

-TRANSLATED VERSION-



Symphony Communication Public Company Limited

Opinion of the Independent Financial Advisor on the Acquisition and Disposal of Assets and Connected Transactions Relating to the Joint Investment in AIMS Data Centre (Thailand) Limited

2 July 2020



The English Translation of the Independent Financial Advisor's Opinions of the Company has been prepared solely for the convenience of foreign shareholder of Symphony Communication Public Company Limited and should not be relied upon as the definitive and official document.

The Thai language version of the Opinion of the Company is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this translation

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2 July 2020

Subject Opinion of the Independent Financial Advisor on the Acquisition and Disposal of Assets and Connected Transactions Relating to the Joint Investment in AIMS Data Centre (Thailand) Limited

To The Shareholders of Symphony Communication Public Company Limited

The Board of Directors' meeting of Symphony Communication Public Company Limited (the "Company") No. 4/2020 held on June 5, 2020 resolved to approve the investment in the data centre business of AIMS Data Centre (Thailand) Limited ("ADCTH") for 49% of total shares of ADCTH. ADCTH is a company incorporated in Thailand having TIME dotCom Berhad ("TIME") holding shares directly and indirectly in the proportion of 99.99% (TIME holds directly 50.9998% of the total shares in ADCTH and holds indirectly 49% of the total shares in ADCTH through Planet Tapir Sdn Bhd ("Planet"), a wholly-owned subsidiary of TIME). As such, the Board of Directors had a resolution to propose to the shareholders' meeting to consider and approve such investment with the acquisition and disposal of assets and connected transactions relating to the joint investment as follows:

1. The investment in the data centre business by (1) the acquisition of 270,039 existing ordinary shares of ADCTH from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) the subscription of 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH (after the completion of the registration of capital increase) for the purpose of developing and operating the data centre business ("**Joint Investment Transaction**").

2. The novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH at a total value of not exceeding THB 189,100,000 ("**Novation of Rights and Obligations under the Agreements Transaction**").

3. The provision of financial assistance to ADCTH in the form of a shareholder's loan in the amount in proportion to the shareholding ratio for the construction and the operation of the data centre business in the amount of THB 182,000,000, which can be divided into the principal amount of not exceeding THB 150,000,000 and the interest of approximately THB 32,000,000 ("**Financial Assistance Transaction**").

In this regard, the Joint Investment Transaction as per item No. 1. and the Financial Assistance Transaction as per item No. 3. constitute the acquisition of assets transaction pursuant to the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (collectively referred to as the “Acquisition and Disposition Notifications”). The highest transaction size of the Joint Investment Transaction and the Financial Assistance Transaction are 1.20% and 4.45% as per the total value consideration criterion, respectively (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). After computation of the foregoing transactions, the total transaction size is equivalent to 5.65% as per the total value of consideration criterion, and the Company did not have any other acquisition transactions within the past 6 months prior to the entering into those foregoing transactions. Therefore, such transaction size is not classified as the material acquisition transaction which is required to disclose pursuant to the Acquisition and Disposition Notifications.

Moreover, the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2. constitutes the disposition of assets transaction pursuant to the Acquisition and Disposition Notifications, with the highest transaction size of 4.63% as per the total value of consideration criterion (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). The Company did not have any other disposition transactions within the past 6 months prior to the entering into those foregoing transaction. Therefore, such transaction size would not be classified as the material disposition transaction which is required to disclose pursuant to the Acquisition and Disposition Notifications.

However, the three transactions mentioned earlier constitute the connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on 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 Transactions B.E. 2546 (2003) dated 19 November 2003 (as amended) (collectively referred to as the “Connected Transaction Notifications”) due to the fact that TIME is a major shareholder of the Company in the proportion of 46.84% (Through TIME dotCom International Sdn Bhd (“TdCI”), a wholly owned subsidiary of TIME). In addition, both Planet and ADCTH are the subsidiaries of TIME (TIME holds 100% and 99.99% (both directly and indirectly) in those companies, respectively). Therefore, TIME, Planet and ADCTH are considered as the connected persons of the Company.

The joint investment transaction as per item No. 1) and the novation of rights and obligations under the agreements transaction as per item No. 2) are classified as class 4 connected transaction “Assets or Services”; and the financial assistance as per item No. 3) is classified as class 5 connected transaction “Financial Assistance”. The transaction value is 2.11%, 8.14% and 7.83% of the Company’s net tangible assets (“NTA”), based on the Consolidated Financial Statements for the period ended 31 March 2020, which is equivalent to THB 2,324 million, respectively. When combining the transactions value of item No. 1, 2 and 3, the total transaction value is 18.08% of the NTA. The total value of the connected transactions represents more than 3% of the NTA, which is considered as a large transaction. As a result, the Company is obliged to comply with the duties under the Notifications on Connected Transactions as follows:

(a) to prepare and disclose the information memorandum concerning the connected transactions to the Stock Exchange of Thailand

(b) to appoint an independent financial advisor whose name is on the approved list of the Office of the Securities and Exchange Commission to render opinions to the shareholders of the Company regarding the connected transactions

(c) to deliver the notice of shareholders’ meeting, containing the information required by the Notifications on Connected Transactions as well as the report of the independent financial advisor, to the shareholders at least 14 days in advance, and

(d) to convene a shareholders’ meeting to seek approval on the entry into the connected transactions, whereby the Company shall obtain approval from the shareholders meeting by votes of no less than three-quarters of the total votes of the shareholders attending the meeting and being entitled to vote, without counting the votes cast by the interested shareholders.

To comply with the principal above, the Board of Directors Meeting has appointed Grant Thornton Services Limited (“GTSL”) as the Independent Financial Advisor (“IFA”) to propose the opinions to the Company’s shareholders on the acquisition and disposal of assets and connected transactions relating to the joint investment in ADCTH to consider executing the transactions. Please see the opinion of the independent financial advisor’s report as attached with this letter.

The IFA adheres to the Company’s information according to the details in Section 2: Practice and Information Used in the Preparation of IFA’s Opinion. The IFA has no reasons to doubt that the received information lacks accuracy and completeness which may significantly affect the opinion rendered. This report is based on the current economic and market conditions as well as the information and documents received during the period of preparation of the



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IFA's opinion. In the event of significant changes to such information in the future, which may affect the opinion of the IFA, the IFA has no obligations to update, review or affirm the IFA's opinion.

The IFA has considered the appropriateness of the above information professionally and cautiously. The Appendix Section of this report is also a part of the IFA's opinions and it is the matters for the shareholders to consider it in the alignment with other parts of the report.

Shareholders of the Company should carefully study the details of the disclosure of information related to the transaction at this time, including the opinion of the Independent Directors, report of the IFA's opinion, along with the documents attached to an invitation letter of the 2020 Annual General Meeting of Shareholders for consideration of the whole transaction.

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Glossary

Entities / Organization	Definition
GTSL or IFA or Independent Financial Advisor	Grant Thornton Services Ltd.
SYMC or Company	Symphony Communication PCL
TdCI	TIME dotCom International Sdn Bhd
TIME	TIME dotCom Berhad
KBANK	Kasikorn Bank Public Company Limited
SEC	The Office of the Securities and Exchange Commission
SET	The Stock Exchange of Thailand
IMF	International Monetary Fund
TSD	Thailand Securities Depository Company Limited
OTT	Over-The-Top
ISP	Internet Service Provider
ETP	Enterprise
INET	Internal Thailand PCL
ITEL	Interlink Telecom PCL
Others	
Joint Investment Transaction	The investment in the data centre business by (1) the acquisition of 270,039 existing ordinary shares of ADCTH from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) the subscription of 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH
Novation of Rights and Obligations under the Agreements Transaction	The novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH at a total value of not exceeding THB 189,100,000
Financial Assistance Transaction	The provision of financial assistance to ADCTH in the form of a shareholder's loan in the amount in proportion to the shareholding ratio for the construction and the operation of the data centre business in the amount of THB 182,000,000, which can be divided into the principal amount of not exceeding THB 150,000,000 and the interest of approximately THB 32,000,000
Notification on Connected Transaction	The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as of 31 August 2551 (as amended) 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 Transactions B.E. 2546 (2003) as of 19 November 2546 (as amended)
Notification on Acquisition or Disposal of Assets	The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets as of 31 August 2551 (as amended) 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 Acquisition and Disposition of Assets B.E. 2547 as of 29 October 2547 (as amended)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
FCFF	Free Cash Flow to Firm
NTA	Net Tangible Assets means Total Assets deduct Intangible Assets, Total Liabilities, and Minority interest
O&M	Operation and Maintenance
Terminal Value	Value after the projection period
WACC	Weighted Average Cost of Capital

1. Executive Summary

Symphony Communication Public Company Limited (“SYMC” or the “Company”) is considering an investment in the data centre business of AIMS Data Centre (Thailand) Limited (“ADCTH”) for 49% of total shares of ADCTH. ADCTH is a company incorporated on July 24, 2019 in Thailand having TIME dotCom Berhad (“TIME”) holding shares directly and indirectly in the proportion of 99.99%. The Board of Directors’ meeting of the Company No. 4/2020 held on June 5, 2020 passed a resolution to propose to the shareholders’ meeting during the Annual General Meeting of Shareholders No. 1/2020 to consider and approve such investment. The meeting also requires an Independent Financial Advisor to provide opinions regarding the transaction for shareholders’ consideration and approval as follows:

Table 1-1: Summary of the Transactions Adhered to Opinion of the Independent Financial Advisor

No	Transaction	Nature of Transaction	Transaction Size
1	Joint Investment Transaction	Assets Acquisition Transaction and Connected Transaction	Investment in the data centre business by (1) acquiring 270,039 existing ordinary shares of ADCTH from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) subscribing 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH (after the completion of the registration of capital increase).
2	Novation of Rights and Obligations under the Agreements Transaction	Asset Disposal Transaction and Connected Transaction	The total value of consideration for the novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH shall be in a total amount of not exceeding THB 189,100,000.
3	Financial Assistance Transaction	Connected Transaction	The Company shall provide financial assistance to ADCTH in the form of a shareholder’s loan in the amount proportionate to the percentage shareholding for the construction and the operation of the data centre as planned plus loan amount not exceeding THB 150,000,000 with total interest of approximately THB 32,000,000.

In this regard, the Joint Investment Transaction as per item No.1. and the Financial Assistance Transaction as per item No.3. constitute the acquisition of assets transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (collectively referred to as the “Acquisition and Disposition Notifications”). The highest transaction size of the Joint Investment Transaction and the Financial Assistance Transaction is 1.20% and 4.45% as per the total value consideration criterion, respectively (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). After computation of the foregoing transactions, the total transaction size is equivalent to 5.65% as per the total value of consideration criterion, and the Company did not have any other acquisition transactions within the past 6 months prior to the entering into those foregoing transactions. Therefore, such transaction size is not

classified as the material acquisition transaction requiring disclosure pursuant to the Acquisition and Disposition Notifications.

Moreover, the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2. constitutes the disposition of assets transaction pursuant to the Acquisition and Disposition Notifications, with the highest transaction size of 4.63% as per the total value of consideration criterion (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). The Company did not have any other disposition transactions within the past 6 months prior to the entering into those foregoing transaction. Therefore, such transaction size would not be classified as the material disposition transaction requiring disclosure pursuant to the Acquisition and Disposition Notifications.

In addition, the Joint Investment Transaction as per item No. 1., the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2., and the Financial Assistance Transaction as per item No. 3. constitute the connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on 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 Transactions B.E. 2546 (2003) dated November 19, 2003 (as amended) (collectively referred to as the "Connected Transaction Notifications") since Time is a major shareholder of the Company holding 46.84% stakes through Time dotCom International Sdn Bhd ("TdCI"), which is a wholly-owned subsidiary of TIME, while both Planet and ADCTH are affiliates of TIME (Time own 100% and 99.99% of Planet and ADCTH, respectively); hence, TIME, Planet and ADCTH are connected parties according to Rules on Connected Transactions and the Notification.

The Joint Investment Transaction as per item No. 1. and the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2. are considered connected transactions type 4 "transactions related to assets or services", and the Financial Assistance Transaction as per item No. 3 is considered connected transaction type 5 "financial assistance transaction" with transaction size of 2.11%, 8.14%, 7.83% of Net Tangible Asset ("NTA") of the Company for item No. 1, 2, 3, respectively. The Company's NTA was THB 2,324 million according to the Company's audited consolidated financial statement ending March 31, 2020. The combined transaction size of item No. 1, 2 and 3 is 18.08%, which is greater than 3% of NTA of the Company.

The Board's meeting has appointed Grant Thornton Services Co., Ltd. ("GTSL" or "Independent Financial Advisor" or "IFA") as the Independent Financial Advisor to provide an opinion on 1) the Joint Investment Transaction 2) the Novation of Rights and Obligations under the Agreements Transaction, and 3) the Financial Assistance Transaction (collectively referred to as "Overall Transaction").

In considering the appropriateness of the above 3 transactions, the IFA is of the opinion that all 3 transactions are interrelated and are required conditions in the joint venture agreement. As such, the voting decision on the transactions should therefore be in the same direction prior to proceeding with the implementation to ensure both the project viability and the overall benefit to the Company.

1) Transaction 1 Joint Investment Transaction

This is an opportunity for the Company to be able to provide a full range of customer services, in addition to the current high-speed communications circuit business so as to encompass extensive coverage of services

including data centre services, which utilize existing customer database of the Company and TIME to expand the business further, create data connection advantages and enhance the ability to create opportunities for growth for the Company through the transfer of knowhow and collaboration between the Company and TIME using the brand AIMS, which has been widely accepted both at the regional and global levels. In addition, the Company can also reduce the burden of investment and receive an appropriate rate of return as well as benefits from the COVID-19 pandemic due to government measures to control the situation and prevent the spread of the virus with the social distancing campaign rendering greater usage of online businesses, e-commerce and various digital services combined with increasing Work from Home arrangements and online work systems in the form of teleconference meetings, virtual trainings as well as collaboration via the online platforms becoming necessary at a time when congregating should be avoided, resulting in more data exchange on the internet and higher demand for data centres.

However, in entering into this transaction, the Company will incur additional debt and interest burden from this investment. In addition, as the Company will acquire 49% of ADCTH's shares while having the same number of directors, namely 2 persons, as the other party; therefore the Company will not have control over ADCTH.

The Independent Financial Advisor has evaluated the appropriateness of the investment in ADCTH based on concurrently considering the Internal Rate of Return (IRR) which includes entering into a joint venture transaction under item No. 1, the transfer of rights and obligations under agreements related to the lease and services of the building area and the construction and development of the Data Centre under Item No. 2, and the financial assistance transaction to the connected persons as specified in Item No. 3 above.

With regards to the internal rate of return of the project ("IRR") on the project base case yields an IRR of 9.32 percent, which is higher than the average cost of capital of ADCTH ("WACC") at 7.55 percent, the investment in ADCTH mentioned above **is therefore reasonable** with a range of returns based on sensitivity analysis at 7.84 - 10.68 percent.

In addition, if considering each transaction which is a connected transaction in conjunction with the consideration of the above rate of return, the Independent Financial Advisor has additional comments as follows:

2) Transaction 2 Novation of Rights and Obligations under the Agreements Transaction

The Company will transfer rights and obligations under agreements relating to the lease and service of building areas and the construction and development of the Data Centre to ADCTH in the total value of not over THB 185.25 million and will also receive return on investment at the rate of MLR - 2.25 + 1 percent (MLR equals to 6 percent per year, resulting in a return of approximately 4.75 percent per year. However, the MLR rate as of 18 June 2020 equals 5.47 percent per year. The projection is based on 6 percent rate. Therefore, the Independent Financial Advisor assigns MLR equal to 6 percent per year in accordance on a conservative basis, or in the amount of THB 3.82 million (calculated according to the Company's monthly expenditure on investment each month, estimated until 31 August 2020 and will be repaid within September 2020) resulting in the Company receiving a total payment of THB 189.10 million.

The transaction **is reasonable** because the Company will receive full payment for the expenses made on leasing, service of building area service and construction and development of data centre from ADCTH plus

additional return on investment at the rate of 4.75 percent per year, compared to Company's cost of debt (Kd) at MLR - 2.25 percent or equivalent to 3.75 percent (MLR equals 6 percent per year) which is 1 percent lower than the rate of return that the Company will receive from ADCTH at the rate of MLR - 2.25 percent + 1 percent (approximately 4.75 percent per year).

3) Transaction 3 Financial assistance transaction

The Company will provide financial assistance to ADCTH in the form of loan from shareholders in proportion to their shareholding after entering into a joint venture transaction in an amount not exceeding THB 150 million for a period not exceeding 7 years, with the interest rate at the rate of MLR - 2.25 + 1 percent (Based on the MLR of 6 percent per year rendering the rate of return equal to approximately 4.75 percent per year), with a 2-year grace period for repayment and 60 monthly installments of THB 2.50 million per installment. The said loans will be sourced from the Company's working capital and / or loans from financial institutions.

The above transaction **is reasonable** since the loan is proportionate to the shareholding in ADCTH, a joint venture between the Company and TIME, which is the major shareholder of the Company and is also an important condition in the shareholder agreement, to be invested to complete construction of the data centre and begin operations to create returns for the Company. If the Company derived such loans from the excess cash flows from its operation, currently in the form of short-term investments of the Company with the interest rate between 0.05 - 1.55 percent per year, then the Company will have the excess interest rate equal to approximately 2.30 - 4.70 percent per year; or if the Company sourced such loans from financial institutions, based on loan contract information that the Company has negotiated with a financial institution, the Company will have an interest burden equal to MLR - 2.25 percent, whereby the Company will receive interest from ADCTH at a rate that is greater than the interest rate that must be repaid by financial institutions equal to 1 percent per year.

From all the above reasons the Independent Financial Advisor is of the opinion that entering into the above transaction **is reasonable** and the shareholders should approve all of the above-mentioned three connected transactions.

However, the decision to approve the transaction depends mainly on the discretion of the shareholders. Shareholders should carefully study and consider the reasons, advantages, disadvantages, risks and other opinions of the Independent Financial Advisor within this report, information memorandum related to the above mentioned transactions, including the opinion of the Independent Directors along with the documents attached to an invitation letter of the Ordinary General Meeting of Shareholders for 2020 for consideration of the whole transaction. The Independent Financial Advisor deems that the assumptions used in the preparation of financial projections are reasonable. They are based on economic conditions and data available during the period under study and any change or future occurrence may be a factor that affects the opinion of the Independent Financial Advisor.

2. Practice and Information Used in the Preparation of IFA's Opinion

Grant Thornton Services Co., Ltd. as the Independent Financial Advisor approved by the Securities and Exchange Commission and is independent of Symphony Communication Public Company Limited ("SYMC" or the "Company") has considered and studied the information of this transaction as appointed from the information of the Company, AIMS Data Centre (Thailand) Limited ("ADCTH"), and other relevant information, both data received from SYMC and publicly available data, namely:

- Resolution of the Board of Directors No. 4/2020 of SYMC held on June 5, 2020
- Information Memorandum on the Acquisition and Disposal of Assets and Connected Transactions Relating to the Joint Investment in AIMS Data Centre (Thailand) Limited
- The annual registration statement (Form 56-1) of SYMC
- Auditor's report and financial statements for the year ending December 31, 2017 - 2019 and the reviewed financial statements for the 1st Quarter ending March 31, 2020 of the Company.
- Auditor's report and financial statements for the year ending December 31, 2019 and the management account as of 31 May 2020.
- Financial projections and assumptions in the preparation of ADCTH's financial projections
- Documentation, a summary of the contract details, contracts and other draft contracts related to the transaction
- Interviews with executives and relevant staff of SYMC
- Stock market statistics, economic conditions, and related industries

The opinion of the Independent Financial Advisor is based on the assumption that the information and documents that have been received, as well as interviews with executives and officials of MACO and related companies, are accurate and true information. The Independent Financial Advisor has considered and studied the information carefully and reasonably according to professional standards.

In addition, the Independent Financial Advisor assumes that contracts, draft contracts, and business agreements are effective and legally binding without any information or events or conditions that may affect each transaction of SYMC at this time. The Independent Financial Advisor has no reason to believe that such information is substantially inaccurate that would significantly affect the completeness of the information received for each item.

The opinion of the Independent Financial Advisor has been prepared under industrial and economic conditions, and other external factors that may occur during the preparation, as well as based on the information received which may change significantly and may affect the opinion of the Independent Financial Advisor later. However, the Independent Financial Advisor has no obligation to update or review this opinion.

This report of the opinion of the Independent Financial Advisor is made to be used and for the benefit of the SYMC's shareholders. However, the decision to approve or not to approve each transaction at this time is at **the discretion of the shareholders**. The shareholders should study the details of the opinion of the Independent Financial Advisor together with the attached documents, as well as information related to each item, in order to use discretion and discretion in making appropriate decisions.

3. Details and Nature of the Transaction

Resolution of the 2017 Annual General Meeting of Symphony Communication Public Company Limited (the “Company”) proceeded to increase the registered capital of the Company with the aims to invest and expand in addition to the existing and other related businesses, especially Data Centre business. Telecommunication industry has shown continuously growing potential due to the government supporting policy and the adjustment in consumer behavior. As a result, the data transmission services through the basic telecommunication network consisting of private network, internet, server usage, data centre, and cloud system services are required by the business sector as well as various organizations.

The Company has conducted the feasibility studies of Data Centre business including the site survey to find a suitable place to locate and develop the Data Centre. Site’s location, rental expenses, area, and flexible building structure were taken into consideration. The Company came to finalize that Smooth Life Tower building, located on Sathorn Rd, is in the Bangkok city centre and thus it is the most appropriate. The leasing consists of 3 operating floors with up to 2,195.86 sq.m. The contract started from March 1, 2019 onwards and will be renewed every 3 years. In addition, The Company has hired the contractor that considering most appropriate for the data centre construction and development, including installment of the required equipments.

Meanwhile, the Company has studied and explored the data centre business model in Thailand in order to find opportunities to expand its connectivity business into the highly competitive market, particularly competition with existing various competitors who have provided data centre in Bangkok. Moreover, since data centre business requires very high investment, including knowledge and experience in operating and managing, but the Company has never had expertise and experience in operating the said business before; it is quite difficult for the Company to execute data centre business successfully by itself as a separated standalone player within a short period of time. Therefore, finding a partner who has experience and expertise to jointly invest will be more beneficial to the Company because it will help the Company and the investment succeed faster.

At the same time, TIME dotCom Berhad (“TIME”), a strategic partner who has experience in operating the data centre business in Malaysia with huge success over many years and is a global leading provider of the data centre services to a large number of reputable global OTT (Over-the-Top) and regional customers, wishes to expand its data centre business to other ASEAN countries, including Thailand in order to become a regional data centre operator. The Company had strategic discussion with TIME to find an opportunity to jointly invest in data centre business since the Company foresees that the Company will benefit from joint investment with TIME. The Company will receive support in term of technical and knowledgeable and experienced personnel from TIME, including the opportunity to conduct business under the AIMS brand, a strong brand in the data centre business which is regionally and globally well-known and acceptable, and most importantly, the opportunity to penetrate and connect with global OTT (over-the-top) and regional customers.

With the said above reasons, the Company decided to enter into joint investment in the data centre business in AIMS Data Centre (Thailand) Limited (“ADCTH”), which is a company incorporated in Thailand, having TIME holding shares directly and indirectly in the proportion of 99.99 % (TIME holds directly 50.9998% of the total shares in ADCTH and holds indirectly 49% of the total shares in ADCTH through Planet Tapir Sdn Bhd (“Planet”), a wholly-owned subsidiary of TIME) with the details of transactions as follows:

1. The Company will (1) acquire 270,039 existing ordinary shares from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) subscribe 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH (after the completion of the registration of capital increase). (**“Joint Investment Transaction”**)

2. The Company will novate the rights and obligations under the agreements relating to the office lease and service, the structure reinforcement, the construction of data centre and the installation of data centre equipment in a total amount of approximately THB 185.25 million to ADCTH. After the Company novates the rights and obligations under the relevant agreements to ADCTH, ADCTH will reimburse principals relating to the rights and obligations under the relevant agreements, including the interest from execution of office leasing, the structure reinforcement, the construction of data centre and the installation of data centre equipment at the same rate of the borrowing cost incurred by the Company plus 1% fixed margin in a total amount of not exceeding THB 189,100,000. (**“Novation of Rights and Obligations under the Agreements Transaction”**)

3. The Company will provide a financial assistance to ADCTH in order for ADCTH to construct and develop the Data Centre. The Company and TIME will provide the loan according to the shareholding proportion in total of THB 306.12 million. The Company will support the borrowing amount for not exceeding THB 150 million with interest rate MLR - 2.25% + 1 % (approximately THB 32 million). The Company will either source the funding from its working capital and/or the loan from financial institution to support ADCTH. (**“Financial Assistance Transaction”**)

In this regard, the Joint Investment Transaction as per item No. 1. and the Financial Assistance Transaction as per item No. 3. constitute the acquisition of assets transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (collectively referred to as the “Acquisition and Disposition Notifications”). The highest transaction size of the Joint Investment Transaction and the Financial Assistance Transaction are 1.20% and 4.45% as per the total value consideration criterion, respectively (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). After computation of the foregoing transactions, the total transaction size is equivalent to 5.65% as per the total value of consideration criterion, and the Company did not have any other acquisition transactions within the past 6 months prior to the entering into those foregoing transactions. Therefore, such transaction size is not classified as the material acquisition transaction which is required to disclose pursuant to the Acquisition and Disposition Notifications.

Moreover, the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2. constitutes the disposition of assets transaction pursuant to the Acquisition and Disposition Notifications, with the highest transaction size of 4.63% as per the total value of consideration criterion (calculated based on the consolidated financial statements of the Company for the period ended 31 March 2020). The Company did not have any other disposition transactions within the past 6 months prior to the entering into those foregoing

transaction. Therefore, such transaction size would not be classified as the material disposition transaction which is required to disclose pursuant to the Acquisition and Disposition Notifications.

In addition, the Joint Investment Transaction as per item No. 1., the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2., and the Financial Assistance Transaction as per item No. 3. constitute the connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on 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 Transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Connected Transaction Notifications”). Details thereof are as follows:

3.1. Transaction 1 Joint Investment Transaction

3.1.1. Date of the Transaction

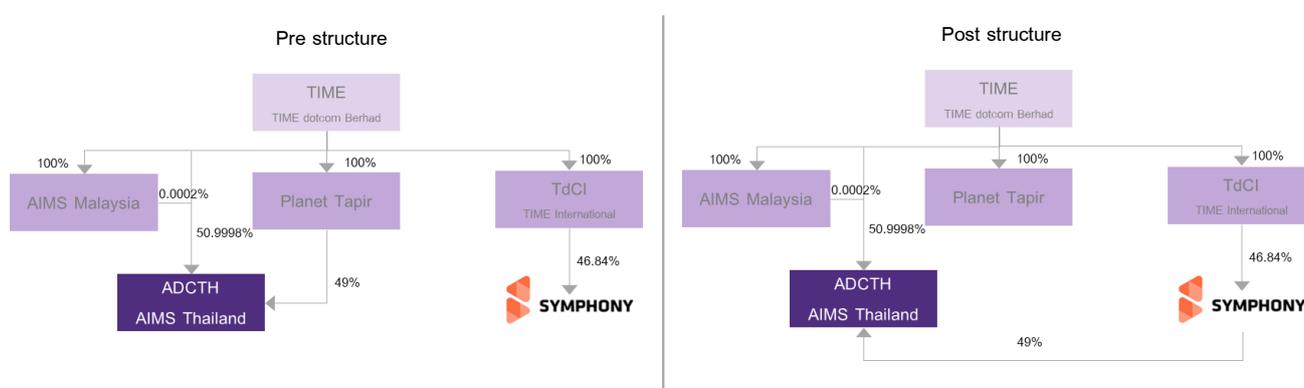
The Company shall enter into the transaction after the Company has obtained an approval from the 2020 Annual General Meeting of shareholders which will be held on July 31, 2020 and after all condition precedents specified in the relevant agreements has been satisfied. In this regard, the Company expects that the Joint Investment Transaction will be completed not later than September 2020.

3.1.2. Parties Involved and their Relationships with the Company

Acquisition of the existing ordinary shares and the subscription of the newly issued ordinary shares of ADCTH

Buyer	the Company
Seller/Issuer	Planet (for the trading of existing ordinary shares) and ADCTH (for the trading of newly issued ordinary shares)
Relationships with the Company	Both Planet and ADCTH are the subsidiaries of TIME (TIME holds 100% and 99.99% (both directly and indirectly) in those companies, respectively). TIME through its wholly-owned subsidiary, TIME dotCom International Sdn. Bhd. (“TdCI”) holds 46.84 % of shares in the Company. Therefore, the Sellers are considered as the connected persons of the Company.

Diagram 3-1: Pre and Post structure of the transactions



Note: Pre-Transaction structure is the shareholding structure as of 8 April 2020
While the Post-Transaction structure is the expected structure after the Annual shareholder's meeting for 2020 has a resolution to approve the transactions and after all the term and conditions, which will be written on the related agreements have been executed. SYMC expected to complete the transactions within September 2020

Summary information of ADCTH

Tabel 3-1: Summary information of ADCTH

	Details
Type of business	Data centre and other related services
Registration date	24 July 2019
Address	123 Suntowers Building B, 35th- 37th Fl., Vibhavadee Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok
Registered and paid-up capital	As of July 24, 2019, ADCTH had the registered capital of THB 1,000,000 comprising 10,000 shares with a par value of THB 100 per share and paid-up capital THB 250,000. After April 8, 2020, ADCTH increased the registered capital to THB 55,110,000 comprising 551,100 shares with a par value of THB 100 per share (as of 20 April 2020) and paid-up capital THB 55,110,000. ADCTH will have the registered capital of THB 100,000,000 after the joint venture.
Board of directors	1. Mr. Chiew Kok Hin 2. Mr. Ang Thing Jiun

Source: Company's Affidavit and Bor Aor Jor. 5 of ADCTH as of 8 April 2020

Tabel 3-2: Shareholder's list of ADCTH

No.	Name	No. of shares	Percentage
1	TIME dotCom Berhad	281,060	50.9998
2	Planet Tapir Sdn Bhd	270,039	49.0000
3	AIMS Data Centre Sdn Bhd	1	0.0002
	Total	551,100	100.0000

Source: Shareholder's list of ADCTH as of 8 April 2020

Table 3-3: Financial information of ADCTH

Unit: THB	
Assets	31-Dec-19
Current assets	
Cash and cash equivalents	251,075.00
Total current assets	251,075.00
Total assets	251,075.00
Liability and equity	
Current liability	
Other payables	81,075.00
Total current liability	81,075.00
Total liability	81,075.00
Equity	
Authorised share capital	1,000,000.00
Issued and paid up share capital	250,000.00
Loss for the period	(80,000.00)
Total equity	170,000.00
Total liabilities and equity	251,075.00
<u>Income statement</u>	
Expenses	
Administrative expenses	80,000.00
Total expenses	80,000.00
Loss for the period	(80,000.00)

Remark: ADCTH is incorporated in Thailand since 24 July 2019, the financial information shown on the above table is for the period from 24 July 2019 to 31 December 2019, which was audited by KPMG Phoomchai Audit Ltd. At the present, ADCTH has not yet started its operation.

3.1.3. General Characteristics of the Transactions

The Company will (1) acquire 270,039 existing ordinary shares from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) subscribe 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH (after the completion of the registration of capital increase).

After the joint investment transactions of ADCTH, the shareholding structure of ADCTH would be as follows:

Table 3-4: Expected list of shareholders of ADCTH after the joint investment transaction

No.	Name	No. of shares	Percentage
1	TIME dotCom Berhad	509,998	50.9998
2	Symphony Communication Public Company Limited	490,000	49.0000
3	AIMS Data Centre Sdn Bhd	2	0.0002
	รวม	1,000,000	100.0000

The total value of the acquisition of existing shares from Planet and the subscription of the newly issued shares of ADCTH shall be THB 49,000,000. The Company shall make a payment to Planet and ADCTH in full by cash as per the conditions specified in the draft Share Purchase Agreement and draft Shareholders Agreement of ADCTH. Details of key terms and condition of such draft agreements are set out below.

Table 3-5: Draft Share Purchase Agreement

Parties	<ul style="list-style-type: none"> The Company (Buyer) Planet (Seller)
Conditions Precedent	<p><u>The Company's Obligations</u></p> <p>The Company shall have obtained approval at its board of directors' meeting and shareholders' meeting for the purchase of the shares from the seller.</p> <p><u>Other Obligations</u></p> <p>No change has occurred, which causes a material adverse effect on the business, financial condition or otherwise, results of operations and assets of ADCTH.</p>

Table 3-6: Draft Shareholders' Agreement of ADCTH

Parties	<ul style="list-style-type: none"> TIME and AIMS Data Centre Sdn Bhd (Group A Shareholders) The Company (Group B Shareholder)
Significant Conditions	<p><u>Directors</u></p> <p>After entering into the Joint Investment Transaction, the board of directors of ADCTH will comprise 4 directors where the Company is entitled to nominate 2 out of 4 directors of ADCTH.</p> <p><u>Board of Directors' Reserved Matters</u></p> <p>Resolutions on the reserved matters as provided under the Shareholders' Agreement of ADCTH must be approved with a simple majority vote of all directors of ADCTH and must at least include 1 affirmative vote of a director nominated by the Company and 1 affirmative vote of a director nominated by TIME. Such reserved matters include (without limitation) the following:</p> <p>(a) any capital expenditures greater than THB 10,000,000;</p>

	<ul style="list-style-type: none">(b) any lease commitments greater than THB 10,000,000;(c) incurring of any debt obligation of ADCTH greater than THB 10,000,000;(d) entry into any contracts or transactions outside the normal course of business of ADCTH;(e) entry into any contracts or transactions involving a consideration greater THB 10,000,000 within the normal course of business of ADCTH;(f) entry into any transaction with any related person of ADCTH;(g) any non-budgeted expenditures greater than THB 10,000,000; and(h) any increase or decrease of the capital of ADCTH. <p><u>Significant Obligations of Group A Shareholders</u></p> <ul style="list-style-type: none">(a) providing technical know-how in setting up, running and managing a data centre business, in accordance with best practices currently implemented at AIMS Data Centre Sdn. Bhd.;(b) conducting international sales to OTTs (Over-the-top) and other international customers;(c) providing financial and commercial expertise to ensure that the costs are managed, and pricing is appropriate; and(d) granting the right to use the AIMS brand to ADCTH. <p><u>Significant Obligations of Group B Shareholder</u></p> <ul style="list-style-type: none">(a) conducting sales to enterprise customers; and(b) providing office space and back office support for ADCTH at management charges and/or expenses on an arm's length basis. <p><u>Non-Competition</u></p> <p>So long as the parties is a shareholder of ADCTH, the parties shall (and shall cause its affiliates to) undertake that it shall not within Thailand:</p> <ul style="list-style-type: none">(a) carry out, engage in, be or become economically interested in the same or in a similar type to, and which is in competition with, such business of ADCTH;(b) induce, seek to induce or employ (either directly or indirectly) any employee of ADCTH to become employed by it whether as employee, consultant or otherwise; and(n) solicit or entice away or attempt to solicit or entice away any customers or clients of ADCTH that have business dealings with ADCTH.
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For the significant conditions when entering into Draft Shareholder's Agreement of ADCTH, the IFA is in the opinion that they are appropriate due to the following details;

1. Resolutions on the reserved matters as provided under the Shareholders' Agreement of ADCTH must be approved with a simple majority vote of all directors of ADCTH and must at least include 1 affirmative vote of a director nominated by Group A's shareholders and 1 affirmative vote of a director nominated by Group B's shareholders. This method will allow to beam the voting power of the other side due to the requirement of the Company's nominated directors to vote. However, the Chairman of the Executive Committee, notimated by the shareholders of Group A (TIME) will have the casting vote.
2. There will be the knowledge transafer and sharing in regards to Data Centre business, the application of AIMS brand, international customer base in form of OTT, and the existing customers of AIMS.
3. There is no restriction for the Company to operate its oversea business. However, TIME is prohibited to develop the Data Centre by its own in Thailand.

The structure of the Board of Directors of ADCTH before and after the joint investment transaction is as follows:

No.	Board of Directors List <u>before</u> the joint investment transaction		Board of Directors List <u>after</u> the joint investment transaction	
	Name	Position	Name	Position
1.	Mr. Chiew Kok Hin	Director	Mr. Chiew Kok Hin	Director (Group A Shareholders)
2.	Mr. Ang Thing Jiun	Director	Mr. Ang Thing Jiun	
3.	-None-		Mr. Kranphol Asawasuwan	Director (Group B Shareholders from SYMC)
4.	-None-		Mr. Teerarat Pantarasutra	

Authorized Directors

Any 1 (one) of the directors nominated by the Group A Shareholders and any 1 (one) of the directors nominated by the Group B Shareholder shall jointly sign with the Company's seal being affixed to bind the Company.

Chairman of the Board

The chairman of the Board shall be a Director nominated by the Group A Shareholders (the "Chairman"). In the case of an equality of votes, the Chairman shall have the casting vote.

If the Chairman is not present within 15 (fifteen) minutes after the time appointed for holding the meeting, the Directors present may elect one of the other Directors in attendance at the meeting to be chairman of the meeting. Such appointed chairman shall not have a casting vote in case of an equality of votes.

3.1.4. Details of Assets Acquired

270,039 existing ordinary shares of ADCTH with a value of THB 27,003,900 and 219,961 newly issued ordinary shares of ADCTH with a value of THB 21,996,100. The Company will hold 49% of total shares of ADCTH after the completion of the capital increase. The Company expects that ADCTH will start its business operation in January 2021 onwards.

3.1.5. Total Value of Consideration

The total value of consideration for the acquisition of existing ordinary shares from Planet and the subscription of the newly issued shares of ADCTH shall be in a total amount of THB 49,000,000, and the Company shall made payment in full by cash as per the conditions specified in the relevant agreements.

3.1.6. The Calculation of the Transaction Size

Financial information (as of 31 March 2020)	Unit : THB million
Total Assets	4,087
<u>less</u> Net Intangible Assets	(14)
<u>less</u> Deferred Tax Assets	(33)
<u>less</u> Total Liabilities	(1,716)
Net Tangible Assets (NTA)	2,324

The Joint Investment Transaction is considered as the connected transaction pursuant to the Connected Transaction Notifications, the transaction size shall therefore be calculated from the total value of consideration in the amount of THB 49 million divided by the net tangible assets of the Company (NTA) in the amount of THB 2,324 million; thus, the transaction size is equivalent to 2.11% of the Company's NTA as of 31 March 2020. Accordingly, the transaction size is in the range between 0.03% and 3% of the Company's NTA

Table 3-7: The calculation of the joint investment transaction size for connected transaction

Connected transaction	Detail	Calculation	Transaction size
1. Size of connected transaction	<u>Value of the joint investment transaction</u> Net total assets of SYMC	<u>49</u> 2,324	2.11%

Note: 1. NTA value from the consolidated financial statements as of 31 March 2020
2. Net total assets (NTA) refers to Total assets – intangible assets – total liability – non-controlling interests (if any)

3.1.7. Expected Benefits from the Transaction

1. The joint investment in the data centre business with TIME will enable the Company to provide a comprehensive service to its customers, to utilize the existing customer base to further enhance the business and to provide growth opportunity for the Company via the knowledge transfer and synergy between the Company and TIME.
2. At present, TIME is engaging in the data centre business, of which geographical presence is concentrated in Malaysia and limited in other countries that TIME has existing investments such as Vietnam and Singapore. Therefore, the operation of data centre in Thailand in the form of joint venture does not consider as a direct competition with TIME, but a linkage which would further establish TIME as a key regional data centre player and operator with the intention to unlock the long term potential of its data centre business.
3. After the commencement of the data centre business, the synergy transaction may arise between the Company and ADCTH such as the cross-transactions of services offering to multi-range of customers. Such business will operate on an arm's length basis and the Company will strictly comply with the rules and regulation related to the connected transaction.

3.1.8. Source of Fund for the Acquisition of Ordinary Shares

The Company expects to use its internal cash flow from its business operation where the Company has the adequate liquidity to utilize such fund for the Joint Investment Transaction.

3.1.9. Conditions for the Transaction

The conditions to enter into the Joint Investment Transaction are conditional upon the approval from the 2020 Annual General Meeting of shareholders of the Company and the satisfaction of conditions precedent as per the relevant agreements, (referring to Table 3-5: Draft Share Purchase Agreement) and the approval on the Novation of Rights and Obligations under the Agreements Transaction.

3.1.10. Reasons and Necessity for the Establishment of the Company in the Form of Joint Venture with Major Shareholders

The Company will benefit from investing in data centre business with experienced and expertise joint partner. Presently, the data centre business is highly competitive and requires knowledge and experience in

operating and managing. Since the Company has not had expertise and experience in operating the said business before, it is difficult to execute by itself as a separated standalone player. The joint investment with TIME who has experience and expertise in the data centre business, will help the investment succeed, including definitely expansion of the Company's business opportunities and the growth in both short-term and long-term periods, as the Company will receive support in term of technic and knowledgeable and experienced personnel from TIME, including the opportunity to conduct business under the AIMS brand, a strong branding in the data centre business which is regionally and globally acceptable, and most importantly, the penetration and connection to global OTT (over-the-top) and regional customers to have future presence in Thailand.

3.1.11. Prevention of Conflict of Interest

The entering into this transaction, TIME, as a major shareholder of the Company by holding 46.84%, will jointly invest with the Company in the proportion of 51: 49 in ADCTH. The joint venture transaction is considered as a related party transaction which can subject to conflict of interest between the Company and the connected party. However, the Draft of Shareholder's Agreement of ADCTH provides the prevention to the possible conflict of interest through the period as long as TIME and SYMC are the shareholders of ADCTH. Both parties shall (and shall cause its affiliates to) undertake that it shall not carry out, engage in, be or become economically interested in the same or in a similar type to, and which is in competition with, such business of ADCTH. In addition, by partnering TIME who has experience and expertise will be more beneficial to the Company because it will be providing technical know-how in setting up, running and managing a data centre business, in accordance with best practices currently implement for AIMS brand, a strong brand in the data centre business which is regionally and globally well-known and acceptable, and most importantly, the opportunity to penetrate and connect with global OTT (over-the-top) and regional customers. As the Company and TIME are the listed companies, both companies have the policies and practices to be strictly in accordance with the rules and regulations of the Stock Exchange of Thailand and the SEC and/or other related sectors in which to consider the benefits to the Company and shareholders as its priority when entering into related party transactions. Thus, the IFA is in the opinion that this joint venture transaction will be beneficial to the Company.

3.2. Transaction 2 Novation of Rights and Obligations under the Agreements Transaction

3.2.1. Date of the Transaction

The Company shall enter into the transaction after the Company has obtained an approval from the 2020 Annual General Meeting of shareholders which will be held on July 31, 2020 and after the completion of the Joint Investment Transaction. In this regard, the Company expects that the Novation of Rights and Obligations under the Agreements Transaction will be completed not later than September 2020.

3.2.2. Parties Involved and their Relationships with the Company

The novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH.

Transferor	The Company
Transferee	ADCTH
Relationship with the Company	Currently, ADCTH is a subsidiary of TIME where TIME holds directly 50.9998% of shares in ADCTH and holds indirectly 49% of shares in ADCTH through Planet ¹ . TIME, through

its wholly-owned subsidiary TdCI holds 46.84 % of shares in the Company. Therefore, the Transferee is considered as a connected person of the Company.

Note: ¹Planet is a wholly-owned subsidiary of TIME.

3.2.3. General Characteristics of the Transactions

The Company will novate the rights and obligations under the agreements relating to the office lease and service, the structure reinforcement, the construction of data centre and the installation of data centre equipment in a total amount of approximately THB 185.25 million to ADCTH. After the Company novates the rights and obligations under the relevant agreements to ADCTH, ADCTH will reimburse principals relating to the rights and obligations under the relevant agreements, including the interest from execution of office leasing, the structure reinforcement, the construction of data centre and the installation of data centre equipment at the same rate of the borrowing cost incurred by the Company plus 1% fixed margin in a total amount of not exceeding THB 189,100,000 (such value is appraised until August 31, 2020 which is the last due date on which the Company has to pay fee to suppliers before entering into the novation of rights and obligations under the agreements transaction). The Rights and obligations under the agreement which will be novated to ADCTH consist of space leasing and service and the construction and development of Data Centre from the past until August 31, 2020 with the details as follows;

1. The Office Lease Agreement and Office Services Agreement for office space leasing and service at Smooth Life Tower for total 3 floors, representing the total area of 2,195.86 square meters. (Summary details of Summary of the Office Lease Agreement and Office Service Agreement are set out in the table below.). Nevertheless, the Company has informed the lessor already that if the transaction was approved by the shareholder's meeting, the Company will novate the rights and obligations to ADCTH, which the lessor does not have any issue.
2. The Construction Agreement for construction of the data centre
3. The Installation, CFRP Material Purchasing and Structure Reinforcement Agreements for installation, CFRP material purchasing and structure reinforcement, and

Summary of the Office Lease Agreement and Office Service Agreement for office space leasing and service at Smooth Life Tower

Parties	<ul style="list-style-type: none"> ● The Company (Lessee) ● Siam Health Group Co., Ltd. (Lessor)
Conditions Summarized	<ul style="list-style-type: none"> ● Lease office space on 9th – 11th floors representing the total area of 2,195.86 square meters ● Deposit of THB 5.33 million ● Monthly rental and services fee of approximately THB 1.78 million ● Allow tenant to bring equipment to install as well as restructure working area. However, such execution must not affect the surrounding area. ● Tenants must comply with announcements, regulations and laws issued by the government. ● Permission for rental or sublease, but tenant must notify the landlord at least 30 days ahead. ● Tenants must not bring flammable or dangerous objects into the rental space and must not bring any objects which are overweight than specified into the rental space. If it is overweight, tenants must provide structure reinforcement under the supervision and calculation of engineer only.

	<ul style="list-style-type: none"> • In the event that the rental is terminated before the agreement expires, the lessee must compensate the lessor for the damage on a monthly basis in the amount equal to the monthly rental stipulated in the agreement until the end of the rental period, or until there is a new tenant, whichever comes first. The lessor has right to hold the remaining deposit until the lessor receives full payment of damages. • The lease will be extended for another 3 years each time, with the renewal of the agreement. Both parties will negotiate the rental fee again. • In the event that the lessee does not renew the agreement, the lessee must give written notice to the lessor at least 180 days in advance before the end of the agreement.
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3.2.4. Total Value of Consideration

The total value of consideration for the novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH shall be in a total amount of not exceeding THB 189,100,000.

3.2.5. The Calculation of the Transaction Size

Financial information (as of 31 March 2020)	Unit: THB million
Total Assets	4,087
less Net Intangible Assets	(14)
less Deferred Tax Assets	(33)
less Total Liabilities	(1,716)
Net Tangible Assets (NTA)	2,324

The Novation of Rights and Obligations under the Agreements Transaction is considered as the connected transaction pursuant to the Connected Transaction Notifications, the transaction size shall therefore be calculated from the total value of consideration in the amount of THB 189.1 million divided by the net tangible assets of the Company (NTA) in the amount of THB 2,324 million; thus, the transaction size is equivalent to 8.14% of the Company's NTA as of 31 March 2020.

Table 3-8: The calculation of the Novation of Rights and Obligations under the Agreements Transaction transaction size for connected transaction

Connected transaction	Detail	Calculation	Transaction size
1. Size of connected transaction	<u>Value of the Novation of Rights and Obligations</u> Net total assets of SYMC	<u>189.1</u> 2,324	8.14%

Note: 1. NTA value from the consolidated financial statements as of 31 March 2020
2. Net total assets (NTA) refers to Total assets – intangible assets – total liability – non-controlling interests (if any)

3.2.6. The Value of Asset to be Disposed

The Company estimates that the rights and obligations under the agreement to be transferred to ADCTH shall be approximately THB 185.25 million. When including interest occurred from of office leasing, the structure reinforcement, the construction of data centre and the installation of data centre equipment at the same rate of the borrowing cost incurred by the Company plus 1% fixed margin, the total value is up to THB 189.10 million (such value is appraised until August 31, 2020 which is the last due date on which the Company has to pay fee to suppliers before entering into the novation of rights and obligations under the agreements transaction. Details of which are as follows:

1. Expenses of rental and deposits relating to office lease at Smooth Life Tower for total 3 floors with a total area of 2,195.86 square meters, from March 2019 until the end of August 2020, totaling THB 52.16 million.
2. Expenses of the construction of data centre from December 2019 until the end of August 2020, totaling THB 112.40 million.
3. Expenses of the structure reinforcement and others relevant expenses until the end of August 2020, totaling THB 20.69 million.
4. Interest which will receive from the execution of workspace at the same rate of the borrowing cost incurred by the Company plus 1% fixed margin, calculated from the first rental payment until the end of August 2020, totaling approximately THB 3.82 million.

Nevertheless, after the novation of rights and obligations under the relevant agreements to ADCTH, ADCTH will still have to further invest. In this regard, the total investment of the project can be summarized as follows:

Items	Capital expenditure <u>before novation</u> (THB million)	Capital expenditure <u>after novation</u> (THB million)	Total capital expenditure (THB million)
Data Centre rental expenses (Total leasing area 2,196 Sq.m.)	52.16	7.11	59.27
Structural Reinforcement	24.51	1.53	26.04
Facility Investment	112.40	91.97	204.37
Racks	-	16.34	16.34
Tools and equipment in Data Centre and others	-	34.27	34.27
Total	189.07	151.22	340.29

3.2.7. Basis in Determining the Value of Consideration

The Company determines that the value of consideration is equal to the aggregate of the operating cost of the data centre until the date which the transfer of rights and obligations under relevant agreements is expected to be completed, and the borrowing cost incurred by the Company plus 1% fixed margin.

3.2.8. Conditions for the Transaction

The entry into the Novation of Rights and Obligations under the Agreements Transaction is conditional upon the approval from the 2020 Annual General Meeting of the shareholders of the Company and the satisfaction of conditions precedent as per the relevant agreements and the approval on the Joint Investment Transaction.

3.3. Transaction 3 Financial Assistance Transaction

3.3.1. Date of the Transaction

The Company shall enter into the transaction after the Company has obtained an approval from the 2020 Annual General Meeting of shareholders which will be held on July 31, 2020 and after the completion of

the Joint Investment Transaction. In this regard, the Company expects that the Financial Assistance Transaction will be completed not later than September 2020.

3.3.2. Parties Involved and their Relationships with the Company

Financial Assistance Provider	The Company
Financial Assistance Receiver	ADCTH
Relationship with the Company	Currently, ADCTH is a subsidiary of TIME where TIME holds directly 50.9998% of shares in ADCTH and holds indirectly 49% of shares in ADCTH through Planet ¹ . TIME, through its wholly-owned subsidiary TdCI holds 46.84% of shares in the Company. Therefore, ADCTH is considered as a connected person of the Company.

Note: ¹Planet is a wholly-owned subsidiary of TIME.

3.3.3. General Characteristics of the Transactions

The Company will provide a financial assistance to ADCTH in order for ADCTH to construct and develop the Data Centre. The Company and TIME will provide the loan according to the shareholding proportion in total of THB 306.12 million. The Company will provide a financial assistance amount of not exceeding THB 150 million after entering into the Joint Investment Transaction with the following details.

Loan amount	Not exceeding THB 150 million
Interest rate	MLR-2.25% + 1 % (approximately THB 32 million)
Duration	Not exceeding 7 years
Interest payment	Monthly
	Principle repayment THB 2.50 million per month beginning on August 2022

(*MLR according to the interest rate from Kasikorn Bank)

3.3.4. Details of ADCTH

Summary Information of ADCTH as appeared in 3.1 Transaction 1 Joint Investment Transaction

3.3.5. The Calculation of the Transaction Size

Financial information (as of 31 March 2020)	Unit: THB million
Total Assets	4,087
less Net Intangible Assets	(14)
less Deferred Tax Assets	(33)
less Total Liabilities	(1,716)
Net Tangible Assets (NTA)	2,324

The Financial Assistance Transaction is considered as the connected transaction pursuant to the Connected Transaction Notifications. The transaction size shall therefore be calculated from the total value of consideration in the amount of THB 182 million divided by the net tangible assets of the Company (NTA) in the amount of THB 2,324 million; thus the transaction size is equivalent to 7.83% of the Company's NTA as of 31 March 2020.

Table 3-9: The calculation of the financial assistance transaction

Connected transaction	Detail	Calculation	Transaction size
1. Size of connected transaction	<u>Value of the financial assistance transaction</u>	<u>182</u>	7.83%
	Net total assets of SYMC	2,324	

Note: 1. NTA value from the consolidated financial statements as of 31 March 2020
2. Net total assets (NTA) refers to Total assets – intangible assets – total liability – non-controlling interests (if any)

3.3.6. Source of Fund

The Company shall use its working capital and/or loan from a financial institution in the amount of not exceeding THB 150,000,000 for the provision of the financial assistance to ADCTH.

3.3.7. Conditions for the Financial Support

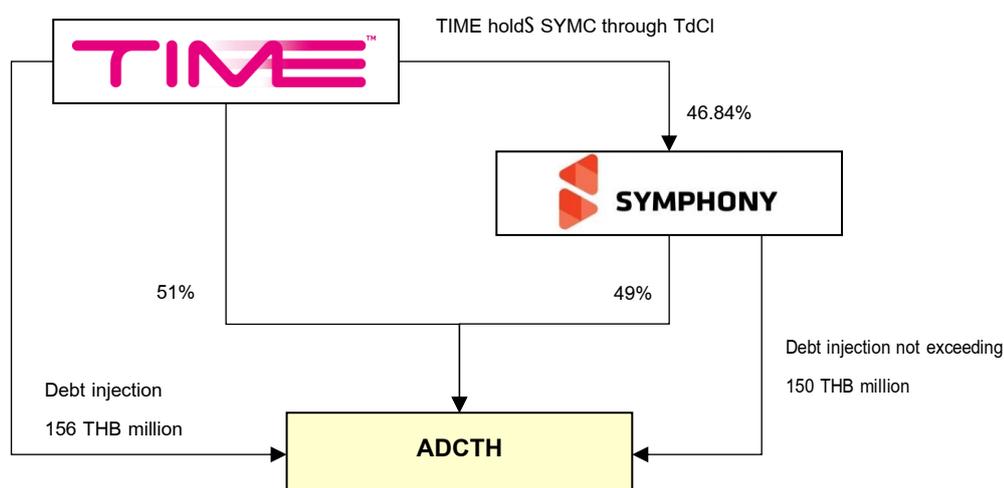
The entering into the Financial Assistance Transaction is conditional upon the approval by the 2020 Annual General Meeting of shareholders, provided that such approval shall be passed with affirmative vote of not less than three-fourths of the total votes of the shareholders who attend the meeting and have the right to vote, excluding of the shareholders with interests.

In addition, the Joint Investment Transaction as per item No. 1., the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2., and the Financial Assistance Transaction as per item No. 3. constitute the connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on 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 Transactions B.E. 2546 (2003) dated November 19, 2003 (as amended) (collectively referred to as the “Connected Transaction Notifications”) since TIME is a major shareholder of the Company holding 46.84% stakes through TIME dotCom International Sdn Bhd (“TdCI”), which is a wholly-owned subsidiary of TIME, while both Planet and ADCTH are affiliates of TIME (TIME own 100% and 99.99% of Planet and ADCTH, respectively); hence, TIME, Planet and ADCTH are connected parties according to Rules on Connected Transactions and the Notification

The Joint Investment Transaction as per item No. 1. and the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2. are considered connected transaction type 4 “transactions related to assets or services”, and the Financial Assistance Transaction as per item No. 3 is considered connected transaction type 5 “financial assistance transaction” with transaction size of 2.11%, 8.14%, 7.83% of Net Tangible Asset (“NTA”) of the Company for item No. 1, 2, 3, respectively. The Company’s NTA was THB 2,324 million according to the Company’s audited consolidated financial statement ending March 31, 2020. The combined transaction size of item No. 1, 2 and 3 is 18.08%, which is greater than 3% of NTA of the Company.

4. Reasonableness of the Transaction

The Company intends to invest in the data centre business of AIMS Data Centre (Thailand) Company Limited (ADCTH) in the proportion of 49 percent. ADCTH is a company established in Thailand with TIME dotCom Berhad (TIME) directly holding 50.99 percent equity and indirectly holding 49 percent stake via Planet Tapir Sdn Bhd (Planet) (a subsidiary in which TIME holds 100 percent). In this regard, the Board of Directors passed a resolution for the Company to propose to the 2020 Annual General Meeting of Shareholders to consider and approve the 3 transactions, namely the joint venture transaction, the novation of rights and obligations under the contract and the financial assistance transaction which the Company's management has reiterated that, aside from the above-mentioned transactions, the Company had not entered into any other transaction with connected persons during the past 6 months. All three transactions are considered as connected transaction according to the Notification on Connected Transactions, therefore, in considering the reasonableness of the above transactions all the transactions are considered together at one time (Entering into the transaction) with consideration as to the reasonableness of the transaction as follows:



4.1. Transaction 1 Joint Investment Transaction

4.1.1. Advantages and disadvantages of entering into the transaction

4.1.1.1. Advantages of entering into the transaction

- 1) Increase the Company's competitiveness through provision of more comprehensive services

As the Company's main business is in network rental service for high speed data connection which is the basic network for data centre; therefore, concurrently providing data centre service coupled with the network rental service will enable the Company to offer a full range of services whereby the presence of the data centre will render greater responsiveness to customer needs than offering only network rental services.

- 2) Advantage of SYMC being a network service provider

Operating a data centre business relies on having an external network connection. Since the Company is a network service provider, this will facilitate ADCTH access to connect to the network, and SYMC

will also have revenue from network rental from ADCTH as well. The rental price between SYMC and ADCTH must be under the same conditions as transactions with external parties (arm's length basis).

3) This investment is in line with the business plan of the Company.

The Company has a plan to invest in the data centre business and has raised fund from shareholders for this purpose since 2017 (based on the minutes of the 2017 Annual General Meeting of Shareholders). Therefore, this investment is in accordance with the business plan and the future plan that the Company has formulated as well as its future plans, including the Company's desire to be one of the leading telecommunication service providers in Thailand.

4) Reduction of investment burden

Investment in the data centre business requires high investment funding in case if the Company were to invest by itself and might have to borrow a lot of money, which will affect the Company's ability to repay the debt. If the Company has to make the entire investment, the debt / equity ratio (D/E Ratio) would increase from 0.72 times to 0.90 times (calculated from the total debt divided by shareholders' equity and the value of the investment equal to THB 406 million coming from the total loan portion which is a worst case scenario) when compared to the consolidated financial statements for the accounting period ending March 31, 2020.

5) Benefiting from the COVID-19 outbreak

The data centre is a business that has been positively impacted by the outbreak of COVID-19, with its role of data storage and maintenance to help businesses continue with efficiency following the government measures issued in an effort to control the situation and prevent the spread of the virus in a campaign to promote social distancing resulting in online businesses, e-commerce, and various digital services combined with work from home and online work systems in the form of long-distance online meetings and training, as well as collaborating on online platforms becoming necessary during times when there was a requirement to avoid congregating. This increased online data exchange resulting in higher data centre usage will be especially heightened if there is a second wave of COVID-19 outbreak, further reinforcing the importance of the data centre.

6) Receiving appropriate return on investment in the joint venture

When considering the financial projections, the IFA expects that ADCTH will have a return on investment (IRR) in the base case at 9.32 percent, which is higher than the financial cost of ADCTH (WACC) at 7.55 percent. The investment in the data centre business at this time is, therefore, worth for the investment.

7) Ability to establish and provide services quickly

A joint venture with TIME, who has extensive experience in the data centre business and is recognized at regional and global levels with access to various technologies used in the data centre business, would allow the joint venture to start the business faster than the case that the Company were to start the operation by itself, without having to waste time learning the appropriate technology but able to use the expertise from TIME to immediately expand and add value to the business.

8) Business expansion

After investing in a co-location data centre, the Company can subsequently expand to the cloud data centre in order to be more responsive to the needs of customers in this group because the basic structure used is the same.

4.1.1.2. Disadvantages of entering into the transaction

1) The Company will have increased debt burden after entering into the transaction.

In entering into this transaction, the Company has to provide loans to ADCTH in proportion to the 49% stake in the amount of not exceeding THB 150 million of which some of this amount has to be borrowed from financial institutions at an interest rate of approximately 3.75 percent per year (interest rate is equal to MLR - 2.25 percent), which will increase the debt to equity ratio (D/E Ratio) of the Company from 0.72 times to 0.79 times (calculated from the ratio of total debt divided by shareholders' equity, and setting the investment value that must be borrowed to invest at equal to THB 150 million from the total loan portion) calculated from the consolidated financial statements for the accounting period ending 31 March 2020. However, the proportion of investment at 49 percent would cause less debt burden for the Company than if it were entirely investing by itself. Furthermore, TIME is a partner who has expertise and experience in operating a data centre business which helps reduce risk as well.

2) Increased interest burden

Since the Company will have to provide loans to ADCTH as mentioned above, if the company procures funds for lending from loans, this will cause the Company to have additional interest burden in the amount of approximately THB 5.62 million per year (interest rate of 3.75 percent per annum from the principal of not exceeding THB 150 million) which will affect the overall performance of the Company. However, the interest rate of ADCTH is equivalent MLR – 2.25 percent + 1 percent, which is 1 percent greater than the the Company's interest rate to repay the financial institution.

3) The investment will not give the Company controlling interest in ADCTH.

Investment in 49 percent of shares will result in the Company having the right to nominate 2 out of the total number of 4 directors to be the directors of ADCTH. In addition, the Chairman of the Board of Directors nominated by the shareholders of Group A (TIME) will have the last affirmed vote in the matters that appear to have the same votes between Group A and Group B. However, TIME has the experience and competency in the business and the decision making of the Board of Directors in any significant matters will be by the interest of ADCTH.

4) The Company may lose the opportunity to invest in other businesses which may have higher return.

In entering into this joint venture transaction, in addition to having to inject capital of THB 49 million in shares, the Company must also provide additional loans to ADCTH in the amount of not exceeding THB 150 million. If the Company in future has other projects of interest and with a good rate of return, the Company may lose the opportunity to invest in such projects, or there may be restrictions on investment in such project or business which the company might need to find other sources of funds to make the investment instead. However, the debt to equity ratio of the Company is still low and there may be the ability to incur additional debt for investment.

5) Possibility to incur conflict of interest

The entering into this transaction, TIME, as a major shareholder of the Company by holding 46.84%, will jointly invest with the Company in the proportion of 51: 49 in ADCTH. The joint venture transaction is considered as a related party transaction which can subject to conflict of interest between the Company and the connected party. However, the Draft of Shareholder's Agreement of ADCTH provides the prevention to the possible conflict of interest through the period as long as TIME and SYMC are the shareholders of ADCTH. Both parties shall (and shall cause its affiliates to) undertake that it shall not carry out, engage in, be or become economically interested in the same or in a similar type to, and which is in competition with, such business of ADCTH. In addition, by partnering TIME who has experience and expertise will be more beneficial to the Company because it will be providing technical know-how in setting up, running and managing a data centre business, in accordance with best practices currently implement for AIMS brand, a strong brand in the data centre business which is regionally and globally well-known and acceptable, and most importantly, the opportunity to penetrate and connect with global OTT (over-the-top) and regional customers. As the Company and TIME are the listed companies, both companies have the policies and practices to be strictly in accordance with the rules and regulations of the Stock Exchange of Thailand and the SEC and/or other related sectors in which to consider the benefits to the Company and shareholders as its priority when entering into related party transactions. Thus, the IFA is in the opinion that this joint venture transaction will be beneficial to the Company.

4.1.2. Advantages and disadvantages of not entering into the transaction

4.1.2.1 Advantages of not entering into the transaction

- 1) The company will not have to bear the risk of entering into this transaction.

In the case that shareholders of the Company decide not to enter into this transaction, the Company does not have to bear any of the risks from this investment as specified in clause 4.4.

- 2) The Company will not have to bear the interest burden from additional loans.

In this investment the Company may need to obtain some loans from financial institutions to be able to lend to ADCTH. Therefore, if the Company decides not to enter into the transaction, it will not have the interest burden from additional loans and thereby not causing the debt to equity ratio of the Company to increase.

4.1.2.2 Disadvantages of not entering into the transaction

- 1) Lost opportunity to increase income and profit

In the event that the Company decides not to enter into this transaction, this will cause the Company to lose the opportunity to increase revenue from the data centre business and offer a full range of services from business collaboration and expansion for synergy, including the opportunity to receive returns on investment in the ADCTH project.

- 2) The Company must spend further time considering other investment projects.

In the event that the Company decides not to enter into this transaction, the Company will lose the opportunity to expand into the data centre business and offer a full range of services. If the Company wants to expand and grow the business by itself or by acquiring other businesses, the Company may take a long time

to achieve this or search for potential companies, including price negotiations and uncertain trade conditions, resulting in opportunity costs to the Company. Moreover, other projects that the Company considers in the future may yield lower returns and / or there is a higher risk of project implementation than this project, thus reducing the value of investment for future projects.

4.1.3. Advantages and disadvantages of entering into the transaction with connected persons

4.1.3.1 Advantages of entering into the transaction with connected persons

1) TIME is experienced in operating data centre business

Due to the fact that the Company has no prior expertise and experience in the data centre business and investing in this business requires high investment capital, combined with the fact that Thailand currently has a large number of data centre operators, thereby harboring a risk in embarking on such business. Therefore, having TIME, who has experience and expertise in the data centre business, will help the Company save time and resources in building a data centre and help reduce investment risks as well.

2) AIMS Data Centre is a reputable brand in the region.

AIMS is Malaysia's number one data centre service provider, and Cloudscene¹ ranks AIMS Malaysia as one of Asia's top 10² most recognized brands as well as being recognized as the Cloud Infrastructure Provider of the Year by Frost & Sullivan³ in 2019, which will enable the data centre business that the Company will invest in a joint venture with TIME to have highly reliable credentials.

3) TIME's customer base

Having TIME as a major shareholder will give TIME customers confidence and trust in ADCTH's data centre services, whether large regional or global customers, especially the Global OTT customers such as Google, Facebook, Amazon and Alibaba etc., and TIME also aims to bring its regional and global customers such as the Global OTT group to set up their server in Thailand by using ADCTH's data centre services. It is therefore necessary to rely on AIMS's credibility to attract customers and gain marketing advantages with those customers as well.

4) Mutual benefit of both parties

Because Thailand has continuous growth in the amount of data transmitted through the telecommunications network, as well as a data transmission route that connects Asia-Pacific countries, TIME needs to expand its data centre services in Thailand and SYMC also wants to invest in the data centre business

¹ Cloudscene was established by Bevan Slattery, the Australian IT entrepreneur. Cloudscene is the platform that consists of more than 4,700 data centres with more than 4,200 cloud and internet service providers in 110 countries. This platform assists the users to freely source and analyze the cloud and internet service providers which are beneficial to the organizations that would like to purchase the data centre and cloud services.

² The top 10 most recognized brands in Asia for the second half of 2019 are 1) Equinix 2) SUNeVision 3) NTT Communications 4) Web Werks 5) GPX Global Systems 6) ST Telemedia Global Data Centres 7) Global Switch 8) Digital Realty 9) AIMS Data Centre 10) Telstra

³ Frost & Suvillian provides disciplined research related to technology related business and industry information allowing for the in-depth search for the outlook in the World Technology Trend, the development of technology, market potential in various aspects including industry, national level, and consumer sectors.

so as to achieve comprehensive customer service. The synergy of both will bring about mutual benefits from SYMC providing network services and customer base in Thailand while also relying on the experience and reliability in the AIMS brand, as well as the customer base from TIME. Therefore, the joint venture will enable both parties to benefit. It also increases the synergy of the TIME group as a whole for national and regional growth.

4.1.3.2 Disadvantages of entering into the transaction with connected persons

- 1) There are questions about the transaction with connected persons.

Entering into the transaction with connected persons may cause queries from stakeholders, especially in the terms and conditions of entering into the transaction, such as the existence of conditions in conducting business that are not in accordance with normal business practice, or impeding the ability to negotiate or stipulate various conditions fully as when doing transactions with third parties which will affect the benefits of the Company's stakeholders, particularly the shareholders. Nonetheless, entering into the aforementioned transactions has been considered and scrutinized by the Board of Directors. (excluding directors with interests) well before the passing of the resolution to enter into the transaction.

4.2. **Transaction 2 Novation of Rights and Obligations under the Agreements Transaction**

4.2.1. Advantages and disadvantages of entering into the transaction

4.2.1.1 Advantages of entering into the transaction

- 1) Return of investment funds and appropriate return on investment

Due to the Company's investment related to the rental and service of the building area and construction and development of the data centre for ADCTH, whereby evaluating the value until 31 August 2020, which is expected to be the completion date of the novation of the rights and obligations under various agreements, total not more than THB 185.25 million and still generating a return on investment at the rate of MLR - 2.25 + 1% (MLR equals to 6% per year, resulting in a return of approximately 4.75% per year) or equivalent to THB 3.82 million (calculated according to the Company's gradual investment each month and will be refunded as of August 31, 2020) resulting in the Company receiving a total return of THB 189.10 million.

- 2) Increased liquidity for the Company

The Company will receive the money that was previously invested back, which will enhance the liquidity for the Company in using the returned funds as working capital and / or for future investment.

- 3) Reduced future connected transactions with ADCTH

Entering into the transaction of assigning rights and obligations under the contract with ADCTH will prevent future connected transactions between the Company and ADCTH regarding the rights and duties related to the data centre construction.

4.2.1.2 Disadvantages of entering into the transaction

-None-

4.2.2. Advantages and disadvantages of not entering into the transaction

4.2.2.1 Advantages of not entering into the transaction

-None-

4.2.2.2 Disadvantages of not entering into the transaction

- 1) The Company will be obligated to manage the investment that has previously been invested.

If shareholders do not approve the said transaction, the Company may have to find a way to manage the rental burden and the construction and development of the said data centre by other means such as subleasing those assets to ADCTH, etc., which the Company will face risks if ADCTH does not rent the space from the Company or cancels short term rentals.

- 2) Lost opportunity to receive refund

If the Company decides not to enter into the assignment of rights and obligations under the contract, it must maintain the said assets with the Company and does not receive the investment funding back, including return on investment at the rate of 4.75 percent per year as mentioned above, resulting in the Company losing the opportunity to use the returned investment funding as working capital and / or in future investments.

4.2.3. Advantages and disadvantages of entering into the transaction with connected persons

4.2.3.1 Advantages of entering into the transaction with connected persons

- 1) Difficulty to novate the rights and obligations to the third party

The novations of rights and obligations according to the contract to the third party either they are operating in the Data Centre or not is considered inflexible. In addition, the Company will lose the opportunity to invest in the Data Centre business in which SYMC has already put the effort and resources into the project.

4.2.3.2 Disadvantages of entering into the transaction with connected persons

- 1) Doubtness rose with the related party transaction

As the transaction is related to the connected party in which TIME is consider a major shareholder of the Company and ADCTH. As a result, there will be the challenges against the conditions and regulations to enter into the transaction, for example, the transferring of rights and obligations with unappropriated values, or the inability to negotiate for the fair conditions in comparison to the agreement with third party. However, by entering into the transaction, it allows the Company to realize the benefit in term of timely payback period and positive return on investment as stated earlier.

4.3. Transaction 3 Financial Assistance Transaction

4.3.1. Advantages and disadvantages of entering into the transaction

4.3.1.1 Advantages of entering into the transaction

- 1) The Company will receive compensation from the loans.

In providing this financial assistance, the funding sources that the Company will use will be derived from its working capital and / or loans from financial institutions. The interest rate the Company will charge is MLR - 2.25% + 1% (MLR equals to 6% per year, resulting in a return of approximately 4.75% per annum). If

the said funding source is derived from the excess cash flows from the Company's operations which, at present, is in the form of short-term investments of the Company with interest rate between 0.05 - 1.55 percent per year, then the Company will have excess interest rate equal to approximately 2.30 - 4.70 percent per year or if the Company sources the loans from a financial institution, and based on the loan contract information that the Company has negotiated with a financial institution, the Company will have an interest burden equal to MLR - 2.25 percent whereas the Company will receive interest from ADCTH at a rate that is greater than the interest rate that must be repaid to the financial institution by 1 percent per year.

- 2) Help to increase liquidity of the joint venture company.

This financial support to ADCTH is in the proportion of investment which is equivalent to the Company investment in the joint venture to gain a return on investment in the data centre business.

4.3.1.2 Disadvantages of entering into the transaction

- 1) The Company may lose the opportunity to borrow to invest in other projects.

If there are other interesting projects in the future which have a better rate of return but require a high amount of bank loan, this may cause the Company to lose opportunity or have certain restrictions in investing in the said projects, thereby making it necessary for the Company to find funding from other sources that have higher financial costs to finance the investment. However, the debt to equity ratio of the Company is still low, and as such there may be the ability to incur additional debt for the investment.

4.3.2. Advantages and disadvantages of not entering into the transaction

4.3.2.1 Advantage of not entering into the transaction

- 1) The Company will improve liquidity

The Company does not need to use its working capital and / or borrow money to provide the loan to ADCTH and thereby not causing the debt / equity ratio (D/E ratio) to increase as well as not having to lose the liquidity to be used for investment.

4.3.2.2 Disadvantages of not entering into the transaction

- 1) The Company will lose the opportunity to invest in the data centre business.

If the Company does not provide financial support to ADCTH, ADCTH may not be able to complete the construction and the Company will lose benefits of entering the data centre market and offering comprehensive sales of products and services to customers, etc.

4.3.3. Advantage and disadvantage of entering into the transaction with connected persons

4.3.3.1 Advantages of entering into the transaction with connected persons

- 1) This is a means of managing liquidity within the group.

Related party transactions is a means of liquidity management within the corporate group enabling companies in the group to have lower financial costs. In addition, there is more flexibility in negotiation and coordination than entering into transactions with external parties and the risk of loans remains low.

4.3.3.2 Disadvantages of entering into the transaction with connected persons

1) Information disclosure

Entering into the transaction with connected persons obligates the Company to disclose information and comply with the regulatory requirements, as well as the entailing increased expenses from hiring a consultant. Therefore, entering into the transaction with connected persons on this occasion requires the Company to disclose the said information to the Stock Exchange of Thailand and obtain approval from the shareholders' meeting of the Company, as well as having to hire an independent financial advisor to give an opinion on this transaction resulting in increased expenses from consideration for entering into the said transaction. If this were a transaction with a third party, the Company may not need to seek approval from the shareholders' meeting to enter into the transaction. However, lending to a third party is not a normal business operation of the Company.

4.4. **Risks of Entering into the Transaction**

1) Risks from operating results and returns that are not as expected.

This investment by the Company may entail risks from operating results and returns that are not as expected due to various risk factors from external factors such as economic risk, political risk, financial system risk and regulatory risk, including changes in consumer behavior and competition in the business which may impact on operations, domestic purchasing power and sales figures of many businesses, causing economic growth to be limited. There is also high competition in the data centre business. However, partnering with TIME will help reduce the risk both through its business experience and relationships with large clients both regionally and globally, with TIME also targeting bringing in large customers, such as Global OTT, to set up servers in Thailand by using ADCTH's data centre services as well.

2) There may be situations of disagreement which may not be resolved (Deadlock Matter)

Due to the structure of the board of ADCTH after entering into the joint venture, whereby there will be 4 directors, 2 nominated by the Company and 2 representatives from TIME. If a joint resolution is required on an important agenda items but each party has different opinions and are not able to vote on the said matter, causing a Deadlock Matter, which may pose serious management problems, the chairman nominated from Group A shareholder is eligible to vote in any resolution with equal votes, which may result in a vote for TIME to be at advantage.

3) Risks from investing in new businesses and income sources of ADCTH

Since the Company has no prior experience in the data centre business and ADCTH is currently under construction, posing a risk to the Company from investing in the company which has not been completed and has not yet started to generate income. However, this joint venture is a joint venture with TIME, a partner with extensive experience in the data centre business and from inquiring the management of the Company, it was made known that many customers have already started to make contact, and TIME also has a customer base that also wants to use data centre services in Thailand thereby reducing the risk in this matter.

4) The risk of rapid technological change

Today's technology is changing rapidly. Therefore, if there is a better technology in the future, it may cause ADCTH customers to move to use the services of newer and better technology. However, moving data centre locations is quite complicated, and may have an impact on the management of data of each customer in ongoing continuous operation. And the data centre service provider location is always there to take care of the server thereby being more convenient for customers rather than investing and looking after the servers themselves.

5) The risk of disapproval on financial assistance transaction

If the Shareholder's Meeting votes not to approve the transaction of assistance in term of the financial support to ADCTH, it will face the difficulty to seek other funding sources in order to complete the Data Centre's construction and development or ADCTH will have to borrow at a higher interest rate. The risk of disapproval on financial assistance transaction will cause the project to be delayed or ADCTH will fail to operate the business. Moreover, the financial result in term of return on investment will be lower than expected.

6) The risk of the occurrence of structural conflict of interest with the Company

TIME holds 49 percent of the shares in Kirz Company Limited ("KIRZ"), another company doing data centre services in Thailand. However, after questioning the management of the company, it was found that KIRZ did not comply with Teir standards. As for the data centres currently serviced by KIRZ, KIRZ leases from other service providers then sublets them to others. Therefore it is unlikely that there will be a conflict of interest. Instead, it will benefit ADCTH as there is a chance that KIRZ will lease the data centre of ADCTH. In addition, the draft agreement between the shareholders of ADCTH also stipulates an agreement to prohibit competition throughout the period the parties still hold shares in ADCTH by agreeing that the counterparties (including affiliates) will not engage in any business that competes with ADCTH and will not induce employees or advisors of ADCTH, and will not draw customers or induce them to stop using ADCTH services, so the risk in this regard is low.

7) The Company may face the risk of ADCTH not repaying the loan.

The Company may face the risk of not receiving payment of the principal or interest on the loan or late repayment from ADCTH if ADCTH's operating results are not as expected. However, the Company and TIME are major shareholders and the management of ADCTH, therefore it is believed that all parties will cooperate to efficiently manage the data centre business. Moreover, AIMS is a recognized regional and global data centre brand. Therefore, there is very little risk. In addition, TIME must try to maintain the reputation of the AIMS brand as well. Therefore believe that TIME will not allow ADCTH's reputation to falter.

5. Appropriateness of the transaction price and conditions

5.1. Transaction 1 Joint Investment Transaction

The Independent Financial Advisor has prepared the financial projections of the joint venture investment by referring to the feasibility study of the ADCTH project. In this regard, the Independent Financial Advisor has considered the ability to generate free cash flow in the ADCTH project by considering the feasibility of the project from various methods, namely 1) Net Present Value ("NPV") is a method of comparing the value of investment between the initial investment in the project and the present value of the net cash flow of the project by using the weighted average cost of capital ("WACC") as the discount rate throughout the operation period; 2) Calculation of the payback period by calculating the amount of cash flow received from operations each year is equal to the investment capital of the project; and 3) Internal Rate of Return (IRR) calculation is the method of calculating the average rate of return compared to the value of investment funding of the project throughout the operation period and compared with the weighted average cost of capital (WACC) of the project.

In this regard, the evaluation of the appropriateness of the investment in the project is based on the assumption that the important variables in the project's financial projections are reasonable throughout the projection period. The Independent Financial Advisor has reviewed the financial projections of the project, which the management of the Company has prepared according to the project development plan, and improving various assumptions in accordance with the current market conditions and competition, as well as analyze industrial conditions and various factors on a conservative basis based on the assumption that the project is still ongoing without significant change under the current economic conditions and present situation, noting that if there is material change in the economic conditions and other external factors which have significant impact on the project's operation based on these assumptions, the value of the assessed project will change accordingly.

Assessing the appropriateness of investment in the project

In studying the feasibility of the ADCTH project, the IFA has prepared a financial projection based on the ability to generate cash flow in the ADCTH project, with the main assumptions used in the preparation of the financial forecast as follows:

Table 5-1: Key assumptions used in making financial projections

Assumptions	Details
Estimate period	From 1 September 2020 to 31 August 2040, for a total of 20 years, based on interviews with management and comparison of industry data on data centres in which Data Centre's structure, tools and equipment have more than 20 years of useful life. However, Data Centre business is highly subject to change in accordance with the technology development. There is possibility of the new technology's replacement in the future. Thus, the project's duration is assumed to be 20 years.
Completion date of construction	31 August 2020
Start date of income	1 January 2021
Project location	Building 44, North Sathorn Road, Silom Subdistrict, Bang Rak District, Bangkok 10500, Floor 9, 10, 11
Project area	2,196 sq.m.
Project asset	<ul style="list-style-type: none"> Data centre structure and other related structural works, namely electrical system, fuel distribution system, air-conditioning system, fire alarm system, cable system works

Assumptions	Details
	<ul style="list-style-type: none"> Total of 210 server racks Other related system work, namely network equipment, software, parts equipment And other office supplies
Number of personnel	18 consisting of the Chief Executive Officer, Data Centre Manager, operational engineers, salespersons, accountants and cleaning staff
Source of income	<p>The ADCTH project is a data centre service which covers the 3 main channels of information technology services, namely Co-Location service income, Cross Connection service income, and Network Resale service fees, with the following details:</p> <ol style="list-style-type: none"> Co-Location Service income is the revenue from server space rental. Including providing system services such as air-conditioning system, electrical system, fire system, and security system Cross Connection Service Income is the revenue from the data connection service from the server to the external network under the supervision of Data Centre Network Resale Service Income is the revenue from network services where the data centre sublets from external network service providers.
Related expenses	Consisting of electricity, space rental fee, bandwidth, maintenance costs, cost of network resale service, telecommunication service fee (USO), telecommunication license fee, salary and employee benefits and commissions

In assessing the appropriateness of the investment in the project, the Independent Financial Advisor has evaluated the expected free cash flow from implementation of the project for a period of 20 years from 1 September 2020 to 31 August 2040 (estimation period 1 starts from 1 September 2020 to 31 December 2020 and the 21st projection period from 1 January 2040 to 31 August 2040) whereby the Company's management expects the project to be completed on August 31, 2020 and, in accordance with conservative basis, the IFA determined that the project will have started to have server rental operations from year 2021 onwards.

Key assumptions used in assessing project feasibility can be summarized as follows.

Estimated revenue

ADCTH's main revenue comes from 3 channels, namely Co-Location service income, Cross Connection service income, and Network resale service fees, with the following details:

- 1.1. Service income from Co-Location is the revenue from server space rental. Including providing system services such as air-conditioning system, electrical system, fire system, and security system. Service income from Co-Location consists of income from rental of server racks and excess electricity revenue from co-location service.

- 1.1.1. Income from rental of server racks specified for gradually being available for rent, with details of the revenue forecast assumptions summarized as follows:

Projection Period	1	2	3	4	5-21
Item	2020	2021	2022	2023	2024-2040
Number of server racks	0	39-118	148-210	210	210
Occupancy Rate (percent)	0	37	82	95	95
Rental rate (per rack per month) ¹⁾	38,000 - 80,000				
Growth rate of rack rental price (percent) ²⁾	0.00				

Remark: ¹⁾ Rack rental prices (per rack per month) are reviewed with the market prices and they are comparative with other competitors'. The rental prices depend on customer types (small and large enterprises) and amount of rack required by each customer.

²⁾ Growth rate of rack rental prices (percentage) 0.00% which is referred from the interview with management and industry expert that it is to maintain the competitiveness, therefore, the rack rental prices in the market are highly stable.

The estimation of the number of server racks for rent is based on interviews with the management and the operating plan of the Company in which the customers are expected to gradually rent the racks due to the conservative basis causing it to be reasonable. The rack rental prices are referred from the comparison of rental income from other co-location service providers, which is according to the market price. The occupancy rate is based on the estimates of the Company's management and reviewed with information that is publicly disclosed by other operators which is reasonable due to its conformance with the business operation properly.

1.1.2. Excess electricity revenue from Co-Location service will be collected by ADCTH in the case that the server rack tenant uses more electricity than the specified rate (3.68 kilowatts per rack per year) at the rate of THB 8.50 per unit. The stated assumptions are referred from the management interview, which is reasonable due to its conformance with the actual electricity expense plus margin. The margin is comparative to the normal margin collected from the Company's existing customers. It is assumed that 30 percent of the large enterprises will use more electricity than the specified rate. This is referred from the management interview. It deems reasonable as referred from the actual utilization and conformance with rack's requirements and electricity demand from those large-enterprise customers. The electrical utilization is expectedly high during peak hours from 5 p.m. to 1 a.m. from the data and information usage of the end users.

1.2. Cross connection service income is the revenue from the data connection service from the server to the external network under the supervision of Data Centre comes from data connection services from the server to external networks via 2 types of lines, fiber and UTP, Both Fiber and UTP are the network cablings for the system connection purpose. The assumptions are as follows:

Table 5-2: Summary of assumptions on Cross Connection Service Income

Projection Period	1	2	3	4	5-21
Item	2020	2021	2022	2023	2024-2040
Estimated number of racks using Cross Connection service ¹⁾	0	32-98	127-176	176	176
Number of Fiber lines (per rack per month)	0	3	3	3	3
Number of UTP lines (per rack per month)	0	3	3	3	3
Growth rate of line rental price (percent)	0.00				
Occupancy Rate (percent)	0	25	61	70	70

Remark: ¹⁾ Numbers of rack to request for Cross Connection are the racks rented by the large enterprises and expected to request for Cross Connection from the total of 210 racks. This assumption is referred from the management interview and deems reasonable as it is conformance with the operating plan and industry outlook.

The number of lines and the line rental price are based on interviews with the management of the Company, which is equal to 9.42 percent of the average server rack rental rate and price comparison data of other cross connection providers, while the occupancy rate is based on estimates of the Company's management.

1.3. Income from Network Resale service is estimated from the services provided to large customer groups. The nature of the service is Link rental, of which the assumptions are as follows

Table 5-3: Summary of assumptions on Network Resale Service Income

Projection Period	1	2	3	4	5-21
Item	2020	2021	2022	2023	2024-2040
Number of racks using Network Resale ¹⁾	0	30 - 60	84	84	84
Number of links (per rack per month)	0	5	5	5	5
Growth rate of link rental price (percent)	0.00				
Occupancy Rate (percent)	0	54	100	100	100

Remark: ¹⁾ Numbers of rack to request for Network Resale are the racks rented by the large enterprises and expected to request for Network Resale from the total of 210 racks. Some customers are expected to demand for both Cross Connection and Network Resale. This assumption is referred from the management interview and deems reasonable as it is conformance with the operating plan and industry outlook.

The estimate of the number of rental links is based on interviews with the Company's management which is equal to 13.16 percent of the average server rack rental rate and market price comparison data of other Network Resale service providers, while the occupancy rate is based on estimates of the Company's management.

Summary of forecasted revenue

Table 5-4: Summary of forecasted revenue

Projection Period	1	2	3	4 - 20	21
Unit: million THB	2020	2021	2022	2023-2039	2040
Revenue from Co-Location service	0	42.74	97.65	114.77	76.51
Revenue from Cross Connection service	0	13.63	30.33	32.83	21.89
Revenue from Network Resale service	0	13.50	25.20	25.20	16.80
Total revenue	0	69.87	153.18	172.80	115.20

2. Cost of service

Consisting of electricity, space rental fee, bandwidth, operating expenses, maintenance costs, cost of network resale service, telecommunication service fee (USO), telecommunication license fee and salary and employee benefits.

Assumptions used in the calculation of cost of service can be summarized as follows:

Table 5-5: Summary of assumptions on cost of service

Items	Assumptions
Electricity cost	<ul style="list-style-type: none"> For small customers, the average IT load is 6.44 kilowatts per server rack per year and the average non-IT load is 4.47 kilowatts per server per year, with a utilization rate of 80 percent per year. The stated assumptions are referred from the management interview, which are deemed reasonable due to its conformance with the electrical demand and the utilization requirement from small enterprises. The average electricity price of THB 4.00 per unit according to the electricity tariff of the Metropolitan Electricity Authority (MEA) which increases according to the average inflation rate of the past 10 years between 2009 - 2019¹⁾ For large customers, the average IT load is 3.68 kilowatts per server rack per year and the average non-IT load is 2.52 kilowatts per server per year with a utilization rate of 60 percent per year. The stated assumptions are referred from the management interview, which are deemed reasonable due to its conformance with the electrical demand and the utilization requirement from large enterprises. The average electricity price of THB 4.00 per unit according to the electricity tariff of the Metropolitan Electricity Authority (MEA) which increases according to the average inflation rate of the past 10 years between 2009 - 2019¹⁾

Items	Assumptions
	<ul style="list-style-type: none"> Excess electricity cost for Co-Location service has estimated average IT load of 2.76 kilowatts per server rack per year and average non-IT load of 1.89 kilowatts per server per year, with a utilization rate of 80 percent per year. The stated assumptions are referred from the management interview, which are deemed reasonable due to its conformance with the electrical demand and the utilization requirement from large enterprises. The average electricity price of THB 4.00 per unit according to the electricity tariff of the Metropolitan Electricity Authority (MEA) which increases according to the average inflation rate of the past 10 years between 2009 - 2019¹⁾
Space rental fee	Estimated rental fee under the long-term lease agreement is THB 21.33 million per year starting from April 2019 and the rental rate is specified to increase by 10 percent every 3 years, based on the building lease agreement with Siam Health Group Co., Ltd.
Bandwidth fee	For domestic usage, it is set at 100 Mbps per server rack. For international usage requires usage at 1 Mbps per server rack. These assumptions based on interviews with executives of the Company and comparison with usage data of other service providers which deem to be appropriate and reasonable.
Operating cost	Consists of utility fees, diesel fuel cost and maintenance cost for tools related to Data Centre business. The Independent Financial Advisor estimates the operating expenses to be THB 0.42 million in 2021 based on the estimates from the Company's management and adjusted to increase according to the average inflation rate for the past 10 years between 2009 - 2021. In 2021, there was an additional nonrecurring expense for ISO PCI-DSS certification equal to THB 1.0 million.
Maintenance cost	The maintenance cost is estimated at 3 percent of the asset value in the Data Centre as referred from the management interview which deems reasonable due to its conformance with the actual maintenance expenses of the Company. It is set to increase according to the average inflation rate for the last 10 years between 2009 - 2019 ¹⁾ . Such expenses will occur in estimated 3rd period or 2022 onward.
Cost of Network Resale service	Based on the current Network Resale policy of the Company
Telecommunication service fees (USO) and Telecommunication license fees	<ul style="list-style-type: none"> Telecommunications service charges (USO) are based on delivery rates at 2.5 percent per year of net revenue. The net income that is used to calculate the USO fee is the total revenue from all types of telecommunications services of the licensee, less deduction, but not more than 60 percent of the total revenue, and less income that can be exempted in the amount of THB 40 million per year. (Source: NBTC) Telecommunications license fees based on the rate of 0.125 percent of the revenue from the telecommunications business of THB 0 - 100 million and 0.25 percent of the revenue from the telecommunications business of THB 100 to 500 million. (Source: NBTC)
Employee salary and benefits	Estimated salary and employee benefits of THB 7.09 million in 2021 based on the estimates of the Company's management and setting the rate of increase according to the Company's salary increment policy, which are in the appropriate ranges and conformance with the industry standard..

Summary of forecasted cost of service

Table 5-6: Summary of forecasted cost of service

Projection Period	1	2	3	4	5
Unit: million THB	2020	2021	2022	2023	2024
Electricity cost	-	(14.55)	(33.31)	(39.51)	(40.06)
Space rental fee	-	(21.33)	(23.10)	(23.46)	(23.46)
Systems expenses ¹⁾	-	(11.64)	(24.59)	(25.80)	(25.80)
Operating expenses	-	(1.42)	(0.16)	(0.16)	(0.16)
Maintenance costs	-	-	(7.32)	(7.42)	(7.52)

Projection Period	1	2	3	4	5
Unit: million THB	2020	2021	2022	2023	2024
Employee salary and benefits	-	(7.09)	(7.44)	(7.81)	(8.20)
Total cost of service	-	(56.03)	(95.93)	(104.17)	(105.21)

Projection Period	6	7	8	9	10
Unit: million THB	2025	2026	2027	2028	2029
Electricity cost	(40.61)	(41.17)	(41.74)	(42.32)	(42.90)
Space rental fee	(25.41)	(25.81)	(25.81)	(27.96)	(28.39)
Systems expenses ¹⁾	(25.75)	(25.74)	(25.74)	(25.69)	(25.68)
Operating expenses	(0.16)	(0.17)	(0.17)	(0.17)	(0.17)
Maintenance costs	(7.63)	(7.73)	(7.84)	(7.95)	(8.06)
Employee salary and benefits	(8.61)	(9.04)	(9.50)	(9.98)	(10.49)
Total cost of service	(108.18)	(109.67)	(110.80)	(114.07)	(115.69)

Projection Period	11	12	13	14	15
Unit: million THB	2030	2031	2032	2033	2034
Electricity cost	(43.50)	(44.10)	(44.71)	(45.33)	(45.95)
Space rental fee	(28.39)	(30.75)	(31.23)	(31.23)	(33.83)
Systems expenses ¹⁾	(25.68)	(25.62)	(25.61)	(25.61)	(25.54)
Operating expenses	(0.17)	(0.18)	(0.18)	(0.18)	(0.18)
Maintenance costs	(8.17)	(8.28)	(8.40)	(8.51)	(8.63)
Employee salary and benefits	(11.03)	(11.59)	(12.19)	(12.82)	(13.48)
Total cost of service	(116.93)	(120.52)	(122.30)	(123.67)	(127.62)

Projection Period	16	17	18	19	20	21
Unit: million THB	2035	2036	2037	2038	2039	2040
Electricity cost	(46.59)	(47.23)	(47.88)	(48.54)	(49.22)	(33.26)
Space rental fee	(34.35)	(34.35)	(37.21)	(37.78)	(37.78)	(27.08)
Systems expenses ¹⁾	25.53	(25.53)	(25.46)	(25.45)	(25.45)	(16.58)
Operating expenses	(0.19)	(0.19)	(0.19)	(0.20)	(0.20)	(0.13)
Maintenance costs	(8.75)	(8.87)	(8.99)	(9.12)	(9.24)	(6.25)
Employee salary and benefits	(14.18)	(14.92)	(15.70)	(16.52)	(17.39)	(12.20)
Total cost of service	(129.58)	(131.09)	(135.44)	(137.61)	(139.28)	(95.51)

Remark: ¹⁾Systems expenses consist of internet fees, cost of network resale service, telecommunication service fees and telecommunications license fees

3. Selling and administrative expenses

Consist of commissions, employee salary and benefits and other related expenses.

The assumptions used in the calculation of selling and administrative expenses can be summarized as follows:

Table 5-7: Summary of assumptions on forecasted selling and administrative expenses

Items	Assumptions
Commissions	Based on interviews with executives of the Company and conformance with the actual commission fee of the Company, which is deemed reasonable.

Items	Assumptions
Employee salary and benefits	Estimated salary and employee benefits of THB 1.44 million in 2021 based on the estimates of the Company's management and setting the rate of increase according to the Company's salary increment policy which are in the appropriate ranges and conformace with the industry standard.
Other related expenses	Other expenses include parking fees, staff training fees, annual ISO PSI-DSS assessment fees, supplies, etc. estimated at THB 2.32 million in 2021, based on the estimates from the Company's management and from the review of related documentation, which are deemed reasonable. Such expenses are projected to increase according to the average inflation rate over the past 10 years between 2009 - 2019)

Remark: ¹⁾ The average inflation rate of Thailand in the past 10 years between 2009 - 2019 is 1.38 percent per year.

4. Depreciation

The Independent Financial Advisor estimates the depreciation at a fixed rate based on the straight line method over the useful life of such assets, namely building, network equipment, server rack and emergency allowance, 10 years' depreciation, while equipment, parts and office equipment, 5 years' depreciation respectively.

5. Financial cost

Interest expenses under long-term loan agreement which ADCTH borrowed from the Company bears interest at the rate of MLR - 2.25% + 1% or 4.75% (based on information on the interest rate in the loan agreement between Kasikorn Bank Public Company Limited and the Company equal to MLR - 2.25% which stipulates the interest rates for inter-lending at MLR - 2.25 percent + 1 percent). The MLR used for interest calculation is 6.00 percent. However, the MLR as of 4 June 2020 equals 5.47 percent in line with conservative estimates. Therefore, the Independent Financial Advisor selects MLR at 6.00 percent as reference ADCTH will start to draw down on 1 September 2020 based on the information received from the management of the Company. In which the independent financial advisor stipulates that there will be no future loans after the loan is repaid.

6. Funding sources

The sources of funding of the project come from the investment in ADCTH, which is the investment in the existing ordinary shares and subsequent capital increase, totaling THB 100.00 million and long-term loans from shareholders in the amount of THB 306.12 million, with the transaction beginning in September 2020 in the following proportions:

	THB million	Proportion of funds
Funding from ordinary shares and to increase capital	100.00	24.62%
Long-term loans from shareholders	306.12	75.38%
Shareholders can be classified as follows;		
1) TIME	156.12	
2) SYMC	150.00	
Total	406.12	

7. Income tax

The IFA set a tax rate of 20 percent of the profit before tax and constant throughout the forecast period.

8. Financial projections

Summary of estimated income statement, reference Enclosure 3.

9. Working capital

The Independent Financial Advisor estimates working capital by referring to the policy on debt collection period and repayment terms of the ADCTH project which can be summarized as follows:

Items	Assumptions
Asset	
– Accounts receivable	30-day collection period
Debt	
– Accounts Payable	30-day repayment period

10. Capital Expenditure

The Independent Financial Advisor estimates the future investment of the project according to the estimates of the Company's management, details of which are as follows

Items	Capital expenditure <u>before novation</u> (THB million)	Capital expenditure <u>after novation</u> (THB million)	Total capital expenditure (THB million)	Depreciation period (Years)
Data Centre rental expenses (Total leasing area 2,196 Sq.m.)	52.16	7.11	59.27	10
Structural Reinforcement	24.51	1.53	26.04	10
Facility Investment	112.40	91.97	204.37	10
Racks	-	16.34	16.34	10
Tools and equipment in Data Centre and others	-	34.27	34.27	5-10
Total	189.07	151.22	340.29	

11. Terminal Value

The IFA has prepared a financial projection for a period of 20 years beginning on September 1, 2020 and ending on August 31, 2040 and the ADCTH project has no value after the terminal value due to the fact that information technology related businesses is uncertain in the long-term and the change in technology quite quickly, in accordance with conservative basis principle.

12. Discount Rate

The discount rate used to calculate the net present value of cash flows is calculated from the Weighted Average Cost of Capital ("WACC") according to the capital structure of the project. In this regard, the IFA has calculated the WACC from the weighted average of the cost of debt (KD) and the cost of capital (KE), with the details of the discount rate as follows:

WACC	=	$K_E \times E/(D+E) + K_D \times (1 - T) \times D/(D+E)$
K_E	=	Cost of capital or return on shareholders' equity
K_D	=	Cost of debt or the interest rate on the loan of the project
T	=	Corporate income tax at the rate of 20 percent
E	=	Equity to total assets of the project equal to 24.62 percent (calculated from the funding source of the project from the newly issued ordinary shares of THB 100 million divided by the total investment value of the project in the amount of THB 406.12 million)
D	=	Interest-bearing financial liabilities to the total assets of the project, equal to 75.38 percent (calculated from the funding source of the project from loans from financial institutions in the amount of THB 306.12 million divided by the total investment value of the project in the amount of THB 406.12 million)

The cost of capital (KE) or return on equity (Re) is calculated from the Capital Asset Pricing Model (CAPM) as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

Whereas:

	Details
R_F	Based on the yield of Thai government bonds aged 20 years equal to 1.89 percent per year (reference data from www.thaibma.or.th as of 4 June 2020), whereby the IFA considers that the 20-year government bonds can reflect the return on investment in non-risk assets well and in a period consistent with Project life
β	Weekly coefficient of variation between the returns of the stock market and the companies in the stock market that operate similar business to the ADCTH project, namely Interlink Telecom Public Company Limited ("ITEL") and Internet Thailand Public Company Limited ("INET"), dating back over a period of 2 years from 4 June 2018 to June 4, 2020 (based on Capital IQ) by taking the Beta of both aforementioned companies, calculate the average and adjust to Levered Beta with the financial structure and corporate income tax rate of each year of ADCTH, resulting in the Levered Beta being equal to 1.54.
R_M	Average return on investment in the stock market of the past 20 years, from 31 May 2000 to 4 June 2020, which is a period that reflects the long-term risks of the Stock Exchange well and is consistent with the project life, is equal to 13.05 percent per year.

From the above discount rate assumption, the weighted average financial cost (WACC) is calculated as 7.55 percent.

Various details and assumptions in WACC calculation can be summarized as follows:

Assumptions	Amount
Rate of return on risk-free government bonds (R_f)	1.89 percent
Rate of return on the Stock Exchange of Thailand (R_M)	13.05 percent
Market risk indicators of ADCTH (Beta)	1.54
Cost of equity (K_E)	19.04 percent
Cost of debt (K_D)	4.75 percent
Debt to total assets ratio (W_d)	75.38 percent
Shareholders' equity to total assets (W_e)	24.62 percent
WACC	7.55 percent

From the above assumptions, the weighted average financial cost (WACC) was 7.55 percent, which will be used as a discount rate in calculating the net cash flows expected to be received in the future of the ADCTH project.

Net cash flows of ADCTH

From the above assumptions it is possible to summarize the income statement and calculate the net cash flow (Free Cash Flow) as represented in Enclosures 3 and 4 on page 78.

Capital expenditure for ADCTH can be classified into 3 portions as follows;

No.	Forecasting period	Capital expenditure (THB million)	Details
1	1 Sep 2020	189.07	Include Data Centre rental expenses, structural reinforcement and facility investment
2	31 Dec 2020	143.99	Include Data Centre rental expenses, structural reinforcement, facility investment, racks, and tools and equipment in Data Centre
3	31 Dec 2021	7.23	Include racks

In assessing the suitability of investment in the project, the Independent Financial Advisor considers the Internal Rate of Return on investment (IRR) compared to the weighted average financial cost (WACC) of the project. It found that the ADCTH project has an IRR of 9.32 percent, higher than the WACC which is 7.55 percent. In addition, considering the present value of the project's net cash flow (NPV) using the weighted average financial cost of the project as a discount rate, the NPV is equal to THB 43.35 million, evident that the investment in the project creates added value to the Company and has a payback period based on approximately 7.91 years of net cash flow, which is an appropriate period.

Analysis of the impact of changes in key assumptions that have an impact on financial

The IFA has conducted Sensitivity Analysis by changing the key assumptions such as occupancy rate and weighted average financial cost (WACC) which affects the value and return of the project as follows:

- 1) IFA conducts the sensitivity analysis for occupancy rate due to its significant level of impact to the revenue of ADCTH. The sensitivity analysis for occupancy rate ranges between -5% and 5% in which they can be comparative to the occupancy rates from other industry players according to the public information.

Percentage change in occupancy rate	-5%	Base value	5%
NPV	6.72	43.35	79.98
IRR	7.84%	9.32%	10.68%
Payback Period	8.53	7.91	7.40

- 2) IFA conducts the sensitivity analysis for WACC in which it is to be increased or decreased from the base case. Such analysis reflects the cost of debt and the cost of equity and has significant level of impact to the overall value of ADCTH. The sensitivity analysis for WACC ranges between -0.05% and 0.05% per annum in order to include various changes in the variables. Therefore, this analysis deems to be adequate for the valuation of ADCTH.

Percentage change in WACC	0.5%	Base value	-0.5%
WACC	8.05%	7.55%	7.05%
NPV	30.29	43.35	57.31

Therefore, the Independent Financial Advisor is of the opinion that the plan to invest in the ADCTH project is appropriate, considering the conditions of the transaction to invest in the assets of the project whereby the project return is expected to be good, the net project value less investment capital (NPV) is around THB 6.72 - 79.98 million, the return on the project (IRR) is 7.84 - 10.68 percent and the payback period is 7.40 - 8.53 years. If the ADCTH project operates according to the plans and assumptions provided, it is considered a project that can generate good returns for shareholders.

In addition, if considering each transaction which is a connected transaction in conjunction with consideration of the above rate of return, the Independent Financial Advisor has additional comments as follows:

5.2. Transaction 2 Novation of Rights and Obligations under the Agreements Transaction

The Company will novate the rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH in a total amount of not exceeding THB 185,250,000 and a return on investment at a rate of MLR – 2.25% +1% (assuming MLR equal to 6% per annum, the rate of return is equivalent to 4.75% per annum) or THB 3.82 million (such value is calculated based on payment made by the Company during each month up until August 31, 2020 and receive the compensation from ADCTH on August 31, 2020). Total compensation for this transaction is THB 189.10 million.

The transaction is appropriate as the Company will receive the investment amount related to the lease and construction and development of the data centre with additional return on investment at a rate of 4.75% per annum while the Company Cost-of-Debt (Kd) is MLR -2.25% or 3.75% per annum (assuming MLR equal to 6% per annum).

5.3. Transaction 3 Financial Assistance Transaction

The Company will provide a financial assistance to ADCTH in the form of a shareholder's loan in the amount in proportion to the shareholding ratio after entering into the Joint Investment Transaction with the following details.

Loan amount	Not exceeding THB 150 million
Interest rate	MLR -2.25% + 1% (approximately THB 32 million)
Duration	Not exceeding 7 years
Interest payment	Monthly
Principle repayment	THB 2.50 million per month beginning on August 2022

The transaction is appropriate as the borrower is ADCTH, a joint investment company between the Company and TIME, which is a major shareholder of the Company through TdCI (a wholly-owned subsidiary of TIME), for completing the construction of data centre and providing the returns for the Company during the operation. The Company utilise its excess cash and/or uses loan from financial institutes as the financial assistance to ADCTH.

In the case that the Company utilise its excess cash in which is in form of the short-term investment with the returns on investment of 0.05%-1.55% per annum according to the table below. It is lower than the interest rate charge to ADCTH at MLR -2.25% + 1% (at a rate of 4.75% per annum). In the case that the Company uses loan from financial institutes, the Company can gain from the difference in interest rates of 1% per annum comparing and cost of debt according to loan agreement that the Company negotiated with its lender at MLR -2.25%.

Deposits and Short-term Investment (THB million)	As of 31 December 2019		As of 31 March 2020	
	Amount	Interest Rate	Amount	Interest Rate
Deposits in saving account	156.92	0.10% - 1.30%	211.94	0.05% - 1.00%
Deposits in fixed account				
Fixed deposit for 6 months	150.00	1.55%	100.00	1.40%
Fixed deposit for 3 months	50.15	1.00%	50.28	1.10%

6. Summary of Independent Financial Advisor's Opinion

The IFA considers and analyzes various information under the scope, conditions, and limitations as stated earlier in previous parts of this IFA report. The IFA is in the opinion of the transactions as follows;

Appropriateness of the Transaction

In this regard of the investment into the data centre business, the Board of Directors' meeting resolved to present to the shareholders' meeting for the consideration of such transaction. The details are as follows:

1. The investment in the data centre business by (1) the acquisition of 270,039 existing ordinary shares of ADCTH from Planet, which is the connected person of the Company, totaling in the amount of THB 27,003,900 and (2) the subscription of 219,961 newly issued ordinary shares of ADCTH on a pro rata basis, totaling in the amount of THB 21,996,100. The total investment is THB 49,000,000, with the total shareholding in ADCTH of 490,000 shares, representing 49% of the total shares of ADCTH (after the completion of the registration of capital increase) for the purpose of developing and operating the data centre business ("**Joint Investment Transaction**")

2. The novation of rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH at a total value of not exceeding THB 189,100,000 ("**Novation of Rights and Obligations under the Agreements Transaction**")

3. The provision of financial assistance to ADCTH in the form of a shareholder's loan in the amount in proportion to the shareholding ratio for the construction and the operation of the data centre business in the amount of THB 182,000,000, which can be divided into the principal amount of not exceeding THB 150,000,000 and the interest of approximately THB 32,000,000 ("**Financial Assistance Transaction**")

In considering the appropriateness of the above 3 transactions, the IFA is of the opinion that all 3 transactions are interrelated and are required conditions in the joint venture agreement. As such, the voting decision on the transactions should therefore be in the same direction prior to proceeding with the implementation to ensure both the project viability and the overall benefit to the Company.

6.1. Transaction 1 Joint Investment Transaction

The joint investment in the data centre business with TIME will enable the Company to provide a comprehensive service to its customers, to utilise the existing customer base to further enhance the business and to provide growth opportunity for the Company via the knowledge transfer and synergy between the Company and TIME by utilising AIMS brand, which is a well-established brand that is accepted both in regionally and globally. Furthermore, the Company can reduce the financial burden in the investment while attaining a reasonable rate of returns. In addition, the investment is expected to be benefited from the spread of Covid-19 pandemic through government measures in preventing the spread of the virus including social distancing, which induces the needs for E-Commerce, digital services, work from home, online facilities such as conference call, online meeting, and online collaboration tools. The impact from the pandemic and government measures increase the amount of data transferred, which raises the demand for data centre.

However, the Company will endure higher debt obligations and interest expenses from pursuing this transaction. Moreover, the Company acquires 49% of ADCTH and nominates 2 directors, which is equal to its partner; hence, the company does not have a control.

The IFA assesses the appropriateness of the investment in ADCTH based on the internal rate of return ("IRR"), which include the Joint Investment Transaction as per item No. 1., the Novation of Rights and Obligations under the Agreements Transaction as per item No. 2., and the Financial Assistance Transaction as per item No. 3 as mentioned above altogether.

The IRR for the base case from internal rate of return assessment is estimated at 9.32%, which is higher than the Company's Weighted-Cost-of-Capital ("WACC") at 7.55%. The IFA is of the opinion that such transaction is appropriate with IRR ranging 7.84% - 10.68% according to the sensitivity analysis. Since the transaction item No. 1, 2, and 3 are related, the following opinion should also be considered along with the above-mentioned IRR.

6.2. Transaction 2 Novation of Rights and Obligations under the Agreements Transaction

The Company will novate the rights and obligations under the agreements relating to the office lease and service and the construction and the development of data centre to ADCTH in a total amount of not exceeding THB 185,250,000 and a return on investment at a rate of MLR - 2.25% +1% (assuming MLR equal to 6% per annum, the rate of return is equivalent to 4.75% per annum). However, MLR as of June 18, 2020 was as at 5.47% per annum and the Company and IFA estimated by applying the rate of 6% according to conservative basis or THB 3.82 million (such value is calculated based on payment made by the Company during each month up until August 31, 2020 and receive the compensation from ADCTH on August 31, 2020). Total compensation for this transaction is THB 189.10 million.

The transaction is appropriate as the Company will receive the investment amount related to the lease and construction and development of the data centre with additional return on investment at a rate of 4.75% per annum while the Company Cost-of-Debt (Kd) is MLR -2.25% or 3.75% per annum (assuming MLR equal to 6% per annum), which is lower than the return from compensation receive from ADCTH at MLR -2.25%+1% (4.75% per annum). The Company's gain from the difference in return between the compensation and Kd is 1% per annum.

6.3. Transaction 3 Financial Assistance Transaction

The Company will provide a financial assistance to ADCTH in the form of a shareholder's loan in the amount in proportion to the shareholding ratio after entering into the Joint Investment Transaction with an amount not exceeding THB 150 million for a period no longer than 7 years and interest rate of MLR -2.25% +1% (assuming MLR equal to 6% per annum, the rate of return is equivalent to 4.75% per annum). The principal repayment shall be monthly installments of THB 2.5 million per month for 60 months starting from August 2022. The source of fund for this transaction will utilize the Company's excess cash and/or loan from financial institutes.

The transaction is appropriate as the borrower is ADCTH, a joint investment company between the Company and TIME, which is a major shareholder of the Company through TdCI (a wholly-owned subsidiary of TIME), for completing the construction of data centre and providing the returns for the Company during the

operation. In the case that the Company utilise its excess cash, the Company should benefit from the difference in interest rates of 2.30%-4.70% per annum by comparing to the Company's rate of return for short-term investment, which ranging from 0.05%-1.55%. In the case that the Company uses loan from financial institutes, the Company can gain from the difference in interest rates of 1% per annum comparing the interest rate charge to ADCTH and cost of debt according to loan agreement that the Company negotiated with its lender at MLR -2.25%.

With all the above reasons, the Independent Financial Advisor is of the opinion that the transactions stipulated above is **appropriate** and the shareholders should approve all three connected transactions mentioned, above.

However, the shareholders should consider justification and the opinion of the Independent Financial Advisor based on the assumption that the information, documents, and drafts that have been received, the interviews with executives and relevant parties are true and complete, including consideration of conditions and current transaction requirements. The Independent Financial Advisor considers that the assumptions used in the preparation of financial projections are reasonable, in accordance with economic conditions and data available during the study period only. Any future changes may be factors that affect the opinion of the Independent Financial Advisor. However, the decision to approve the transaction is entirely dependent on the shareholders' discretion.

Grant Thornton Services Ltd. as the Independent Financial Advisor of the Company certifies that it is as of the responsibilities, duties, and the through studies of information according to the professional standards and upon the reasonable and fair analysis with due regard to the benefits of the shareholders of the Company.

Your faithfully,

- Signature -

- Signature -

Mr Adulpol Charukesnunt

Ms Julaporn Namchaisiri

Supervisor

Managing Director

Grant Thornton Services Ltd.

Grant Thornton Services Ltd.

7. Appendix

Appendix 1: Information of Symphony Communication Public Company Limited (“SYMC”)

7.1. General Information

Table 7-1: General Information of SYMC

Items	Details
Name	Symphony Communication Public Company Limited (“SYMC”)
Address	123 Suntowers Building B 35th-37th Floor Vibhavadee Rangsit Road Chomphon, Chatuchak Bangkok 10900 Thailand
Tel.	02-101-1111
Fax.	02-101-1133
Company Registration Number	0107553000107
Website	www.symphony.net.th
Stock Exchange	Stock Exchange of Thailand (SET)
Industry	Technology
Business Description	Provide fiber optic connectivity service including internet service and related managed services

7.2. General Information from Annual Report and Financial Statement

Symphony Communication Public Company Limited or SYMC is a Telecommunication network and service provider in Thailand, providing high speed and reliable network for both domestic and international connectivity and value-added services to serve the fast-growing data demand in Thailand and ASEAN.

The Company was originally founded by the management team with over 20 years of experiences, consisting of management team, engineering staff and experienced telecommunication specialists who have experienced delivering the hi-speed communication network using optical fiber cables for its core network and provided the related services, e.g., last mile network management and installation. In addition, the Company has prioritized to provide best services and solutions to customers as well as cooperated with all business partners to provide the value proposition of the fullest spectrum of technology empowerment to the existing and potential customers.

Currently, the Company holds the Telecommunication Service License Type II and Type III, permitted by Office of The National Broadcasting and Telecommunications Commission (“NBTC”) to provide services for International Private Leased Circuit (IPLC) both terrestrial and submarine coverage and IP-Virtual Private Network (IP-VPN). In addition, the Company has also received the Internet Operation Type I and II to provide internet service and operate International Internet Gateway (IIG) and National Internet Exchange (NIX).

In 2019, Telecommunication sector in Thailand has still been in good position according to increasing demand of digital transaction services driven by technology and productivity for almost all business sectors. The investments from private sectors and growing tourism business are still key economic driving forces for Thailand this year. Thailand’s communication market is expected to continue growing in 2019, thanks to government policies and changes in consumer behaviors. Fixed line data services, composed of leased line, internet, data centre colocation and cloud services will continue to drive demand within enterprises and corporates segment. Likewise, the overall internet users in Thailand on both fixed and wireless broadband are

also on increasing trend. Overall, these will contribute positively to the market industry and service providers, including for SYMC.

As a result, the telecommunication service providers have expanded their network infrastructure and related services to cover more business area. To capture this trend, SYMC had also strengthened its domestic backbone network to be fully protected with multiply routes especially connecting to key border gateways to serve increasing demand on both domestic and international services.

So far, the Company has received the positive momentum growth exponentially from the Direct Internet service and value-added products and services to serve the customer's requirement, focusing on the enterprise segment. The number of customers has increased over double from last year and expanded in all segments that the Company has penetrated the enterprise horizontally and vertically.

In addition, SYMC had expanded its services offerings with its newly launched, Anti-DDoS services as part of its growth expansion into Enterprise market. This is expected to drive more demand across small and medium Enterprises who are looking for round the-clock protection to safeguard their business operations. Moreover, these services could serve the Personal Data Protection Act and Cybersecurity Act, effectively since the second half of 2019. Therefore, the most of several public and private sectors driven by computer, communication and digitizing systems have been required to be aware of Cyber Threats and in compliance with Legal Actions.

7.3. Major Changes and Developments

Symphony Communication Public Company Limited was established by the management team who are the experts in the telecommunication industry with more than 20 years of experience. Registered as of 24 November 2005 and became a listed company as of 6 May 2010, the Company operates as network rental service provider for high speed data connection by focusing on the application of fiber optic cables as the main networks and other related services such as fiber optic cable network management, network service, equipment installation, and internet service.

The major changes and developments can be summarized as follows;

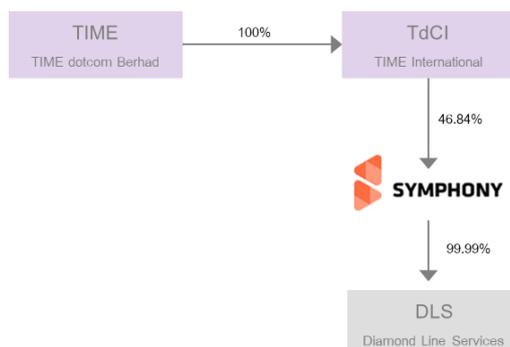
Table 7-2: Major changes and developments of SYMC

	Major Changes and Developments
May 2016	Payment of stock dividend with the ratio of 12 existing shares for 1 newly issued share at par value of THB 1 per share. Increased the registered capital to THB 331,463,349 consisting of 331,463,349 ordinary shares at par value of THB 1 per share and paid-up capital of THB 325,393,681
June 2016	Extended Telecom Operation License to provide the international internet gateway and provide Internet Operation Type II with its own network for the period of 5 years
October 2016	Received "excellent" rating according to good corporate governance survey for the listed companies by the Thai Institute of Directors Association (IOD)
April 2017	<ul style="list-style-type: none"> Approved for TIME dotCom International Sdn Bhd : TdCI to implement Partial Tender Offer from the existing shareholders of the Company in the percentage of at least 35% but no more than 37% of the issued and paid-up capital of SYMC at the offer price of THB 12.20 per share from the existing shareholders (or estimated ordinary shares of at least 113,887,788 shares but no more than 120,395,662 shares) and

	Major Changes and Developments
	<ul style="list-style-type: none"> Reduction in registered capital from THB 331,463,349 to THB 331,462,480 in which it was the elimination of the remaining ordinary shares from the payment of stock dividend as per the resolution from the Annual General Meeting in 2016 for 869 shares at the par value of 1 THB per share Increased registered capital from THB 331,462,480 to THB 444,977,028 by issuing 113,514,548 new ordinary shares, with a par value of THB 1 per share, to be offered to the existing shareholders of the company in proportion to their shareholding (Rights Offering). When TdCI successfully made a partial tender offer.
October 2017	<ul style="list-style-type: none"> The company received investment promotion approval from the Board of Investment of 7.1.6.1, international high-speed media circuit services, and has received privileges and benefits under the Investment Promotion Act B.E. 2520 for investment in expanding the international high-speed media circuit services under the water for the submarine cable project, Malaysia-Cambodia-Thailand (MCT). Office of The National Broadcasting and Telecommunications Commission (NBTC) has approved the renewal of the second type of telecommunications service license to the company, extending the license to 17th October 2032. The company received good corporate governance survey of listed companies of the Thai Institute of Directors Association (IOD) at the "very good" level. The company received the Outstanding Investor Relations Award from the Stock Exchange of Thailand (SET).
November 2017	TdCI purchased the Company's shares through Partial Tender Offer from the existing shareholders for 120,395,600 shares. Combining with its previous stakes, TdCI held in total of 126,089,989 ordinary shares of SYMC or equivalent to 38.75%
December 2017	<ul style="list-style-type: none"> Allocated of newly issued ordinary shares of the Company for 108,261,206 shares at the par value of 1 THB per share to the existing shareholders according to the shareholding proportion (Rights Offering) at the offering price of THB 8.80 per share and increased paid-up capital of the Company for THB 108,261,206. The paid-up capital after the registration was THB 433,654,887 with the total shares outstanding of 433,654,887 shares TdCI increased its shareholding by the purchase of newly issued ordinary shares to the existing shareholders for 77,053,808 shares. In total, TdCI held 203,143,797 shares of SYMC or equivalent to 46.84% Purposes of raising capital were 1) Development of international network connection business 2) Consideration and feasibility studies on the investment projects not limited to the entering into Data Centre market
October 2018	Received "excellent" rating according to good corporate governance survey for the listed companies by the Thai Institute of Directors Association (IOD)
2019	SYMC expanded its coverage for Domestic Backbone Connectivity <3 rd route> to the southern part of Thailand and launched the added-on Anti-DDoS services and Broadband Internet
October 2019	Received "excellent" rating according to good corporate governance survey for the listed companies by the Thai Institute of Directors Association (IOD)

7.4. Shareholding in Subsidiaries and Affiliates

Symphony Communication Public Company Limited (“SYMC”) is held 46.84% by the major shareholder, TIME dotcom International Sdn Bhd (“TdCI”). Currently, SYMC has fully owned one subsidiary with operational offices and facilities in Thailand. The corporate structure is shown as follows:



TIME dotCom International Sdn Bhd (“TdCI”)

TdCI is a wholly-owned subsidiary of TIME dotCom Berhad (“TIME”) to manage international business. TIME, listed on the Stock Exchange of Malaysia since 2001, is a Malaysian-based telecommunication provider that has evolved over the years to provide a full range of telecommunication solutions, including global connectivity, data centre and managed service solutions to the customers in the wholesale, enterprise and retail segments. TIME has conducted its business in ASEAN region and expanded its customer base around the world. In 2017, TdCI acquired SYMC in proportion of 46.84% of the total subscribed shares of the Company.

Symphony Communication Public Company Limited (“SYMC”)

SYMC was founded on 24 November 2005 and listed on the Stock Exchange of Thailand since 2010, the Company has provided a high-speed telecommunication network service using fiber optics both terrestrial and submarine cables to serve domestic and international linkages including other value-added services to serve the customers’ requirement especially in the wholesale and enterprise markets under the brand “Symphony”. In 2013, SYMC has incorporated DLS and held 99.99%.

Diamond Line Services Company Limited (“DLS”)

DLS was founded on 8 November 2013 with registered capital of THB 5 million, providing installation, repair and maintenance service of external interconnected networks and telecommunication equipment and may conduct joint investment with other companies.

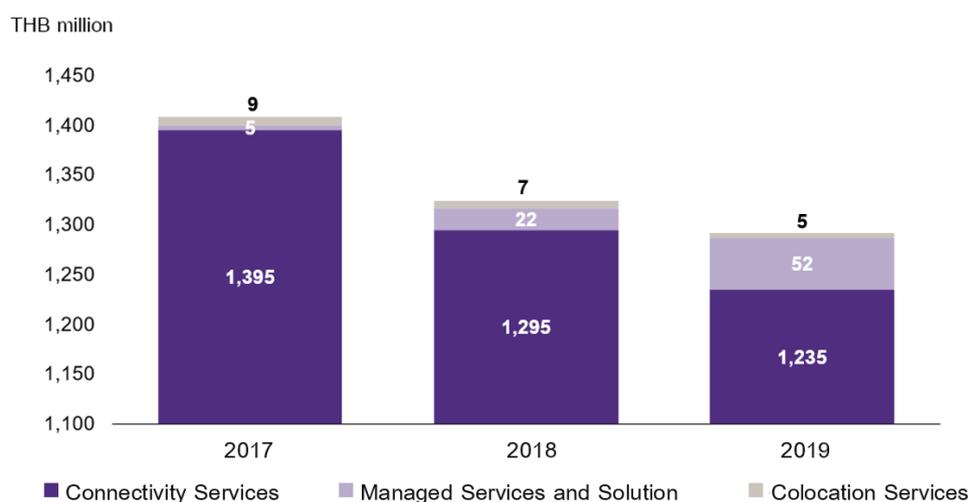
7.5. Major Shareholding Structure and Dividend Policy

SYMC operates core businesses without significant relationships with affiliated businesses of the major shareholder. Although SYMC operates the business as a communication rental network provider for connecting networks to foreign countries, these businesses have continually operated for a long time. Hence, SYMC does not have a reliant relationship or competition with the affiliated companies of the major shareholders.

However, SYMC is conscious that synergies with alliances of major shareholders will help the company develop the negotiation power. These synergies comprise the exchange of technical knowledge and strategies in the business group, which create positive benefits for the company and increase the efficiency of simplified operations, including future expansion.

7.6. Business Description

The income structure of SYMC by service



Source: Annual Registration Statement (Form 56-1)

Table 7-3: Revenue structure of SYMC

	2017		2018		2019	
	THB million	(%) of total	THB million	(%) of total	THB million	(%) of total
Connectivity Services	1,395	99.0	1,295	97.8	1,235	95.7
Managed Services and Solution	5	0.4	22	1.7	52	3.9
Colocation Services	9	0.6	7	0.5	5	0.4
Total Services Income	1,409	100.0	1,324	100.0	1,292	100.0

7.7. Products and Services

1. Domestic Network Connectivity

1.1 Access Network to connect the end-users to their service providers. The customers in this segment are all service providers who offer ICT services to the enterprise end-users. They have intended to lease hi-speed communication network from the Company to manage their investment cost. Symphony as a network provider can serve the good quality of services to all the providers in Thailand with open access policy. At present, the Company has the core network and the redundant connectivity, connecting to all the data centre service providers in Bangkok. In addition, the Company has partnered with the other providers to continuously provide the best support to their end-users.

- 1.2 Private Network** to connect the private network, e.g. head office and its branches. The customers in this segment, for example, are in telecommunication who has leased hi-speed communication network from the Company to be their backbone networks or to provide telecommunication service to their end-users. Also, there are end-user customers who has operated their corporations that need massive and rapid data transmission for their business operation, e.g. the communication network between headquarters and its branches of large organizations such as banks, or modern-trade retailers, etc.
- 2. International Network Connectivity** to connect international communication networks or connect between local offices and oversea offices of local or multinational corporations. Such customers are also other Telecommunication e.g. the international carriers, local telecom operators who lease hi-speed communication network from the Company to be their backbone network or to connect between local and international networks in various countries for their customers. Our international connectivity is running on both of terrestrial gateways to all borders of Thailand and submarine cable, "MCT" is our own submarine cable system, co-invested with the consortium parties in Malaysia and Cambodia.
- 3. Internet Service** to connect the end customers to the Company's internet gateway, "Symphony" internet service is the direct internet which is especially built for each business purpose. Because the Company owns its network connectivity to international gateways both or terrestrial and submarine, the customers can be ensured that their business's internet seamless is connected. Moreover, our internet service has been end-to-end monitored from our professional network operation centre for 24 hours and 7 days as one stop service. With many years of experience in providing the network services for enterprise customers in Thailand, the Company has recognized all the customers' requirement in order to design the best services to serve the enterprise customers in all aspects of the reliability, the quality, the speed or the bandwidth and the data security.
- 4. Managed Service** to provide the managed service on the ICT solution with bundled service to the customers on top of the network service. Presently, the customers have options not to manage their internal ICT solution in their daily operation for cost management by outsourcing to the providers. The Company has provided the managed service as end-to-end service with its professional network operation centre to safeguard the customers' operation for 24 hours 7 days as same as its own network management.

7.8. Shareholding Structure

At 31st December 2019, the Company has registered capital of THB 433,654,887 which comprises 433,654,887 shares at par value of 1 THB each. Paid-up capital was THB 433,654,887 which comprises 433,654,887 paid-up shares at par value of 1 THB each.

Top 10 major shareholders as of the book closing date on 31st December 2019 are as follows:

Table 7-4: Shareholding Structure of SYMC¹

No.	Name	Number of shares	%Shareholding
1	TIME dotCom International Sdn Bhd	203,143,797	46.84
2	Mr. Kranphol Asawasuwana	40,533,334	9.35
3	Mr. Teerarat Pantarasutra	39,687,013	9.15
4	Mr. Pongthep Thanakijstorn	19,355,478	4.46
5	Phatra Capital Public Company Limited	13,789,185	3.18
6	Mr. Niphol Suwannachet	13,337,551	3.08
7	Mr. Wanchai Somboonphon	10,581,122	2.44
8	Mr. Pathomkrit Srisuphakhani	7,422,451	1.71
9	Bualuang Long-Term Equity Fund	6,917,949	1.60
10	Bualuang Thanakom Open-end Fund	4,893,085	1.13
11	Others	73,993,922	17.06
	Total	433,654,887	100.00

Source: SYMC

Note: ¹ Investors can check the updated major shareholders before the Annual General Meeting of Shareholders at the Company's website (www.symphony.net.th)

² TIME dotCom International Sdn Bhd is a wholly-owned subsidiary of TIME dotCom Berhad (TIME). Mr. Afzal Bin Abdul Rahim and Mr. Patrick Corso, directors of the Company are also directors of TIME and major shareholders of Megawisra Investments Limited (MIL). MIL holds 100.00% in Megawisra Sdn Bhd, which in turn holds direct shareholding of 0.49% and indirect shareholding of 30.47% in TIME.

7.9. The Board of Directors

The Board of Directors consists of 8 members, of which 3 are independent directors, with a ratio of more than one-third. The Chairman is an independent director and is not the same person as the managing director. Also, the Company has appointed four sub-committees which are 1) Committee Compensation 2) Corporate Governance Committee 3) Risk Management Committee and 4) Executive Committee. The scope and authority of the sub-committees are specified in the Board of Directors Charter. For the separation of duties and the balance of administrative power as of 31st December 2019. The list of the Board of Directors and sub-committees with the following details.

Table 7-5: Summary of director

No.	Director	Executive Profile
1	Mr. Woodtipong Moleechad	Chairman of the Board of Directors / Independent Director / Chairman of the Nomination, Compensation and Corporate Governance Committee / Audit Committee Member
2	Mr. Akarat Na Ranong	Vice Chairman of the Audit Committee / Independent Director / Nomination, Compensation and Corporate Governance Committee Member
3	Assoc. Prof. Dr. Sujate Jantarang	Audit Committee Member / Independent Director / Nomination, Compensation and Corporate Governance Committee Member
4	Mr. Kranphol Asawasuwana	Director / Chairman of the Executive Committee / Chairman of the Risk Management Committee / Nomination, Compensation and Corporate Governance Committee Member / Authorized Director
5	Mr. Teerarat Pantarasutra	Executive Director / Executive Committee Member / Nomination, Compensation and Corporate Governance Committee Member / Vice Chairman of the Risk Management Committee / President / Authorized Director

No.	Director	Executive Profile
6	Mr.Afzal Bin Abdul Rahim	Director / Executive Committee Member
7	Mr. Patrick Corso	Director / Nomination, Compensation and Corporate Governance Committee Member, Authorized Director
8	Mr. Loh Chi Kwan, Alex	Executive Director / Executive Committee Member /Chief Operating Officer/Acting Chief Financial Officer / Authorized Director

Source: Annual report as of 31st December 2019

7.10. The highest and lowest share price of the business in each quarter for the past 3 years

Table 7-6: The highest and lowest share price of the business in each quarter for the past 3 years

Year	Quarter	Highest and Lowest Price (THB per share)	
		Highest Price	Lowst Price
2017	1 st Quarter	13.15	8.06
	2 nd Quarter	12.26	10.98
	3 rd Quarter	12.26	11.07
	4 th Quarter	11.96	7.91
2018	1 st Quarter	9.40	8.00
	2 nd Quarter	8.95	4.72
	3 rd Quarter	6.10	4.30
	4 th Quarter	5.80	4.54
2019	1 st Quarter	5.30	4.68
	2 nd Quarter	5.10	4.40
	3 rd Quarter	4.64	3.56
	4 th Quarter	3.74	2.82
2020	1 st Quarter	3.14	1.43

Source: SETSMART

7.11. Statement of Financial Position

Summary of Statement of Financial Position of SYMC in 2017-2019 and Quarter 1 2019 and 2020

Table 7-7: Summary of Statement of Financial Position of SYMC in 2017-2019 and Quarter 1 2019 and 2020

Consolidated Financial Statement of SYMC	2017		2018		2019		31 March 2019		31 March 2020	
	THB million	Percentage	THB million	Percentage	THB million	Percentage	THB million	Percentage	THB million	Percentage
Assets										
Current Assets										
Cash and cash equivalents	969.35	19.66%	819.91	18.34%	362.24	9.11%	845.03	19.02%	447.57	10.95%
Short-term investment	0.00	0.00%	0.00	0.00%	150.00	3.77%	0.00	0.00%	100.00	2.45%
Trade and other account receivables	197.46	4.01%	215.82	4.83%	194.97	4.90%	218.88	4.93%	200.39	4.90%
Inventories	9.99	0.20%	7.72	0.17%	8.18	0.21%	8.50	0.19%	7.81	0.19%
Current prepayments	18.85	0.38%	21.60	0.48%	25.98	0.65%	25.95	0.58%	19.37	0.47%
Current contract costs	0.00	0.00%	1.54	0.03%	5.51	0.14%	0.00	0.00%	5.96	0.15%
Withholding tax deducted at source	48.16	0.98%	72.41	1.62%	57.46	1.45%	70.22	1.58%	62.25	1.52%
Other current assets	33.22	0.67%	9.56	0.21%	17.79	0.45%	8.47	0.19%	37.32	0.91%
Total current assets	1,277.03	25.91%	1,148.56	25.69%	822.13	20.68%	1,177.05	26.50%	880.67	21.55%
Non-current Assets										
Investment in subsidiary	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Network equipment	3,200.47	64.93%	2,928.09	65.50%	2,722.58	68.48%	2,857.40	64.32%	2,655.74	64.99%
Property, plant, and equipment	328.99	6.67%	290.32	6.49%	330.01	8.30%	280.96	6.32%	312.31	7.64%
Right-of-use assets	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	141.17	3.45%
Intangible assets	26.42	0.54%	21.25	0.48%	15.79	0.40%	19.94	0.45%	14.11	0.35%
Network equipment guarantees	20.06	0.41%	21.64	0.48%	17.87	0.45%	22.17	0.50%	16.91	0.41%
Other guarantees and deposits	8.75	0.18%	8.11	0.18%	6.79	0.17%	8.83	0.20%	5.91	0.14%
Non-current prepayments	9.56	0.19%	8.91	0.20%	17.11	0.43%	23.19	0.52%	16.55	0.40%
Non-current contract costs	0.00	0.00%	0.00	0.00%	5.24	0.13%	0.00	0.00%	5.39	0.13%
Deferred tax assets	46.33	0.94%	38.58	0.86%	32.90	0.83%	36.66	0.83%	32.63	0.80%
Other non-current assets	11.84	0.24%	4.97	0.11%	5.30	0.13%	16.05	0.36%	5.30	0.13%

Consolidated Financial Statement of SYMC	2017		2018		2019		31 March 2019		31 March 2020	
	THB million	Percentage								
Total non-current assets	3,652.42	74.09%	3,321.87	74.31%	3,153.59	79.32%	3,265.20	73.50%	3,206.02	78.45%
Total assets	4,929.45	100.0%	4,470.43	100.0%	3,975.72	100.0%	4,442.25	100.0%	4,086.69	100.0%
Liabilities and equity										
Current liabilities										
Short-term borrowing from financial institutions	30.00	0.61%	0.00	0.00%	30.00	0.75%	0.00	0.00%	60.00	1.47%
Trade and other current payables	321.73	6.53%	215.41	4.82%	192.68	4.85%	248.72	5.60%	194.90	4.77%
Current contract liabilities	28.40	0.58%	13.73	0.31%	10.55	0.27%	15.35	0.35%	12.26	0.30%
Current portion of lease liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	53.24	1.30%
Current portion of long-term borrowings	354.69	7.20%	307.30	6.87%	366.01	9.21%	316.36	7.12%	366.15	8.96%
Current portion of debenture	0.00	0.00%	659.44	14.75%	0.00	0.00%	659.73	14.85%	0.00	0.00%
Other current liabilities	18.38	0.37%	22.71	0.51%	22.14	0.56%	20.67	0.47%	23.89	0.58%
Total current liabilities	753.20	15.28%	1,218.59	27.26%	621.38	15.63%	1,260.83	28.38%	710.44	17.38%
Non-current liabilities										
Deferred incomes	33.29	0.68%	5.98	0.13%	6.18	0.16%	9.03	0.20%	4.96	0.12%
Long-term borrowing	1,205.83	24.46%	896.88	20.06%	959.37	24.13%	814.01	18.32%	867.78	21.23%
Lease liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	81.25	1.99%
Debenture	658.25	13.35%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Provisions for employee benefits	26.89	0.55%	29.55	0.66%	31.57	0.79%	31.30	0.70%	33.48	0.82%
Other non-current liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	18.11	0.44%
Total non-current liabilities	1,924.26	39.04%	932.41	20.86%	997.12	25.08%	854.34	19.23%	1,005.58	24.61%
Total liabilities	2,677.46	54.32%	2,151.00	48.12%	1,618.50	40.71%	2,115.17	47.61%	1,716.02	41.99%
Equity										
Share capital:										
Authorised share capital										
433,654,887 ordinary shares, par value at THB 1 per share (2017:	433.65	8.80%	433.65	9.70%	433.65	10.91%	433.65	9.76%	433.65	10.61%
444,977,028 ordinary shares, par value at THB 1 per share										
Issued and paid-up capital										

Consolidated Financial Statement of SYMC	2017		2018		2019		31 March 2019		31 March 2020	
	THB million	Percentage								
433,654,887 ordinary shares, par value at THB 1 per share	433.65	8.80%	433.65	9.70%	433.65	10.91%	433.65	9.76%	433.65	10.61%
Share premium:	1,384.40	28.08%	1,384.40	30.97%	1,384.40	34.82%	1,384.40	31.16%	1,384.40	33.88%
Share premium on ordinary shares	26.35	0.53%	26.35	0.59%	26.35	0.66%	26.35	0.59%	26.35	0.64%
Retained earnings										
Appropriated – Legal reserve	33.15	0.67%	43.37	0.97%	43.37	1.09%	43.37	0.98%	43.37	1.06%
Unappropriated	374.44	7.60%	431.66	9.66%	469.45	11.81%	439.31	9.89%	501.01	12.26%
Other components of equity	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	-18.11	-0.44%
Total equity	2,251.99	45.68%	2,319.43	51.88%	2,357.22	59.29%	2,327.08	52.39%	2,370.67	58.01%
Total liabilities and equity	4,929.45	100.0%	4,470.43	100.0%	3,975.72	100.0%	4,442.25	100.0%	4,086.69	100.0%

Source: Annual report 2017, 2018 and 2019 and reviewed quarterly financial statement ended 31 March 2019 and 31 March 2020 of SYMC

Balance Sheet Analysis

Assets

As of 31st December 2020, total assets were THB 4,086.68 million, which decreased by 2.79% from 31st December 2019, mainly due to the adoption of financial reporting standards No. 16. Regarding the lease agreement for the first time, the result of additional recognition of rights was THB 141.17 million.

Cash and cash equivalents amounted to THB 447.57 million, an increase of 23.56% from 31st December 2019, due to the remaining balance from operation and foreign currencies profit. Temporary investments amounted to THB 100.00 million, a decrease of 33.33% from 31st December 2019 due to business operation and loan repayment. The company has network equipment and PPE in the amount of THB 2,968.04 million decreased by 2.77% from 31st December 2019, due to the depreciation that was recognized as expenses during the period.

As of 31st December 2019, total assets were THB 3,975.71 million, which decreased by 11.07% from 31st December 2018, mainly due to lower cash and cash equivalents, network equipment, and PPE assets.

Liabilities

As of 31st March 2020, the company had total assets of THB 1,716.01 million, an increase of 6.03% from 31st December 2019 due to the adoption of Financial Reporting Standard No.16 in lease liabilities for the first time. As a result, lease liabilities increased THB 134.5 million and the repayment of the loan of the company decreased during the period.

As of 31st December 2019, the company had total liabilities of THB 1,618.49 million, a decrease of 24.76% from 31st December 2018, resulting from the repayment of loans during the period.

Shareholders' Equity

Total shareholders' equity as of 31st March 2020 amounted to THB 2,370.67 million, an increase of 0.57% from 31st December 2019 due to operating profits during the period. As at 31st March 2020, the debt to equity (D/E) is 0.72 times.

As of 31st December 2019, the company had total shareholders' equity of THB 2,357.21 million, an increase of 1.63% from 31st December 2018 due to operating profits during the period. As of 31st December 2019, the ratio of debt to Capital (D/E) is 0.69 times.

Table 7-8: Summary of the income statement from 2017 to 2019, Q1/2019 and Q1/2020

Income Statement of SYMC	2017		2018		2019		31 st March 2019		31 st March 2020	
	THB million	(%)	THB million	(%)	THB million	(%)	THB million	(%)	THB million	(%)
Profit and Loss:										
Revenue										
Service revenue	1,408.29	99.66	1,323.67	98.83	1,291.96	98.74	317.30	97.24	322.72	95.10
Other income	4.74	0.34	15.65	1.17	16.53	1.26	9.02	2.76	16.62	4.90
Total revenue	1,413.02	100.00	1,339.32	100.00	1,308.49	100.00	326.31	100.00	339.34	100.00
Expense										
Cost of Services and Sales	896.65	63.46	863.87	64.50	866.61	66.23	212.57	65.14	213.17	62.82
Selling expense	86.70	6.14	65.09	4.86	77.88	5.95	17.80	5.46	19.75	5.82
Operating expense	457.80	32.40	232.64	17.37	232.14	17.74	61.57	18.87	53.72	15.83

Income Statement of SYMC	2017		2018		2019		31 st March 2019		31 st March 2020	
	THB million	(%)	THB million	(%)	THB million	(%)	THB million	(%)	THB million	(%)
Total expenses	1,441.15	101.99	1,161.60	86.73	1,176.62	89.92	291.95	89.47	286.64	84.47
EBITDA	442.64	31.33	658.67	49.18	573.97	43.86	127.49	39.07	152.18	44.84
EBIT	(28.12)	(1.99)	177.72	13.27	131.86	10.08	34.37	10.53	52.70	15.53
Financial cost	(94.15)	(6.66)	(96.69)	(7.22)	(75.94)	(5.80)	(21.04)	(6.45)	(16.00)	(4.71)
EBT	(122.27)	(8.65)	81.03	6.05	55.92	4.27	13.33	4.09	36.70	10.82
Tax income (Expense)	33.62	2.38	(16.22)	(1.21)	(11.21)	(0.86)	(1.92)	(0.59)	(3.96)	(1.17)
Profit (Loss) for the year	(88.65)	(6.27)	64.81	4.84	44.71	3.42	11.41	3.50	32.75	9.65

Source: Annual Report 2017 2018 2019 and 2020 and Auditted Financial Statement as at 31st March 2019 and 31st March 2020 of SYMC

Income Statement Analysis

Revenue

In 1Q2020, service revenue was THB 322.72 million, increased by 1.71% YoY, mainly higher service revenue which contribute from our service expansion in the enterprise customer segment. For QoQ, the service revenue was slightly lower due to slower sales as a result of COVID-19 impact. Other income was THB 16.62 million, increased by over 84.26% YoY and 100.00% QoQ on both comparative periods, mainly due to the gain on exchange rate.

In 2019, service revenue was THB 1,291.96 million, decreased by 2.40% YoY, due to lower maintenance and installation income from wholesale operators and the effect of last year churn from domestic wholesale and International services. The increase of revenue is partially set-off with higher revenue contributions from the enterprise segment. Other income was THB 16.53 million, increased by 5.62%, due to the penalty compensation from vendor.

In 2018, Service Income was THB 1,323.67 million, lower by 6.01% compared with the same period in previous year, mainly due to lower contribution from international service segment, set-off with higher revenue from domestic service segment. Other Income was THB 15.65 million, increased significantly from comparative periods in previous year, mainly due to a significant increase in interest income and a gain on both network and company assets sold.

Costs of Services and Sales (COSS)

In 1Q2020, Costs of Services and Sales were THB 213.17 million, increased by 0.28% YoY and 1.70% QoQ, mainly due to the higher from cost of sale, domestic cable rental, maintenance expenses and depreciation and amortization (post-adjustment on TFRS 16).

In 2019, Costs of Services and Sales were THB 866.61 million, increased by 0.32%, mainly due to higher employee expenses, higher domestic and international cable rental and underground duct rental, one-off adjustment of provision for employee retirement benefit and interest imposed by Court's judgment but offset with a decrease of 6.20% from depreciation and amortization.

In 2018, Costs of Services and Sales were THB 863.87 million, decreased by 3.66% compared with the same period in previous year, contributed by lower network connectivity fee and cost reduction/control initiatives, set-off with higher depreciation on network assets for new expansion.

Service & Administrative (S&A) Expenses

In 1Q2020, Service & Administrative expenses were THB 73.47 million, decreased by 7.43% YoY and 4.25% QoQ, mainly due to lower administrative expenses, but offset by higher employee expense, additional provision for doubtful debt (post-adjustment on TFRS 9) and depreciation and amortization (post-adjustment on TFRS 16).

In 2019, Service & Administrative expenses were THB 310.02 million, increased by 4.13%, mainly due to higher employee expenses, one-off adjustments of provision for employee retirement benefit and interest imposed by Court's judgment and loss on exchange rate but offset with a decrease of 21.10% from depreciation and amortization

In 2018, Service & Administrative expenses declined to THB 297.73 million by THB 246.77 million or 45.32% from 2017. The lower expenses were attributable to significant cost reductions and cost optimisation initiatives, executed since the beginning of 2018.

EBITDA and Net Profit

In 1Q2020, EBITDA closed at THB 168.20 million, increased by 13.50% YoY and 17.60% QoQ due to higher service revenue, gain on exchange rate and lower operation expense. Net Profit closed at THB 32.75 million, increased by more than 100% YoY and QoQ due to higher EBITDA, lower depreciation cost and lower financing cost.

In 2019, EBITDA and Net Profit were THB 574.00 million and THB 44.70 million, decreased by 12.70% and 31.00%, respectively mainly due to lower service revenue, higher operating cost, loss on exchange rate, one-off adjustments of provision for employee retirement benefit and interest imposed by Court's judgment but lower depreciation and financing cost incurred on comparative periods.

In 2018, EBITDA was THB 657.10 million or increased by 48.50% compared with the same period in previous year. Excluding one-off items in 2017, EBITDA in 2018 increased by 3.70%, contributed by lower operational cost on the back of lower revenue. Excluding one-off items in year 2017, net profit in 2018 decreased by THB 0.60 million, due to higher EBITDA but set-off with higher financing cost and tax expense on comparative periods.

Table 7-9: Statement of Cash Flows of SYMC

Unit: THB million	As of 31 December			3 months period ended	
	2017	2018	2019	31 March	
				2019	2020
Net cash from (used in) operating activities	488.74	483.42	486.15	153.93	162.80
Net cash from (used in) investing activities	(522.32)	(245.64)	(420.53)	(41.71)	13.00
Net cash from (used in) financing activities	921.51	(387.22)	(523.28)	(87.10)	(90.47)
Net increase (decrease) in cash and cash equivalents	887.93	(149.44)	(457.67)	25.13	85.33
Cash and cash equivalents as of period ended	969.35	819.91	362.24	845.03	447.57

Source: Consolidated financial statements 2017-2019 and reviewed financial statement as of 30 March 2020

Key Financial Ratio

Table 7-10: Key Financial Ratio

		2017 ²	2018 ²	2019 ²	3M/2019 ²	3M/2020 ²
Liquidity Ratio						
Current ratio	(times)	1.70	0.94	1.32	0.93	1.24
Quick ratio	(times)	1.55	0.85	1.14	0.84	1.05
Leverage Ratio						
Liability to equity	(times)	1.19	0.93	0.69	0.91	0.72
Interest coverage ratio	(times)	-0.30	1.84	1.74	1.63	3.29
Profitability Ratio						
Gross profit	(%)	36.33	34.64	32.92	32.45	33.95
Net profit	(%)	-6.27	4.84	3.42	3.50	9.65
Return on assets ¹	(%)	-0.63	3.78	3.12	3.70	3.52
Return on equity ¹	(%)	-4.85	2.84	1.91	2.73	2.81
Efficiency Ratio						
Account receivable turnover ¹	(times)	6.96	6.40	6.29	6.22	6.20
Average collection period ¹	(days)	52.44	57.06	58.03	58.65	58.86
Fixed assets turnover ¹	(times)	0.40	0.40	0.42	0.40	0.43
Inventory days ¹	(days)	79.64	97.56	109.04	93.91	106.31
Payable days ¹	(days)	4.58	3.74	3.35	3.89	3.43
Assets turnover ¹	(times)	0.32	0.28	0.31	0.28	0.31

Source: SETSMART

Remark: ¹ Annualized

² Calculated by referring to consolidated financial statements

Liquidity

SYMC showed the competency in its liquidity management as the net cash from (used in) operating activities was equivalent to 486.15 THB million. Cash and cash equivalents in the beginning balance stood at 819.91 THB million. The combined cash flows provided adequate liquidity for cash flow from (used in) investing activities and financing activities for 420.53 THB million and 523.28 THB million, respectively. In 2019, SYMC had cash and cash equivalents in the ending balance at 362.24 THB million.

According to Table 7-10, the current ratio and quick ratio of SYMC were higher than the ratios from previous year, which were reflected from its ability to generate higher profit in 2019. The debt to equity ratio dropped as compared with the prior year due to the borrowing repayment in 2018.

Business Strategy

The Company focuses on building a sustainable platform and creating long-term competitiveness by providing best services and solutions to our valued customers. Therefore, the Company formulates business strategy and policy as follows:

1) Embed Reliable Network and Services as Trusted Brand

The Company has positioned “Symphony” brand to the customers’ perception upon the reliable network connectivity and service quality beyond premium level and being the leader of innovative technology adoptions that differentiate our services from others e.g. development of new services that more advance than the customers’ expectations, the continual improvement of service both in terms of technology and management such as providing the preventive measure; fostering good relationship with customers and partners by organizing seminars, trainings and activities for inter-department e.g. technology, sales, marketing or finance and accounting departments.

Moreover, we also have treated our sub-contractors as our own employees to manage the quality control in the overall process. We ensure that each step of our services shall meet our customers’ and partners’ satisfaction. We believe that the difference of our services has made our customers and partners trust us and introduced our services to their organization, partners or even their end-users. As a result, our customers have been increased steadily until the present.

2) Ensure Quality of Connectivity and Service as Satisfied

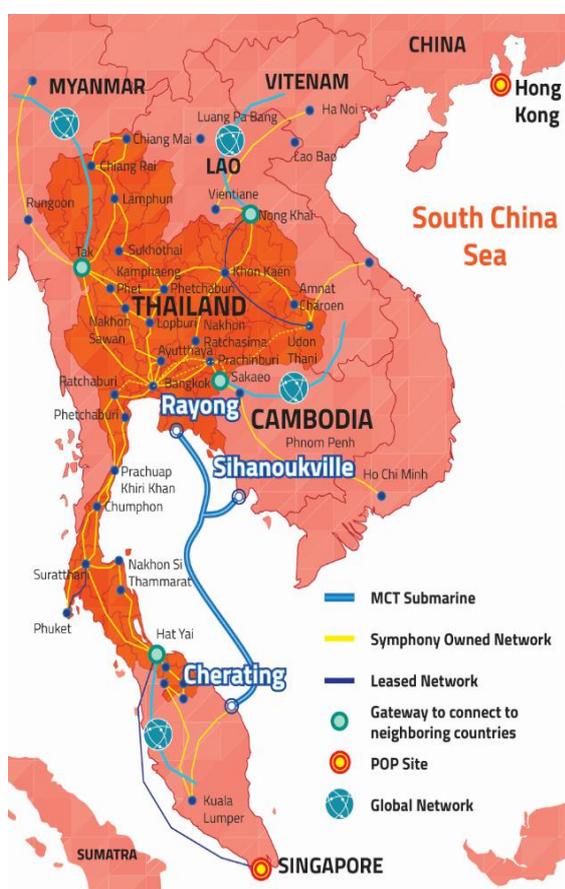
The Company has guaranteed the quality of networks with Service Level Agreement (SLA) at 99.9% to ensure the Company’s highly commitment towards superior quality. We have placed high importance on the quality of service by having the experienced engineering staff to provide the best service to the customers. Our Network Operation Centre has operated continuously for 24 hours and 7 days with our efficiently computerized network monitoring system. If any irregular issues on the network arise, we can promptly detect and immediately notify the issues to our customers to solve the problems for them.

To maintain the Company’s service standard and after-sale service, the Company has strictly improved the standard of its hi-speed communication network service to ensure stability and smooth communication for customers. We have offered service customization to meet different customers’ requirements and welcome customers’ opinion in customized circuit design process. Furthermore, the Company has provided the preventive measure, for instance, our expert team and technicians have a regular schedule to check, monitor, maintain the cabling, the equipment and the back-up system to ensure readiness for use at all the time. Aside from that, we have provided after-sale services including one-stop call centre that our experts and technicians are available 24-7 to assist or give consultations when needed.

3) Expand Market Presence with Strong Coverage

As for network coverage expansion, the Company has expanded and developed network service by considering priority in strategic areas. As the demand for data connectivity has been growing along with the development of telecommunication technology and cross-borders trade and investment within ASEAN, Thailand's geographic location has high potential to be a hub of telecommunication. Therefore, the Company has expanded network coverage to catch up with increasing demand in the high potential areas that justify customers' needs and investment returns, especially the routes that connect neighboring countries which also cover major cities nationwide, e.g., Bangkok and vicinity, 50 major provinces, 251 leading office buildings, 51 Industrial estates, 18 service centres nationwide and 6 international gateways to connect international networks that better support rapid telecommunication traffic growth.

Diagram 7-1: Current Coverage Area



Current Coverage Area

Focus on high-potential business density areas

- Bangkok and Vicinity
- 50 Major Provinces Nationwide
- 113 Leading Office Buildings
- 48 Industrial Estates
- 18 Service Centres Nationwide

International Gateways

● Songkla (Hat Yai)	connect Malaysia
● Sakaeko	connect Cambodia
● Nongkhai	connect Lao
● Tak (Maesot)	connect Myanmar
● Chiangrai (Maesai)	connect Myanmar
● Malaysia-Cambodia-Thailand Submarine Cable System (MCT)	connect Malaysia, Cambodia and interconnect with other global Submarine Cables

4) Elevate Value-added Services and Solution as Required

The Company has continuously provided consultation and profound analysis, including organizing the technical seminar for customers' technicians. We have focused on fostering valued relationship and serving the highest customers' satisfaction. The Company has constantly reviewed the customers' concern and suggestion by conducting satisfaction surveys, interview and other channels to improve its service quality.

5) Endeavor Relentlessly to Serve Digital World

The Company has relentlessly monitored and studied the advanced innovation and the development of telecommunication technologies as well as market trend in the direction of growing in data connectivity demand and technology support for digital transformation including Big Data Analytics, upcoming 5G network deployment, Artificial Intelligence (AI) and Internet of Things (IoT). In order to capture this trend in the long run, the Company has developed its innovative products and services from understanding the in-depth requirement of our existing and searching for the new market development to serve potential customers such as international connectivity, internet service and etc.

7.12. Industry Outlook of SYMC (Source: 56-1)

Driving from one stop service needs, Thailand's telecommunications industry has opened for a variety of players presently. The high competition is not limited to only service providers, but also new comers as system integrators who distribute IT equipment ranging from small to large-sized players. They have played their role to provide total solution of ICT services to customers and acquired market share. In order to deliver the completed solutions, the service providers who are capable to manage bundling all services can offer their services with best value proposition in terms of price and quality assurance of network services, internet services, data centre services, cloud services and other value-added services, including application and software platforms. The most of customers require the service providers who can deliver the one stop solution and guarantee with Service Level Agreement (SLA).

SYMC as a network connectivity service provider for many years has realized this changing competitive situation to be the opportunity to start the partnership with any system integrators to reduce or avoid the competition without the best benefit to all related parties, including customers. We believe that all service providers have their own strong points and expertise in certain areas. Additionally, a good cooperation can create mutually best benefit to all related parties and future sustainable development in our telecommunication industry.

According to strategic business collaboration, SYMC has actively played its key role as a good supporter to Thailand Digital Economy and Society Development Plan that drives growth domestically of both governments and enterprises in various sectors by enabling customers to use digital products and services to be a tool for successful digital transformation and effective competition in the modern global changes. The growth of digital economy increases bandwidth consumption both private link and internet usages from enterprise, governmental users and other customers as end-users, living in where digital services are truly integrated into people's lifestyles. For example, the banking sector has changed to digital platforms to service for money transfer, withdrawal and financial statement provided to customers via their mobile applications where customers can manage all processes by themselves. Such a kind of e-service can create more traffics and frequencies over networks from a significantly increasing numbers of service and volume of data transaction.

From the digital transformation as above mentioned, SYMC has continuously developed business strategies for marketing, product development, sales and operational excellence to ensure that we are truly understand our customer requirement which can offer the right products and services which are applicable, flexible and affordable to suit for each business sector. The Company has also expanded its network coverage to be accessible to more targeted commercial and industrial areas.

In addition to the continuous development of high-quality network services, SYMC views that the importance of telecommunication service market growth trend for better accommodating the needs of our customers are prioritized on top of existing network and internet solutions provided to both domestic and international customers. SYMC has expanded its services in 2020 to enhance the capability to provide completed IT solutions for enterprise customers, focusing on world-leading technologies and professional services provided by our skilled employees. Our goal is to provide telecommunication services from IT infrastructure-as-a-service such as virtual server services, backup services, network security services, platform-as-a-service, log management services and any other solutions with partners. Our services are to support the customers' work flow continuously with reasonable cost and efficient resources allocated to boost customers' competitiveness in rapidly changing digital economy nowadays.

In order to provide complete service to customers, SYMC has also invested in the data centre business to provide colocation services. The Data Centre is located in the central business district of Bangkok. Disaster Recovery (DR) and Cross Connection services to help corporate customers feel confident in operating business efficiently and continuously.

Since the beginning of this year, COVID-19 Epidemic has severely impacted almost all businesses in the world. Thailand's economy is undergoing a severe contraction from the effects of COVID-19 as well. Telecommunications are not exempt, as the overall situation still hurts the business cycle.

Looking ahead in the second quarter of 2020, SYMC expects that the impact of COVID-19 will still hurt most businesses, such as the government's orders to restrict transportation, abort public activities, provide self-isolation, City lockdown, and Curfew.

The recovery will gradually recover in the second half of 2020, but the overall market opportunity and business sensitivity are uncertain. Therefore, the company will make every effort to manage and determine the direction of the business during this crisis by focusing on the implementation of business strategies in order to establish a domestic and international market base.

Appendix 2: Industry Conditions in the Data Centre Business

Thailand's economic overview

The Thai economy in April 2020 contracted further due to the stringent COVID-19 outbreak control measures, both at home and abroad, causing economic activities in many sectors to temporarily cease. The tourism sector was disrupted due to a ban on traveling to Thailand by a contraction of 100 percent from the same period last year. Exports of commodities, excluding gold, declined substantially in accordance with the demand of trading partners, down by 3.3 percent from the same period last year. Private consumption indicators were depressed due to weak purchasing power and epidemic control measures while private investment indicators and industrial production continued to decline in line with the demand and economic instability. However, government spending continued to expand, both current and investment expenditure. This month, the government has started to remediate payout to those affected by the outbreak of COVID-19, which will help support the economy in the next phase.

In terms of economic stability, general inflation is more negative, standing at -2.99 percent, from the inflation rate in the energy sector following the collapse of world oil prices and the state's electricity tariff reduction measures to alleviate the impact on the public while the labor market becomes more fragile. The current account balance is in deficit while the capital and financial account balance posted net surplus mainly from the asset side.

The Consumer Index in the private sector declined 15.05 percent from the same period last year according to spending in all categories from supporting factors of severely weakened purchasing power of the household sector, as well as declining employment, income and confidence, combined with the postponement of Songkran holidays and the Thai government's shutdown measures to control the outbreak of COVID-19 due to the severe and widespread spread of the disease throughout the country. Although this month, the government has gradually paid relief to those affected by the COVID-19 pandemic, industrial production continued to decline. In line with weaker domestic and foreign demand.

Data centre business overview

Data Centre is the place where IT equipment is installed to serve as the location for Business Continuity Centre and data storage. It is vitally important in providing support to business operations and activities such as Email, file sharing, application, customer relationship management, enterprise resource planning, Big Data analytics, data storage, artificial intelligence, etc.

Data Centre comprises 5 key components as follows:

1. Network Infrastructure used to connect the server, both physical and virtualized, to enable the data centre services and storage to connect externally.
2. Storage Infrastructure used to provide data storage.
3. Computing resource is the server which is the main processing structure
4. Security Systems used to provide security for the data centre operation, such as Firewall, Intrusion Protection, etc.

5. Management systems within the data centre include power systems, uninterruptible power supplies (UPS), ventilation system, cooling system, fire suppression, backup generators, etc.

Today, data centres have evolved from a physical server to a virtualized server, allowing for complex operations and connectivity through multiple data centres at the same time to meet the needs of companies that bring digital technology into business organizations (Digital Transformation).

At present data centres are divided into 4 types as follows:

1. Enterprise Data Centre is the data centre that the data centre company creates, manages, and owns. Most are usually located in areas under the control of the company and often found in companies that have sensitive information and require high security, such as banking businesses and brokers.
2. Managed Services Data Centre is a data centre managed by an external Managed Service Provider. A company that uses the data centre services is not necessarily the owner of the data centre but rather rents the data centre from the Managed Service Provider instead.
3. Colocation Data Centre is the data centre that the company rents out space to companies that use data centre services to place servers with the aim of reducing the cost of server administration and maintenance serving as a back-up site and protects against the impacts of disasters or unexpected events.
4. Cloud Data Centre is the data centre of the cloud service provider, which is the virtual data centre service. Companies that use data centre services are able to operate and store information via the internet without having to be involved with the physical server, so the client company does not have to invest in building a server. It is also convenient to reduce or expand the size of the data centre usage, which is suitable for companies that are in the period of business expansion or companies that do not use a lot of data, which can be divided into 3 types as follows:

- 1) Infrastructure as a Service (IaaS) is a service for leasing data centre structures such as server, storage etc.
- 2) Platform as a Service (PaaS) is a service enabling customers to bring platforms to be utilized on their server
- 3) Software as a Service (SaaS) is a service enabling customers to bring software such as Email, ERP, etc. to be utilized on their server.

Standards in the data centre business

Data centre is very important in the operation of a company. Therefore, in the event that the data centre cannot work effectively at the time required, this will affect the company in terms of reliability as well as affect the company's revenue. At present there are international standards of the data centre to be used as a guideline in the design and management of the data centre as follows:

1. UpTIME Institute Certification

It is the most globally accepted international standard to evaluate the company which is divided into 2 systems which are Tier Classification System and Operational Sustainability.

Tier Classification is divided into 4 tiers, of which the most popular in Thailand are Tier III (Concurrently Maintenance DC) and Tier IV (Fault Tolerance). The data centre that will apply for the Tier III standard must have a raised-floor design with a fully redundant supply system and 2 sources of power (Dual Power Supplies) connected to more than one UPS (UPS), making it possible to change without affecting server operations, but there are still some common points. Applicants to the Tier IV (Fault Tolerance), the highest tier of the UpTIME Institute standards, must have all the same features as Tier III, but must have a power source from two separate sources that are clearly separated with no shared power point.

Diagram 7-2: Companies that received the UpTIME Institute standard in Thailand

Client	Location	Project	Awards
Electronic Government Agency	Bangkok, Thailand	Electronic Government Agency Data Center	Tier III Certification of Design Documents
Genesis Data Center Company Limited	Samut Prakarn, Thailand	Genesis Data Center	Tier III Certification of Design Documents
Genesis Data Center Company Limited	Samut Prakarn, Thailand	Genesis Data Center, Phase 1	Tier III Certification of Constructed Facility
Internet Thailand Public Company Limited (INET)	Kaeng Khoi Saraburi, Thailand	INET-IDC3, Building 1, Phase 1-2	Tier III Certification of Design Documents
Internet Thailand Public Company Limited (INET)	Kaeng Khoi, Thailand	INET-IDC3, Building 2	Tier III Certification of Design Documents
PTT Public Company Limited	Chonburi Chonburi, Thailand, Thailand	PTT Data Center, Phase 1	Tier IV Certification of Constructed Facility Tier IV Certification of Design Documents
SUPERNAP (Thailand) Co., Ltd	Chonburi, Thailand	SUPERNAP (Thailand), Sector 1	Tier IV Certification of Design Documents
T.C.C. Technology Co., Ltd.	Bangkok, Thailand	Bangna Data Center	M&O Stamp Of Approval
True Internet Data Center	Bang Saotong Samut Prakan, Thailand	True IDC East Bangna	Tier III Certification of Constructed Facility Tier III Certification of Design Documents
True Internet Data Center	Bang Saotong Samut Prakan, Thailand	True IDC East Bangna, Phase 1	Tier III Silver Certification of Operational Sustainability
United Information Highway Company Limited	Bangkok, Thailand	UIH BCH4	Tier III Certification of Constructed Facility Tier III Certification of Design Documents

Operational Sustainability is divided into 3 levels, Gold, Silver and Bronze, with an emphasis on management evaluation, used in parallel with the Tier Classification system, the inspection of which is divided into 3 sequences as follows:

- 1) Tier Certification of Design Documents (TCDD) is the design document certification. UpTIME Institute will thoroughly audit all design documents.
- 2) Tier Certification of Constructed Facility (TCCF) is the facility certification as per the design whereby UpTIME Institute inspects equipment installation.
- 3) Tier Certification of Operational Sustainability (TCOS) Is an operational certification by the UpTIME Institute that evaluates the effectiveness of management and operations

2. TIA-942

Is a standard the Telecommunications Industry Association (TIA), in partnership with the American National Standards Institute (ANSI), set out to specify the technical requirements for the data centre design. The TIA-942 will place the most importance on signal and network cabling and data centre area planning.

The TIA-942 standard is the most widely used standard in the United States and Canada. In the Asian region, the Data Centre Council in Japan adopted the TIA-942 as a reference in conjunction with applying the UpTIME standard in establishing the Data Centre Facility Standards guidelines.

3. Data Centre Design & Implementation best practice (BICSI)

Is a standard set by the Building Industry Consulting Service International standards (BICSI), which focuses on the availability of the data centre's electricity systems, which are divided into 5 layers, F0 to F5, where F0 is the data centre with a single power supply circuit.

4. ISO (ISO 27001)

Is the standard set by the International Organization for Standardization with the goal to set standards covering all events and situations related to security that may affect ICT structures and systems, including information security incident handling and management and ICT readiness planning and services.

In addition to the structural standards, there are also Payment Card Industry Data Security Standard (PCI DSS), which is electronic payment security standards established by electronic finance companies such as Mastercard, American Express, Discover and JCB to prevent fraud arising from the use of credit cards that is very popular in the data centre companies in the financial industry and e-commerce companies.

Data centre business outlook and trends around the world

Supply side

From the research of Technavio, a world class technology marketing research company (Headquartered in the United Kingdom), it is estimated that the global data centre IT infrastructure industry will grow by USD 270.51 billion or approximately 17.31 percent between 2020 and 2024, mainly due to the growth of the use of new forms of social media and digitalization, which is a modification of some business processes by using digital technology, such as changes in data storage in the form of documents to digital storage, and will ultimately lead to digital transformation at the organizational level.

According to the analysis of the global consulting firm Frost & Sullivan, global delivery, storage and analysis processes are expected to grow significantly in the future. There is a trend of growth in Global data exchange rate between data centres of 28 percent per year and the rate of data exchange between the data centre and users has a growing trend of 24 percent per year.

Over the years global companies have already invested around USD 200,000 million in data centres, according to data in 2019. The leading data centre business is the United States, which accounts for up to 35 percent, such as Google (in 2019 with a total investment of USD 13.00 billion or 6.50 percent), followed by companies in Europe and Asia-Pacific countries.

In Asia-Pacific countries in 2019, the People's Republic of China and Hong Kong Special Administrative Region are the key players in the data centre business, especially Alibaba, Tencent, Sinnet and Baidu, followed by India, Australia, Japan and Singapore. In addition, in ASEAN, Indonesia, Thailand and Malaysia are increasing their share in the industry due to the development of technology infrastructure to support 5G wireless communication technology. Frost & Sullivan is of the opinion that the data centre business in ASEAN is likely to grow by 16.10 percent between 2020 and 2024.

Players in the global data centre business

Today, there are 3 major world-class data centre companies in the industry, namely Century Link, Equinix and NTT Communications which have a combined market value of more than 45 percent.

1. Century Link

Based in the state of Louisiana, United States, listed on the S&P 500 market and in the 500 largest companies, ranked by Fortune Magazine at 132, with a total of 45,000 employees and more than 350 centres around the world, providing data centre services to companies globally, providing core communications services, Network systems, Security systems, Cloud Service, and the main customers are Google, YouTube and Amazon.

2. NTT Communications

Based in Tokyo, Japan is a subsidiary of Nippon Telegraph and Telephone Corporation (NTT), the largest communications company in Japan since 1999 with a company value of USD 107 billion. It employs more than 300,000 people in 88 countries, ranking at No. 64 in the Fortune magazine company ranking, and is partnering with more than 88 percent of the top 100 companies in that ranking. Currently, the company has more than 140 data centres worldwide with expertise in technology consulting, security system design and cloud service, and has important clients such as Alibaba Group, the NFL, Cisco and UNIQLO.

3. Equinix

Based in California, USA, the smallest of the largest data centre companies, employs more than 8,000 people, but is the number one company in colocation, currently with more than 200 data centres around the world, famous for speed and potential in setting up data transmission and digital ecosystem, and having major clients such as Electronic Arts, Github, BBC News and Gartner.

Other major companies in data centre business include Data Foundry, BT, Cyxtera, etc.

The major data centre companies in asia are Equinix (US), SUNeVision (Hong Kong), NTT (Japan), Web Werks India (India), GPX Global Systems (Egypt), ST Telemedia GDC (India), Global Switch (US), Digital Realty (Singapore), AIMS Data Centre (Malaysia) and Telstra (Australia) respectively, which are ranked based on connectivity and the highest density of data from Cloudscene (a global data centre matchmaking company).

Demand side

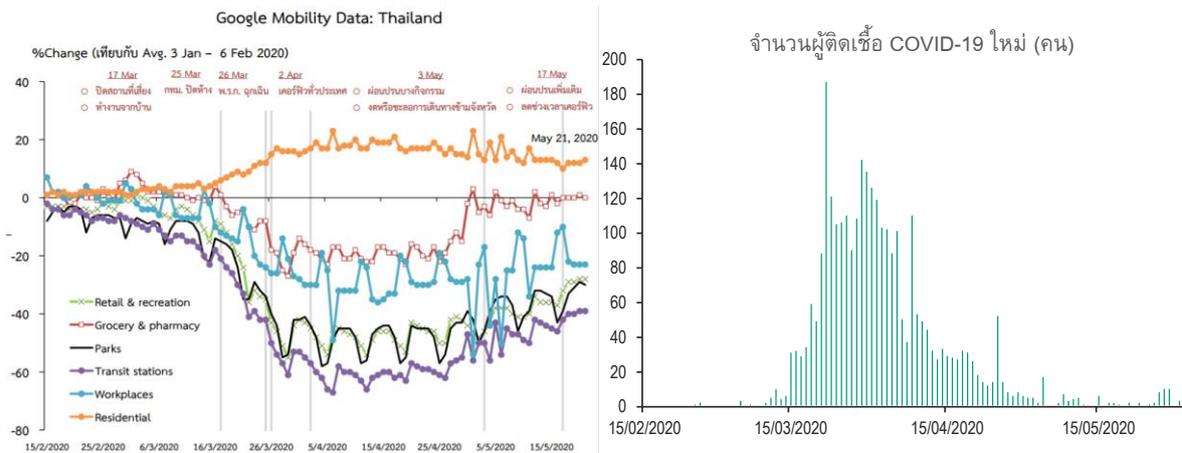
The need for data centres as digital infrastructure for companies will certainly grow substantially in the future. According to Synergy Research, a global technology research firm, in the year 2019, companies around the world spend USD 152,000 million on data centres. It has grown considerably in the Public Cloud Data Centre, which has an average growth rate of 7 percent per year, due to the expansion of Search / Social Network companies that grow at 20 percent per year and E-commerce companies that grow at 24 percent per year. Spending in conventional data centres (Colocation) grew by 1 percent and it was also found that creating and storage of data by companies around the world increased from 33 Zettabytes in 2018 to 59 Zettabytes in 2020. It is predicted that by 2025 it would reach 175 Zettabytes.

According to data from Intricately, a world-class technology research company, in the year 2019, companies with the most data centre usage are tech companies such as Google, Youtube, Amazon, Electronics Arts (EA), Github, Alibaba Group, Cisco, Telefonica, Logitech, etc. The types of companies that use data centres that are customers of global data centre companies (Century Link, Equinix, NTT Communication, Data Foundry, BT and Cyxtera), are mostly startups, followed by small companies, medium size companies and large companies respectively.

Data centre business situation and trends in Thailand

The situation of COVID-19 in Thailand and the impact on the data centre industry

Diagram 7-3: Density of people by industry and the number of new COVID-19 infected people



In May 2020, the average number of new COVID-19 infected cases was 4 per day, most of which were those infected from abroad, resulting in people in the country becoming more confident especially after the lifting of disease control measures allowing businesses to start operating and people began to return to work, as evident from the density index of people in each industry that is starting to rise.

The pandemic control measures caused by COVID-19 have resulted in the majority of people staying at home, only leaving their accommodation if necessary and many businesses being temporarily closed, resulting in people using the internet more. The Office of the National Broadcasting and Telecommunications Commission (NBTC) found that the total domestic and international bandwidth, which is the sum of all the bandwidth of internet service providers that connect to exchange data at the domestic internal gateway (National Internet Exchange: NIX) and abroad (International Internet Gateway: IIG), which in 2019 had an average growth of 1.96 percent per month, but during the period of implementation of the pandemic control measures, the average growth is as high as 4.86 percent per month.

The analysis from Nielsen, a global market research company, indicated that the COVID-19 pandemic causes behavior that will become a new normal in society such as people becoming more familiar with using digital tools resulting in new digital technology such as e-commerce technology through Virtual Reality (VR), video conferencing system (VDO Conference), etc., and social media will become the main media, up to 86 percent of all users. It also found that Smartphone usage has increased 6 times compared to in the past. For the above

reasons, societal new normal from COVID-19 will be the main driving force for the demand for data centre businesses at an accelerated rate.

Supply

According to an interview by W.Media (a technology media company in the ASEAN region), it is expected that the growth rate of the data centre market during 2019 to 2024 Thailand will grow at an average of 26 percent, which is more than the growth in ASEAN, due to the trend of digital transformation in the financial, automotive, communications and retail industries, including support of government policies that target Thailand to be the digital centre in the region and incentives from the Board of Investment (BOI). Most of the growth comes from the rapid growth of Cloud Service in recent years.

Although Colocation data centre services are the most popular in the past but nowadays Cloud Service is becoming more and more popular. Data from the total revenue of network service companies that provide data centre services and data centre only companies shows growth in 2018 at the level of 18.23 percent per year, of which a lot of growth was in the group of companies that provide Cloud Service.

Most large data centre services companies are usually in the communications industry or in the data centre supply chain, such as fiber networks (ITEL, INET), internet service providers (TRUE, ADVANC, JAS), companies that use a large number of data centres (CP Group, TCC Group), etc. Due to the creation of a strategic synergy that creates long-term benefits for the group of companies, which will result in lower costs of renting a fiber optic network and cross connection, there is more potential for greater data connection and a more stable customer base than companies that are only data centres.

In Thailand, the fiber optic network and internet connection system is centred in Bangkok, unlike other countries that have centres spread in many important regions throughout the country such as China, Malaysia, Vietnam, etc. The location factor is an important factor in creating the data centre, resulting in the data centre outside Bangkok having lower potential for data transmission, a higher connection costs, and when problems occur, customers spend more travel time than the data centres in Bangkok. As a result, data centres located outside of Bangkok tend to be data centres that customers use as data storage or backups, rather than the main operations centres such as Supernap, INET, ITEL, Genesis, etc. and most of their customers are public and private organizations (Enterprise: ETP).

However, data centres located in Bangkok must bear higher cost of buying or renting space to build a data centre, there are only a few areas that allow the data centre to be created and the installation of the data centre systems in the city is a complex process. But with the advantage of data transmission potential and high network efficiency, data centres in Bangkok are often used in operations, such as TCC Technology, TRUE IDC, etc., whose main customers are communication services and video and audio broadcasting over the internet (Over-The-Top: OTT), Internet Service Providers (ISPs) and companies that use a lot of data.

Currently, there are approximately data centre 5,000 racks in Bangkok and 7,000 racks outside of Bangkok.

In an era of change, it can be difficult for the data centre service that provides only one type of data centre service or no other additional services apart from the data centre to compete in the market because customers have a need for One-Stop Service and the need for services that can be adjusted to suit their own company. As a result, today's data centre must be a digital solution for the customer and the construction of the data centre must be hybrid, able to freely change from one type of data centre to another, such as from Colocation to Cloud Service etc. Moreover, price competition in the market is more intense resulting in lower profits from data centre space rental and electricity bills. The company must therefore find more profit from other additional services such as Digital Solution, Data Centre Portal, By-order Maintenance etc.

Players in the data centre business in Thailand

Currently, there are 7 major data centre operators in Thailand as follows:

1. TRUE Internet Data Centre Co., Ltd. (TRUE IDC)

Is a subsidiary company of the Charoen Pokphand Holding Company Limited, with data centre services and cloud services, which are distributed throughout Bangkok, namely TRUE Data Centre IDC-North, Muang Thong, providing services covering northern Bangkok area, TRUE Data Centre at IDC-Midtown Ratchada and True IDC-Midtown Phatthanakan offers service in the heart of Bangkok. In addition, True IDC-East Bangna, which has been certified Tier III by UpTIME, is open in the eastern area of Bangkok. Including being the first to have the most partners with Cloud Service companies such as Amazon Web Services, Google, Microsoft, VMware, Huawei and Tencent.

2. Internet Thailand Public Company Limited (INET)

Is a full-service ICT infrastructure provider for businesses, from full internet connectivity to data centre services with various devices for those who want a service that is efficient and at an international standard, as well as offering Cloud Computing Solution.

3. TCC Technology Co., Ltd. (TCC Technology)

Is a subsidiary of TCC Asset (Thailand) Co., Ltd., providing data centre services at Empire Tower, Bangna Data Centre and Amata Nakorn, and providing IT consulting services.

4. CLOUD HM Company Limited (CLOUD HM)

Is a subsidiary of United Information Highway Company Limited, the first service provider in Thailand to provide Cloud services.

5. Interlink Telecom Public Company Limited (ITEL)

Is a subsidiary of Interlink Communication Public Company Limited (ILINK) that provides fiber optic telecommunications network services, network installation and data centre service. The Company also has investments in Genesis Data Centre Company Limited.

6. CAT Telecom Public Company Limited (CAT)

Is a telecommunications company and provides telecommunications services through the conversion from the Communications Authority of Thailand under the State Enterprise Capital Act 1999, the Ministry of Finance is a 100% shareholder of the registered capital. CAT's data centre provides mainly colocation services.

7. CS Loxinfo Public Company Limited

Is a subsidiary of Advanced Wireless Network Company Limited (ADVANC), providing data centre services in both colocation and cloud services, including system integration services.

Other significant data centre companies are Justtel Network Company Limited, Kirz Company Limited, NTT Data (Thailand) Company Limited, STG GDC (Thailand) Company Limited, etc.

Demand

According to a Dell survey, Thailand is the country with the 3rd highest digital transformation rate in the world and a survey of the management of large companies in Thailand, divided in terms of digital adaptation potential into 5 groups, found that the leading digital companies account for 7 percent of all companies, close to the proportion of digital leaders in the United States. The companies that are entering the Digital Adopter group and the companies that are Digital Evaluators are in the proportion of 40 and 25 percent, respectively. Executives in Thailand are interested in investing in data centre for all their processing, up to 61 percent of all companies, which makes growth of the demand for data centre services as the main operations centre likely in the future.

Customers using data centre services in Thailand can be divided according to the purpose of use as follows:

1. Companies providing communication and broadcasting services over the internet. (Over-The-Top: OTT)

These are companies that provide content, video, audio and video media via the internet platform which need a lot of data centre services in order to operate and store their main content. Most OTTs will use the data centre services that are close to the main customer base for speed and quality of service, the major OTT companies are Facebook, Youtube, Netflix, Line, Tencent etc.

Statistical data from the NBTC indicated that in Thailand, International Bandwidth, which is the sum of the bandwidth of all internet service providers that connect to exchange information at the gateway to foreign countries. (International Internet Gateway: IIG) has an average growth rate of 1.56 percent per year, due to the increase in the number of domestic OTT usage. As a result, OTT service companies are more likely to use data centres in Thailand in the future to support the increased usage of OTT users, especially the data centres in Bangkok near the OTT customer base.

2. Internet System Provider: ISP

Is a company that provides customers with access to the internet such as AIS, TRUE, JAS, etc. The service provider connects the customer with the appropriate data transmission technology for transmission via internet protocol devices such as DSL, Cable, Wireless or high speed connectivity systems, etc. Internet service providers have a necessity of using the data centre to support customers' internet services.

According to statistics from the NBTC, the number of internet users in Thailand in the year 2019 is 50,103,944 people, which is 75.28 percent of the total population. The average growth rate for the past 6 years is 11.45 percent per year, with significant growth from smartphone users. The growing use of Smart Phones has made the internet service companies more likely to use data centres in the future to support the number of internet users that is continually expanding.

3. Enterprise: ETP

Is a general company that needs to use data centre services to ensure its operational continuity and storage of additional data. Such a company does not have a need for data centre services as an important factor in generating revenue, and can be divided into 3 groups as follows:

1) Financial Group

Is the business that has the highest data centre traffic rate and still needs high availability of data centre service while having the lowest downtime among all customer groups. Because it needs maintenance by engineers 24 hours a day, without holiday, and maintenance must not be stopped in the system, the data centre for the financial business group requires a strong engineering structure and ability to withstand disasters. For this reason, this group of customers need to rent a large data centre area resulting in the most revenue generation for data centre companies. However, due to the high data centre rent, most financial businesses and brokers based in Thailand tend to invest in building their own data centres for long-term use.

Companies in this group, such as Siam Commercial Bank Public Company Limited and Kasikorn Bank Public Company Limited, currently use the data centre services of Supernap (Thailand) Company Limited, the only private data centre provider that has received the Tier IV Certification standard. of Design Documents established by a joint venture between Switch Inc (a US company), Siam Commercial Bank, Kasikorn Bank, True IDC Company Limited and the Crown Property Bureau.

As for UOB Bank (Thailand) Public Company Limited, Tisco Bank Public Company Limited, Morgan Stanley (Thailand) Company Limited, KGI Securities (Thailand) Public Company Limited, these currently use the data centre services of Kirz Limited, a company founded by TIME dotcom Berhad, a large Malaysian internet service company.

At present, data centre companies in Thailand are looking to compete in the data centre service for the merger between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited which was completed in 2019 and is expected to procure data centre service providers in 2020.

2) Government agencies and state enterprises

This is a customer group that has been given priority after the financial business group since it is least affected by the economy and has projects and a new budget every year, but has a complex procurement process with strict rules and takes quite a long time to make a decision. Examples of this group such as the Ministry of Commerce, Ministry of Natural Resources and Environment, the Provincial Waterworks

Authority currently use the data centre services of Interlink Telecom Public Company Limited, a subsidiary of the Company Interlink Communication Public Company Limited while large state-owned enterprises that invest in building their own data centres for long-term use, such as the Digital Government Development Agency (Public Organization) (DGA), which received the Tier III standard, and PTT Public Company Limited (PTT) which received the Tier IV standard.

In 2019, the Ministry of Digital Economy and Society launched the GDCC project, a central government cloud system for government agencies to use the Tier IV standard cloud system so that government agencies can systematically integrate data across departments in order to improve the efficiency of digital services for the people and be the information database in every dimension of national development. At present, the GDCC central government cloud is ready for use by government agencies. With a budget of over THB 4,000 million for the project under the Government Big Data Analytics Framework, the GDCC project will reduce the chances of finding government customers for data centre companies.

3) Other private companies

Due to the fact that digital transformation has resulted in greater use of data among many private companies, thereby rendering an increase in demand for data centre services, which can help reduce equipment and administrative costs. Most private companies, ranging from small companies to large companies, will look for a server host that has various standard systems such as connectivity, security, backup power system, IT management and solutions, etc., including increased information security and risk mitigation of having server settings in one place.

As for private companies with large chains, most would like to create their own data centre as they can reduce the cost of renting data centres from external service providers and have the convenience of consolidating the affiliated database in one place, such as Charoen Pokphand Group which has a data centre through its subsidiary, True IDC Company Limited which has received the Tier III standard, while T.C.C group has the data centre through its subsidiary, T.C.C Technology Co., Ltd., which is currently in the standard certification process, etc.

Key Success Factor

The success factors of most data centres are standards for engineering, safety, and data centre availability, and the speed of data transmission. In addition, there are also other success factors that cover the company's management strategy which can be divided into 5 success factors as follows:

1. Potential, efficiency, and stability of the data centre

The data centre's potential, efficiency and stability are the most important success factors for data centres. Various standards are used as a guideline for checking the potential, efficiency and stability, both in terms of the engineering and operations of the data centre, as well as the experience of the company's employees. This allows the Company's data centre to be built in accordance with UpTIME Tier III standards, which can build trust with customers and is a competitive strength in the industry.

2. Data centre location

In Thailand, the fiber optic network and internet connection system are centred in Bangkok. As a result, the data centres in Bangkok have higher data transmission potential and when problems occur customers use the less travel time to get to the data centre than a data centre outside Bangkok. Therefore, for customers who use the data centre as the main operations centre, such as the OTT group and the ISP group, it is very necessary to use the data centre in Bangkok for efficient service, speed of service, reduced network connection cost and easy access to the data centre service provider when there is a problem or when there is need to improve the server. These factors give the Company's data centre a great advantage in attracting OTT and ISPs customers.

3. Ecosystem of the data centre

Creating a data centre ecosystem is the third success factor. In particular, owning or partnering with upstream and downstream companies such as fiber optics, real estate, retail companies, technology companies, etc. resulting in the company having comprehensive services to accommodate user needs, ability to formulate strategies to expand the company and be more competitive, as well as rendering private companies to decide to use data centre services rather than creating their own. The above reasons would allow the Company's data centre to benefit both the Company and its affiliates.

4. Creating added value by providing services that meet the needs of customers (Customer Service)

In the future, companies that are large customers of the data centre will be completely different, such as tech companies, e-commerce companies, etc. Therefore, companies that can provide services to meet the needs of various customers will have a strong selling point when competing with other data centre companies. They would need to design the data centre structure to be flexible in terms of both hardware and software. For example, Equinix has a hybrid data centre (Colocation and Cloud interconnected systems) to support customers of tech companies that have complex administration tasks, etc.

In addition to the complex data centre structure, other additional service requirements currently needed by customers include One-Stop Service, whereby customers want more than a data centre service, but need an IT Solution that can manage all IT services within a single use. As a result, the company that is ready for other value-added services is able to develop its sales package to attract existing customers who have used the company's network and can gain additional revenue from the additional services within the data centre as well.

5. Readiness to support new technology

Due to the development of the Internet of Things and 5G technology, data centre hardware manufacturers such as AMD and Intel are constantly developing new types of chips. Together with Moore's Law, they are able to double the number of transistors on the same chip, cutting costs by half, resulting in the High Density Chip which leads to more power consumption per unit area and causing the planning of a new data centre to consider new technologies that will occur in the future.

From the analysis of the joint venture project, it is found that the creation of the said data centre of the Company, with all the success factors mentioned above, has the potential, efficiency and stability from its construction according to the design to support the UpTIME Tier III standard, with the effort to increase engineering reinforcements from the existing structure, installing the generator for emergency use, with all internal systems efficiently installed. The data centre location is considered an important strategic location that is a central point for network connections and is a location that is difficult to find an opportunity to create a data centre. This is a location that meets the needs of OTT and ISPs customers. The creation of the data centre is creating a One-Stop Service for the Company, enabling it to provide services covering the complete ecosystem of network services including space allocation and structural requirements to support both Colocation and Cloud services. Also, the data centre structure is highly prepared to meet the various needs of target customers and support future technology as this joint venture is a partnership with TIME and the AIMS Data Centre Group, a leading Malaysian data centre company and one of the ten highest data density networks in Asia, in developing an image that is credible to customers both at home and internationally.

Appendix 3: Summary of Project's Income Statement

Projection Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Unit: THB million	01-Sep-20	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	31-Aug-40
Revenue from Co-Location	-	-	42.74	97.65	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	114.77	76.51
Revenue from Cross Connection	-	-	13.63	30.33	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	32.83	21.89
Revenue from Network Resale	-	-	13.50	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	25.20	16.80
Total Revenue	-	-	69.87	153.18	172.80	115.20																
Cost of Service	-	-	(56.03)	(95.92)	(104.17)	(105.21)	(108.18)	(109.67)	(110.80)	(114.07)	(115.69)	(116.93)	(120.52)	(122.30)	(123.67)	(127.62)	(129.58)	(131.09)	(135.43)	(137.60)	(139.27)	(95.51)
Gross Profit	-	-	13.85	57.26	68.63	67.59	64.61	63.13	62.00	58.73	57.11	55.86	52.28	50.49	49.13	45.18	43.22	41.71	37.36	35.19	33.53	19.69
SG&A	-	-	(8.43)	(11.56)	(8.22)	(7.18)	(7.38)	(7.54)	(7.70)	(7.92)	(8.11)	(8.29)	(8.56)	(8.77)	(8.99)	(9.29)	(9.54)	(9.79)	(10.13)	(10.42)	(10.72)	(14.34)
Depreciation	-	-	(32.97)	(33.69)	(33.69)	(33.69)	(33.69)	(32.98)	(32.98)	(32.98)	(32.98)	(32.98)	(0.72)	-	-	-	-	-	-	-	-	-
EBIT	-	-	(27.55)	12.02	26.73	26.73	23.55	22.61	21.32	17.83	16.02	14.59	43.00	41.72	40.14	35.90	33.68	31.93	27.23	24.77	22.81	5.35
Interest Expenses	-	-	(14.54)	(13.98)	(11.30)	(8.37)	(5.46)	(2.55)	(0.20)	-	-	-	-	-	-	-	-	-	-	-	-	-
EBT	-	-	(42.09)	(1.96)	15.42	18.36	18.09	20.06	21.12	17.83	16.02	14.59	43.00	41.72	40.14	35.90	33.68	31.93	27.23	24.77	22.81	5.35
Tax	-	-	-	-	-	-	(1.56)	(4.01)	(4.22)	(3.57)	(3.20)	(2.92)	(8.60)	(8.34)	(8.03)	(7.18)	(6.74)	(6.39)	(5.45)	(4.95)	(4.56)	(1.07)
Net Profit	-	-	(42.09)	(1.96)	15.42	18.36	16.53	16.05	16.89	14.26	12.81	11.67	34.40	33.38	32.11	28.72	26.94	25.54	21.79	19.82	18.25	4.28

Appendix 4: Summary of Project's Free Cash Flows

Projection Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Unit: THB million	01-Sep-20	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	31-Aug-40
EBIT*(1-Tax)	-	-	(27.55)	12.02	24.49	21.38	18.84	18.09	17.06	14.26	12.81	11.67	34.40	33.38	32.11	28.72	26.94	25.54	21.79	19.82	18.25	4.28
Depreciation and non-cash charges	-	-	32.97	33.69	33.69	33.69	33.69	32.98	32.98	32.98	32.98	32.98	0.72	-	-	-	-	-	-	-	-	6.94
Changes in working capital	-	-	(1.14)	(3.57)	(0.93)	0.09	0.24	0.12	0.09	0.27	0.13	0.10	0.29	0.15	0.11	0.32	0.16	0.12	0.36	0.18	0.14	1.14
CAPEX	(189.07)	(143.99)	(7.23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow from project	(189.07)	(143.99)	(2.95)	42.14	57.24	55.15	52.77	51.19	50.13	47.51	45.93	44.75	35.42	33.52	32.23	29.04	27.11	25.66	22.14	19.99	18.39	12.36
IRR		9.32%																				
NPV		43.35																				
Payback Period		7.91																				



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