with related parties

The relationships between the Company and its related parties are summarized below

Companies	Relationship	Type of business
Sri Ayudhya General Insurance Plc.	Some common shareholders and directors	Insurance
Bank of Ayudhya Plc.	Some common shareholders and directors	Banking
Krungsri Securities Plc.	Some common shareholders and directors	Finance
Krungsri Asset Management Co., Ltd.	Some common shareholders	Fund Management
Ayudhya Development Leasing Co., Ltd.	Some common shareholders	Leasing
Siam City Cement Plc.	Some common shareholders and directors	Construction Materials
Bangkok Broadcasting & T.V. Co., Ltd.	Some common shareholders and directors	Television Business
Great Luck Equity Co., Ltd.	Some common shareholders	Advertising
Super Asset Co., Ltd.	Some common shareholders	Investments
BBTV Equity Co., Ltd.	Some common shareholders	Office Space Rental
CKS Holding Co., Ltd.	Some common shareholders	Investments
Sunrise Equity Co., Ltd.	Some common shareholders	Consulting
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Public Company Limited)	Some common shareholders and directors	Life Insurance
Grand Canal Land Plc.	Some common shareholders	Advertising
Ayudhya Asset Management Co., Ltd.	Some common shareholders	Asset Management
Siam Realty and Services Co., Ltd.	Some common shareholders	Services
Krungsri Factoring Co., Ltd.	Some common shareholders	Factoring
Ayudhya Capital Auto Lease Plc.	Some common shareholders	Leasing
Krungsriayudhya Card Co., Ltd.	Some common shareholders	Services

1. Details of investment in related parties are as follows:

As of 31 December 2013

Companies	Paid – up	Shareholding	Consolidated financial statement	
	Baht	%	Investment Baht	Dividend Baht
Investment - ordinary shares				
Bank of Ayudhya PLC.	60,741,437,470	-	-	225,920
Sunrise Equity Co., Ltd.	9,970,000,000	5.48	546,136,660	-
Siam City Cement Plc.	2,300,000,000	0.02	9,925,000	350,000
			556,061,660	575,920

Companies	Consolidated financial statement (Baht)	Remark
Investment in an associate		
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Public Company Limited)	1,868,420,720	Using equity method

Companies	Consolidated financial statement		Pricing Policy
	Investment Baht	Dividend Baht	
Investment - unit trusts			
Unit trusts managed by Krungsri Asset Management Co., Ltd.			
- Krungsri Star Plus Fund	82,926,120	-	using the same pricing policy and conditions for management fee as it did for other customers
- Krungsri Cash Management Fund	20,399	-	
- Krungsri Dividend Stock Fund	38,227,848	5,300,000	
- Krungsri Dynamic Dividend Fund	11,547,600	900,000	
- Krungsri Flexible Dividend Fund	92,439,802	24,562,923	
- Krungsri Financial Focus Dividend Fund	6,459,611	1,495,579	
- Krungsri Global High Payout Fund	19,727,488	-	
- Krungsri Europe Equity Fund	44,718,056	-	
	296,066,924	32,258,502	

As of 31 December 2012

Companies	Paid- up	Shareholding	Consolidated financial statement	
	Baht	%	Investment Baht	Dividend Baht
Investment - ordinary shares				
Bank of Ayudhya PLC.	60,741,437,470	0.01	9,178,000	211,800
Sunrise Equity Co., Ltd.	9,970,000,000	5.48	546,136,660	24,466,922
Siam City Cement Plc.	2,300,000,000	0.02	16,800,000	1,215,000
			572,114,660	25,893,722

Companies	Consolidated financial statement		Remark
	Baht		
Investment in an associate			
Allianz Ayudhya Assurance Plc. (Formerly Ayudhya Allianz C.P. Life Public Company Limited)		1,513,136,319	Using equity method

Companies	Consolidated financial statement		Pricing policy
	Investment Baht	Dividend Baht	
Investment - unit trusts			
Unit trusts managed by Krungsri Asset Management Co., Ltd.			
- Krungsri Star Plus Fund	90,257,230	-	
- Krungsri Medium Term Fixed Income Dividend Fund	-	6,158,980	using the same pricing policy and
- Krungsri Dividend Stock Fund	30,972,000	5,000,000	conditions for
- Krungsri Dynamic Dividend Fund	12,731,040	1,596,000	management fee as it
- Krungsri Flexible Dividend Fund	108,784,147	10,001,190	did for other
- Krungsri Financial Focus Dividend Fund	8,777,186	357,794	customers
- Krungsri Oriental Flexible Fund	28,800,891	-	
- Krungsri Global High Payout Fund	16,538,522	-	

Consolidated financial statement			
Companies	Investment Baht	Dividend Baht	Pricing policy
	296,861,016	23,113,964	

2. Details of significant balances and transactions as of 31 December 2012 and 31 December 2013 are as follows:

	Balance (Baht)		Pricing policy
	Year 2012	Year 2013	
Deposits at bank			
Bank of Ayudhya Plc.	580,252,814	877,516,158	Interest was charged at the same interest rates as the bank has offered to other insurance companies.
Premium due and uncollected			
Bank of Ayudhya Plc.	41,515	311,236	Using the same pricing policy and conditions for the premiums as it did for other customers
Krungsri Securities Plc.	139,516	-	
Krungsri Asset Management Co., Ltd.	-	128,862	
Ayudhya Development Leasing Co., Ltd.	4,930,108	-	
Siam City Cement Plc.	230,936	485,597	
Bangkok Broadcasting & T.V. Co., Ltd.	26,320	975,414	
CKS Holding Co., Ltd.	131,772	107,614	
Allianz Ayudhya Assurance Plc.	41,350	37,632	
Grand Canal Land Plc.	343,770	-	
Ayudhya Asset Management Co., Ltd.	513,411	-	
Siam Realty and Services Co., Ltd.	115,186	-	
Ayudhya Capital Auto Lease Plc.	-	570,639	
Krungsriayudhya Card Co., Ltd.	-	2,155,489	
	6,513,884	4,772,483	
Accrued interest income			

	Balance (Baht)		Pricing policy
	Year 2012	Year 2013	
Bank of Ayudhya Plc.	4,017,551	3,524,277	Interest was charged at the same interest rates as the bank has offered to other insurance companies.
Rental and facilities deposits BBTV Equity Co., Ltd.	5,068,943	5,082,466	Using the same pricing policy and conditions for the premiums as it did for other customers
Accrued expense - management fee Krungsri Securities Plc.	52,259	51,762	Using the same pricing policy and conditions for the premiums as it did for other customers
Accrued expense - custodian fee Bank of Ayudhya Plc.	14,637	13,895	Using the same pricing policy and conditions for the premiums as it did for other customers
Accrued expense - commissions and brokerages Bank of Ayudhya Plc.	13,201,654	15,883,099	The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that has been offered to other insurance broker companies.

	Balance (Baht)		Pricing policy
	Year 2012	Year 2013	
Accrued expense - other underwriting expenses			
Bank of Ayudhya Plc.	5,483,482	6,286,136	As specified in the Bancassurance Agreement made between the subsidiary and such related bank.
Premium written			
Bank of Ayudhya Plc.	21,360,513	19,939,063	Using the same pricing policy and conditions for the premiums as it did for other customers
Krungsri Securities Plc.	146,369	4,728	
Krungsri Asset Management Co., Ltd.	1,480,378	1,513,962	
Ayudhya Development Leasing Co., Ltd.	10,551,928	20,749,112	
Siam City Cement Plc.	84,022,235	84,228,312	
Bangkok Broadcasting & T.V. Co., Ltd.	8,056,754	8,964,241	
Great Luck Equity Co., Ltd.	47,671	45,666	
Super Assets Co., Ltd.	148,088	75,768	
BBTV Equity Co., Ltd.	1,254,531	1,134,943	
CKS Holding Co., Ltd.	253,758	100,172	
Allianz Ayudhya Assurance Plc.	827,169	620,344	
Grand Canal Land Plc.	320,000	300,000	
Ayudhya Asset Management Co., Ltd.	883,846	1,402,363	
Siam Realty and Services Co., Ltd.	1,460,823	1,054,441	
Krungsri Factoring Co., Ltd.	6,936	-	
Ayudhya Capital Auto Lease Plc.	42,014	1,085,615	
Krungsriayudhya Card Co., Ltd.	3,010,000	3,603,694	
	133,873,013	144,822,424	
Commissions and brokerages			

	Balance (Baht)		Pricing policy
	Year 2012	Year 2013	
Bank of Ayudhya Plc.	136,854,929	165,330,014	The commission rates were in compliance with the Office of Insurance Commission criteria and the same basis of the commission rate that has been offered to other insurance broker companies.
Other underwriting expenses Bank of Ayudhya Plc.	64,511,372	71,465,162	As specified in the Bancassurance Agreement made between the subsidiary and such related bank.
Interest income Bank of Ayudhya Plc.	12,177,507	11,602,481	Interest was charged at the same interest rates as the bank has offered to other insurance companies.
Commission paid Krungsri Securities Plc.	506,513	725,482	Using the same pricing policy and conditions for the premiums as it did for other customers
Management fees Krungsri Securities Plc Krungsri Asset Management Co., Ltd.	533,620 -	655,024 595,473	Using the same pricing policy and conditions for the premiums as it did for other customers

	Balance (Baht)		Pricing policy
	Year 2012	Year 2013	
Custodian fees			
Bank of Ayudhya Plc.	198,567	149,392	Using the same pricing policy and conditions for the premiums as it did for other customers
Rental and service fees			
BBTV Equity Co., Ltd.	20,736,550	20,369,649	Using the same pricing policy and conditions for the premiums as it did for other customers

3.4. Summary of financial statements during the past 3 years and analysis of financial position and operating performance

3.4.1. Summary of financial statements during the past 3 years

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
Financial Position				
Assets				
Cash and cash equivalent	MB	1,486.26	643.34	1,68.25
Accrued investment income	MB	20.59	20.77	19.76
Premium due and uncollected-net	MB	212.92	241.34	255.08
Reinsurance assets	MB	5,258.56	3,590.96	1,838.46
Investments	MB	5,015.92	3,328.70	3,142.81
Loans	MB	3.72	4.38	2.68
Investment in associate	MB	-	1,513.14	1,868.42
Premises and equipment-net	MB	65.19	57.45	56.03
Intangible assets-net	MB	123.70	117.25	101.05
Deferred tax assets	MB	383.62	356.91	297.41
Deferred commission expense	MB	-	39.92	54.40
Other assets	MB	96.16	70.12	59.61
Total assets	MB	12,666.64	9,984.27	9,382.96

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
Liability and Equity				
Income tax payable	MB	17.52	1.15	1.12
Due to reinsurers	MB	365.99	888.18	622.51
Insurance contract liabilities				
Loss reserve and outstanding claims	MB	6,314.08	2,931.06	2,268.3
Premium reserve	MB	796.73	897.93	910.18
Employee benefit obligation	MB	53.55	57.22	62.76
Deferred tax liabilities	MB	18.58	36.64	12.20
Commission and brokerage payables	MB	256.90	258.50	330.86
Accrued expenses	MB	40.04	47.10	52.88
Other liabilities	MB	103.15	115.39	83.41
Total Liabilities	MB	7,966.55	5,233.13	4,410.55
Shareholder's equity	MB			
Share capital	MB	500.00	500.00	500.00
Authorized share capital	MB	250.00	250.00	250.00
Retained earnings	MB			
Appropriate	MB			
Statutory reserve	MB	50.00	50.00	50.00
Other reserve	MB	900.00	900.00	900.00
Unappropriated (deficit)	MB	(77.53)	(87.84)	231.20
Other component of equity	MB			
Surplus of revaluation of investment	MB	-	126.79	29.03
Total shareholder's equity	MB	4,700.09	4,751.14	4,972.41
Liabilities and total shareholder's equity	MB	12,666.64	9,984.27	9,382.96
Statement of comprehensive income	MB			
Revenues	MB			
Net premium earned	MB	1,661.46	1,709.87	1,908.65
Fee and commission income	MB	221.92	191.59	230.48
Total revenues	MB	1,883.37	1,901.46	2,139.13
Expenses				

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
Underwriting expenses				
Loss incurred				
Insurance claims and loss adjustment expenses				
Loss claims	MB			
- Normal operation	MB	800.78	945.78	828.78
- Flooding	MB	1,030.39	108.58	-
Commission and brokerage expenses	MB	360.91	400.74	421.40
Other insurance expense	MB	269.98	293.38	351.53
Operating expense	MB	283.38	289.19	435.54
Total expenses	MB	2,754.44	2,037.66	2,037.25
Profit(loss) on underwriting	MB	(862.07)	(136.20)	101.89
Net investment income	MB	234.63	179.37	158.58
Gain on investment in securities	MB	97.95	79.68	54.09
Share of profit of investment in an associate	MB	-	25.87	355.28
Other income	MB	22.60	7.99	7.50
Income(loss) from operation	MB	(506.89)	156.71	677.34
Contribution to the Office of Insurance Commission	MB	6.74	7.29	7.90
Contribution to Non-life Guarantee Fund	MB	5.25	6.79	7.40
Contribution to Road Victims Protection Fund	MB	0.34	0.34	0.31
Financial cost	MB	0.03	-	-
Income (loss) before income tax expense	MB	(519.25)	142.29	661.73
Income before income tax expense	MB	(64.16)	47.35	71.79
Net income	MB	(455.09)	94.94	589.94
Other comprehensive income(loss)				
Actuarial loss on defined employee benefit plans-net of income tax	MB	-	-	(0.90)
Surplus (deficit) on revaluation of investments-net of income tax	MB	(160.62)	81.11	(98.66)

Statement of Financial Position	Unit	As at December 31		
		2011	2012	2013
Income tax relating to other comprehensive income (loss)	MB	55.30	(18.05)	-
Other net comprehensive income (loss)	MB	(105.32)	81.11	(98.66)
Total comprehensive income(loss) for the periods	MB	(560.42)	176.05	491.27
Basic earnings (loss) per share	Baht	(1.82)	0.38	2.36
Cash flows statement				
Cash flows from operating activities	MB	240.99	(1,071.04)	1,217.74
Cash flows from investing activities	MB	1,165.47	353.12	96.17
Cash flows from financing activities	MB	(300.00)	(125.00)	(270.00)

3.4.2. Analysis of financial position and operating performance

In 2013, the Company and its subsidiary showed earned premiums of 1,908.65 MB, an increase of 198.78 MB, or 11.63% over the previous year. Net investment income from interest and dividend was 158.58 MB, a decrease of 20.79 MB or 11.59 over the previous year. Gains on investments in securities totaled 54.09 MB, a decrease of 25.59 MB or 32.11% due to the fluctuation in Thai stock market in 2013, in addition to low interest rates. In 2013, the Company recognized 355.28 MB in profit from its investment in the associate company, Allianz Ayudhya Public Company Limited, using the equity method in the consolidated financial statements increased from last year by 329.41 MB or 1,273.33% since the associated company made significant more profits. In 2012, the Company and its subsidiary showed earned premium of 1,709.87 MB increased from last year by 48.41 MB or 2.91%, over the previous year. Net investment income from interest and dividends was 179.37 MB, a decreased of 55.26 MB, or 23.55%, from the previous year. Gains on investment in securities totaled 79.68 MB, a decrease of 18.27 MB or 18.65%, from last year's 97.97 MB. In 2012, the Company increased its registered capital in the subsidiary by 600 MB in an associate company, Allianz Ayudhya Assurance Public Company Limited, resulting in a total equivalent to 20.17% of its paid-up capital. In 2012, the Company recognized 25.87 MB in profit from its investment in associated company, using the equity method. Other income in 2012

was 7.99 MB, down 14.61 MB, or 64.64% from the previous year, due to gains on sales of assets, which decreased by 5.17 MB, or 58.05%.

The Company and its subsidiary's two major expenditures were underwriting and operating expenses. Underwriting expenses were comprised of losses incurred, loss adjustment expenses, commissions and brokerages, and other expenses on which the commissions and brokerages and other relevant expenses were variable costs related directly underwriting income. Loss incurred and loss adjustment expenses depended on the losses incurred by policyholders during the year. In 2013, the Company had underwriting expenses of 2,037.25 MB, a decrease of 0.41 MB, or 0.02%, from last year 2,037.25 MB. The decrease in underwriting expense was due to lower claim from general operation which decreased by 225.58 MB or 21.40%. In 2012, there was still flooding claims in Q4/2012 of 108.58 MB. The loss ratio, excluding loss from the flood, equaled to 43.42% decreased from 55.31% from the same period last year. Commissions and brokerages increased over last year by 20.65 MB. Commissions and brokerages increased over last year by 20.65 MB or 5.15%. Other loss expenses increased from last year 58.16 MB or 19.82% due to increase in business volume from last year. In 2013, operating expenses increased by 146.35 MB or 50.61%, personal expenses increased by 26.57 MB or 23.17%, premises and equipment expenses was 102.84 MB increased from last year's 100.21 MB by 2.63 MB or 2.63%. This was due to the Company's investment in information technology to reduce redundancy, increase speed, efficiency and delivery of service, and support new innovative products. In addition, in the year 2013, the Company has set up defensive provision for bad debts of 114.68 MB for certain international reinsurers suffering downgrades. In 2012, the Company had underwriting expenses of 2,037.66 MB, a decrease of 707.78 MB, or 25.78%, from last year's 2,745.44 MB. The reason for this substantial decrease in underwriting expenses was the high losses incurred from the 2011 flooding. Claims from general operations increased by 145 MB, or 18.11%, while claims from the flood total 108.58 MB. The loss ratio, excluding loss from the flood, equaled 55.31% increased from 48.20% over the same period last year. Commissions and brokerages increased over last year by 39.83 MB, or 11.04%, and total underwriting expenses increased by 23.4 MB or 8.67%, due to the increased volume of business. In 2012, operating expenses increased by 5.80 MB, or 2.05%, over the last year, personnel expenses decreased by 0.88 MB, or 0.38%, and premises and equipment expenses increased from 99.62 MB to 100.21 MB, a 0.59 MB, or 0.59%, rise.

In 2013, the Company turned around its business from the previous year, operating results in 2013 showed a gain of 101.89 since loss claims has decreased substantially. While last year the

Company had underwriting loss of 136.20 MB from flooding claims in Q4/2012. In 2013, the consolidated financial statements showed a gain of 677.34 MB increased by 520.63 from last year's 156.71 MB or 332.22%. The Company had a pre-tax profit of 661.73 MB increased from last year by 519.44 MB from last year's 142.29 MB or 365.06%. The Company and its subsidiary calculated deferred income tax rate of 20.0%, the income tax expenses of the Company and its subsidiary total 71.79 MB increased from last year by 24.45 from last year's 47.35 MB or increased by 51.63% since the pre-taxed profit has increased significantly from last year. Therefore, the operating results for 2013 in the consolidated financial statements showed a net profit of 589.94 MB and earnings per share of 2.36 Baht. Net profit increased by 495.00 MB from last year's 94.94 MB or 521.36%.

In 2012, The Company and its subsidiary profit from operation was 156.71 MB, while in 2011 there was a loss from operation of 506.89 MB. In 2012, the Company consolidated financial statement showed pre-tax profit of 142.29 MB, while year before showed a pre-tax loss of 519.25 MB. As a result of reducing deferred tax income rate from 23% to 20% of net profit in 2013, the income tax expense of the Company and its subsidiary totaled 47.35 MB in 2012, while the previous year saw an income tax expense of 64.16 MB. Therefore, the operating results for 2012 in the consolidated financial statements showed a net profit of 94.94 MB and earnings per share of 0.38 Baht, while 2011 showed a net loss of 455.09 MB and a loss per share of 1.82 Baht.

The assets of the Company and its subsidiary are comprised of investments in securities, loans, cash and cash equivalents, premises and equipment, intangible assets, premiums due and uncollected, accrued investment income, property, plant and equipment, intangible assets, premiums due and uncollected, accrued investment income, reinsurance assets, and other assets.

As at December 31, 2013, the Company and its subsidiary had total assets of 9,382.96 MB, decreased from the previous year by 601.30 MB or 6.02% since the Company paid significant amount of flooding loss claims. Moreover, the Company also invested in information technology system, renovated offices, bought new vehicles replacing the obsoleted ones. As at December 31, 2012 total assets were 9,984.27 MB decreased from 2011's 2,682.37 MB or 21.18%.

As at December 31, 2013, the Company had total liabilities of 4,410.55 MB decreased by 822.58 MB from last year's 5,233.13 MB due to reduce of loss reserve, accrued loss and due to reinsurers of 928.45 MB. The Company has debt incurred from operation which includes premium written received in advance, premium reserve, due to reinsurers, commission and brokerage payables, and deferred tax liabilities. As at December 31, 2012 total liabilities reduced by 2,733.42 MB from the previous year's 7,966.55 MB due to reduce of loss reserve and accrued reserve of 3,383.02 MB, while there was increased of due to reinsurers by 522.19 MB.

As at December 31, 2013 total shareholder's equity was 4,972.41 MB, which increased by 221.27 MB from last year's 4,751.14 MB. Since in 2013 there was net of unrealized gain from investment of 29.03 MB decreased by 97.76 MB from the previous year's 126.79 MB. While, the consolidated financial statement showed retained earnings of 231.20 MB increased by 319.04 MB from the previous year's deficit of 87.84 MB Last year's deficit was due loss from flooding claims in 2012. As at December 31, 2012 total shareholder's equity was 4,751.14 MB increased by 51.05 from year 2011's 4,700.09 MB since in 2012 there was net of unrealized gains of investment of 126.79 MB increased by 61.35 from last year's 65.44 MB, the consolidated financial statement showed deficit of 87.83 MB increased by 10.30 MB from the previous year due to flooding claims in Q4/2011.

3.5. Other information that may materially affect the decision of investors (if any)

As mentioned above, The Company has transferred non-life insurance operation to the subsidiary, and was converted to an investment holding company. If Sri Ayudhya General Insurance PLC does not pay out dividend to the Company, it may have an effect to the dividend payment of the Company

4. Explanation of the transaction

<u>Asset</u>	:	Ordinary shares of Sunrise
<u>Nature of business</u>	:	Holding Company
<u>Paid-up capital</u>	:	9,970 MB TH-997.00 million ordinary shares at par value of 10 THB
<u>Shareholding in Sunrise</u>	:	<u>Before the transaction</u>
		Number of Sunrise : 54,613,666 shares*

shares held by the
Company

Percentage of
ownership : 5.48 %

*The Company held such amount of shares since 23 September
1999

After the transaction

Number of Sunrise
shares held by the : 0 share
Company

Percentage of
ownership : 0.00 %

Nature of the Business

Sunrise was founded in 1999 as a holding company. The main investment of Sunrise is investment in Siam City Cement Public Company Limited. As of December 31, 2012, Sunrise has invested in 6 companies as the following table;

Companies	Abbrev.	Business Descriptions	Paid-up Capital (Bt)	Book Value of investment (MB)	Market value* (MB)	% holding
1. Siam City Cement Public Company Limited	SCCC	Manufacture and sell of cement	2,300,000,000	10,187.24	28,570.61	34.81%
2. Eastern Star Real Estate Public Company Limited	ESTAR	Property Development for Sales	5,022,246,185	195.76	142.31	5.56%

Companies	Abbrev.	Business Descriptions	Paid-up Capital (Bt)	Book Value of investment (MB)	Market value* (MB)	% holding
3. Exclusive Senior Care International Co.,Ltd.	ESC	Senior Care Business	1,000,000,000	225.00	N/A	45.00%
4. Siam Purimongkol Co.,Ltd.	SP	Property Development	990,000,000	71.67	N/A	14.40%
5. Alpha Capital Asset Management Co.,Ltd.	AC	Asset Management	145,748,900	58.51	N/A	51.00%
6. PTT Public Company Limited	PTT	Energy	28,562,996,250	3.76	3.73	0.00%**

* the average market capitalization from the period of 30 days prior to 6 March 2014

** Sunrise holds 13,000 PTT shares

From 2011 to 2013, Sunrise received the dividend from the 6 companies above totaling of 960.87 MB, 1,041.01 MB, and 1,121.09 MB, respectively.

List of Directors

As of February 25, 2014, Sunrise has the following directors

1. Mr. Krit Ratanarak
2. Mr. Charoen Jirawisan
3. Mr. Thaweephol Khongseri
4. Miss Nopporn Tirawattanagool

Financial Information

Unit: MB THB	As of December 31 st		
	(Audited)		
	2011		2011
Balance Sheet			
Cash and Cash Equivalents	150.50	99.58	51.78
Total Current Assets	198.91	172.30	168.73
Investment in associates and subsidiaries-net	10,719.19	10,666.51	10,666.51
Total non-current assets	11,066.57	11,668.76	12,805.58
Total Assets	11,265.48	11,841.05	12,974.31
Current Liabilities	15.96	5.10	1.72
Total non-current liabilities	0.60	0.30	0.30
Total Liabilities	16.55	5.39	2.02
Paid-up Capital	9,970.00	9,970.00	9,970.00
Total Shareholders' equity	11,248.93	11,835.66	12,972.30
Book Value per share	11.28	11.87	13.01
Income Statement			
Dividend	960.94	1,041.01	1,121.09
Service Revenue	39.74	37.90	15.71
Interest Income	8.24	12.24	0.51
Rental	7.38	1.98	15.53
Profit from selling of investment	3.88	-	-
Total Revenues	1,021.08	1,093.13	1,152.84
Cost of goods sold	2.10	2.17	1.64
SG&A	12.58	41.56	18.18
Impairment of investment	11.56	-	0.00
Other expense-loss from exchange rate	-	0.16	22.69
Total Costs	26.24	58.04	42.51
Earnings before interest and tax	994.85	1,035.09	1,110.33
Income tax	15.87	7.08	1.12
Net profit	978.98	1,028.01	1,109.21
Net profit per share (Bt)	0.98	1.03	1.11

5. Calculation of the size of the transaction

Total value of consideration	:	1,895,094,210.20 Bt
Basis used to determine the value of consideration	:	Negotiation between buyers and seller by referencing the adjusted book value of Sunrise as of 31 December 2013 of 1,896.26 MB
Total value of transaction	:	1,895,094,210.20 Bt, which will be paid by cash to the Company within 30 September 2014

6. Advantages of the transaction to the Company

To enable the Company to focus on its core business of insurance and increase the Company's working capital. The Company may no longer receive the dividend income from Sunrise after this Transaction. The Company received the dividend payment from Sunrise about 28.21 MB per year, which is the average from 2011 to 2013. However, this Transaction will allow the Company to realize the net profit from sale of the investment in Sunrise immediately in 2014.

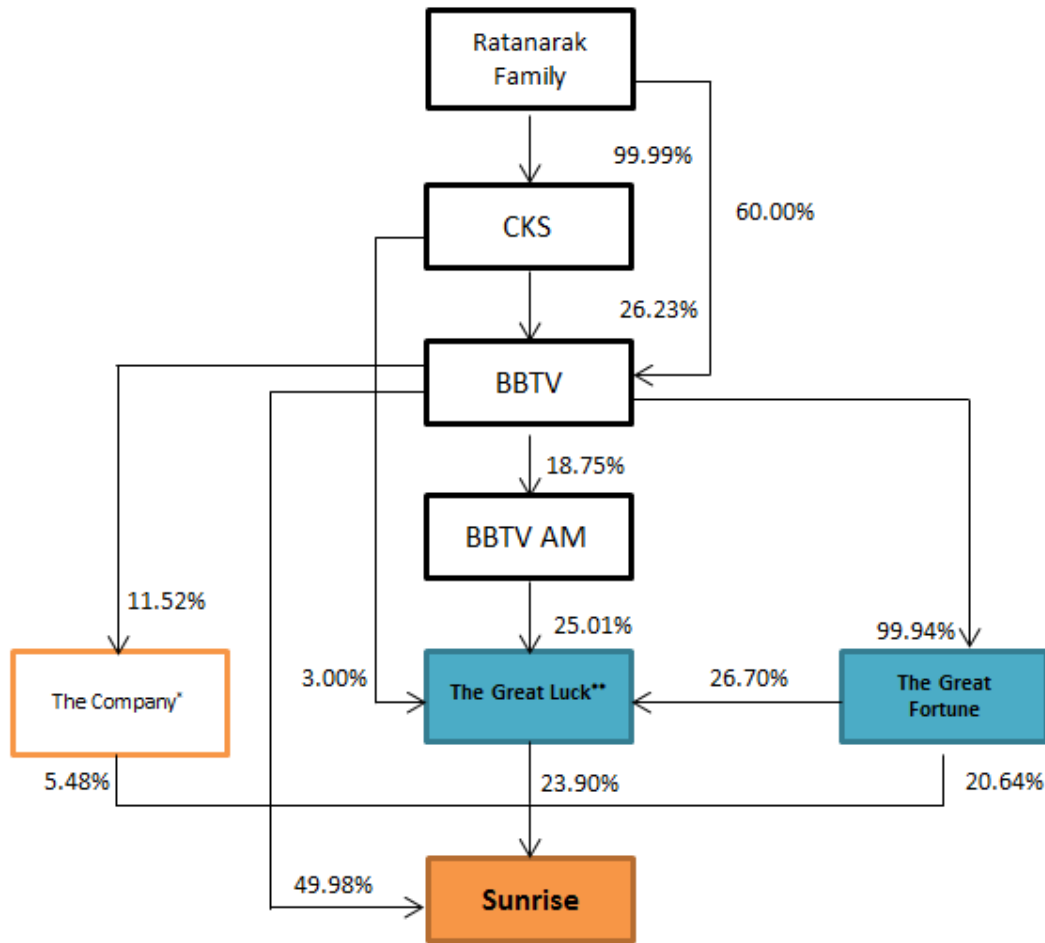
Unit : MB	Year 2011	Year 2012	Year 2013
Dividend payment from Sunrise	60.18	24.47	-

7. Plans for utilization of the proceeds

- The proceeds will be used to expand or invest in the business related to its core business of approximately 300 – 500 MB. The Company may invest in a life insurance company or acquisition of a distressed insurance company with the customer base matching the Company's needs, which will also increase the Company's distribution channel.
- To help increase the Company's working capital and short-term investment of approximately 1,200 – 1,300 MB

8. Characteristics and scope of interest of the connected persons

The sale of Sunrise shares to The Great Luck Equity Company Limited and the Great Fortune Company Limited is considered a connected party transaction as prescribed in the Notification of Connected Transactions as the Company and The Great Luck Equity Company Limited and the Great Fortune Company Limited have the same indirect major shareholder which is CKS and the ultimate shareholder is Ratanarak family as shown in the following diagram.



*Ratanarak family holds 15.39% more in the Company via i) BBTV Equity Co.,Ltd. ii) The Great Fortune Company Limited and iii) Ratanarak family at 8.78%, 2.82% and 3.79% respectively.

**The Great Luck Equity Company Limited is owned by Stronghold Assets Co., Ltd. , Mahakij Holding Co., Ltd. and Ratanarak family 25.00% ,15.00% and 3.00% respectively. Stronghold Assets Co., Ltd. and Mahakij Holding Co., major shareholder is Ratanarak family.

CKS referred to CKS Holding Co., Ltd.

BBTV referred to Bangkok Broadcasting & T.V. Co., Ltd.

BBTV AM referred to BBTV Asset Management Co., Ltd.

The Great Luck referred to The Great Luck Equity Company Limited

The Great fortune referred to The Great Fortune Company Limited

Sunrise referred to Sunrise Equity Company Limited

Mr. Weeraphan Theepsuwan and Miss Nopporn Tirawattanagool as a director who represents the Companies which are related to the Buyer are considered to have interest in the transaction and not entitled to vote at the Board of Directors meeting of the Company for approval of this transaction. Therefore, these directors who have interest in the transaction did not attend the Board of Directors Meeting No. 2/2014 of the Company, held on 25 February 2014, and had no right to vote on this agenda.

9. **Statements indicating the connected persons and/or shareholders having interests shall have no right to vote whereby names and number of shares held by shareholders having no voting right shall be indicated**
For the disposal of ordinary shares of Sunrise to The Great Luck Equity Company Limited and Great Fortune Company Limited, the details of the shareholders having interests which have no right to vote are as follows:

1. Bangkok Broadcasting & T.V. Co., Ltd.	28,802,500	shares	equivalent to	11.52%
2. B B T V Equity Co., Ltd.	21,946,000	shares	equivalent to	8.78%
3. Great Fortune Co., Ltd.	7,045,250	shares	equivalent to	2.82%
4. Ms Sudthida Ratanarak	6,344,870	shares	equivalent to	2.54%
5. Ms. Sasithorn Ratanarak	3,125,000	shares	equivalent to	1.25%
6. Mr. Krit Ratanarak	50,000	shares	equivalent to	0.02%
7. Mr. Thaweephol Khongseri	160,000	shares	equivalent to	0.06%

10. **Appraisal of Asset Price by an Independent Appraiser**

- None -

11. **Opinions of independent financial advisors on Connected Transaction by Asia Plus Advisory Company Limited**

Please see the IFA report for Agenda 9

12. **Proxy form with at least one name of a member of the Audit Committee being nominated as shareholders' proxy**

Please see attachment

13. **Opinion of the Board of Directors on the Connected Transaction**

The Board of Directors is of the opinion that the Company has a minority position in Sunrise with no control. It, therefore, would be very difficult to find an interested buyer to acquire such minority position in Sunrise. It is a

good opportunity to sell the shares of Sunrise when there is an offer. Besides, the Transaction will allow the Company to immediately realize net cash inflow of 1,895.09 MB, which can be used to expand the Company's core business of insurance. Moreover, the Transaction will allow the Company to realize 1,079.17 MB profit (after tax). Therefore, the Board of Directors Meeting of the Company considered that the Transaction is reasonable and will bring the utmost benefit to the Company comparing with doing the Transaction with an unrelated party.

14. Opinion of the Company's Audit Committee and/or Director if any Difference from the Opinion of the Board of Directors

No member of the Audit Committee has a different opinion from that of the Board of Directors.

15. The statement relating to the responsibility of directors with respect to the information in documents sent to the shareholders.

As the managing director of the Company, I, Mr. Chusak Salee, have carefully reviewed this information memorandum and hereby certify that the information contained in this report is true and complete in all respect.