

**The Opinion of Independent Financial Advisor**

**Regarding the Asset Acquisition**

**of**



**MATCHING MAXIMIZE SOLUTION PUBLIC COMPANY LIMITED**

**by**

**Asia Plus Advisory Company Limited**



**18 September 2015**

***Disclaimer***

This report was prepared in Thai and this English version is a translation of the Thai report. While every effort was made to ensure the accuracy of the translation, there could be some inconsistency between the Thai report and the English translation. In any case, the Thai report shall take precedence and be considered the official IFA report over its English translation.

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18 September 2015

Subject The Opinion of Independent Financial Advisor Regarding the Asset Acquisition  
of Matching Maximize Solution Public Company Limited

To Audit Committee and Shareholders of  
**Matching Maximize Solution Public Company Limited**

Reference is made to the resolution of the Extraordinary General Shareholders' Meeting of Matching Maximize Solution Public Company Limited ("**the Company**" or "**MATCH**") No. 1/2014 dated 14 October 2014, which approved Matching Broadcast Company Limited ("**Subsidiary**" or "**MB**"), a 99.99% owned subsidiary of the Company, to purchase a plot of land for Baht 473 million to develop the Universal Movie Town ("**New Home Project**"), with a construction cost of Baht 296 million, resulting in a total project value of Baht 769 million.

The management has subsequently decided to rearrange the project layout to maximize the benefits from the land as well as improve the quality of studio materials in order to serve both local and foreign production houses who desire for international standard studio with Noise Criterion 25 ("**NC 25**"). Such improvement causes the construction cost to increase from Baht 769 million as approved by the Extraordinary General Shareholders' Meeting No.1/2014, to Baht 1,187 million or increased by 54.33 percent from previous project cost. With the new investment cost of Baht 1,187 million, the Transaction size is equal to 80.72 percent of the Company's total consolidated assets as of 30 June 2015, the latest financial statements reviewed by the SEC's approved listed auditor, and is considered as the Acquisition Transaction Type 1 pursuant to the Notification of the Capital Market Supervisory Board No.TorChor. 20/2551 Re: Rules of Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification 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 and its amendments ("**the Acquisition and Disposition Notification**").

By entering into the Transaction, the Company is required to prepare and disclose information memorandum regarding the Transaction to the Stock Exchange of Thailand ("**SET**") and to seek prior approval from the Extraordinary General Shareholders' Meeting with the affirmative votes of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and are entitled to vote, excluding the shareholders with vested interest. Moreover, the Company is required to circulate meeting invitation letter to the shareholders at least 14 days prior to the date of the Shareholders' Meeting. The Company must also appoint the Independent Financial Advisor to provide an opinion regarding the Transaction.

The Company's Board of Director's Meeting No.9/2015, dated 20 August 2015, resolved to propose the revised investment plan to the Extraordinary General Shareholders' Meeting No.1/2015 for consideration and approval. The Board of Directors, therefore, appointed Asia Plus Advisory Company Limited ("**Independent Financial**

**Advisor”** or **“ASPA”**) who is certified by the Securities and Exchange Commission (**“SEC”**) and has no relationship with the Company, as an Independent Financial Advisor to provide an opinion on the reasonableness, and the fairness of the Transaction’s price and condition to the Company’s Audit Committee and shareholders for further consideration and approval.

In preparing this report, the Independent Financial Advisor has studied information relevant to the Transaction as publicly disclosed in the Company’s information memorandum, public information and other information provided by the Company, including the Annual Registration Statement (56-1), financial projection and key assumptions used in assessing the project’s feasibility as well as other document related to the project. The Independent Financial Advisor has relied upon the information gathered from the interview with the Company’s management and other relevant persons and the consolidated financial statements reviewed and audited by the SEC’s approved listed auditor.

The report is prepared exclusively for the shareholders regarding the Transaction, based on information and assumptions provided by the Company and/or its management and other external sources which are assumed to be accurate and reliable. The Independent Financial Advisor has used information available and considered the economic environment at the time of the study. If there is any significant change in this information, the opinion of Independent Financial Advisor could be altered.

Nevertheless, the final decision whether to approve the Transaction rests primarily with the individual shareholders. The shareholders should study information contained in the Independent Financial Advisor report along with other related information provided and use his/her own discretionary judgment in making the final decision.

The Independent Financial Advisor opinion is summarized as follows:

## Executive Summary

The Extraordinary General Shareholders' Meeting of Matching Maximize Solution Public Company Limited (“**the Company**” or “**MATCH**”) No. 1/2014 approved Matching Broadcast Company Limited (“**Subsidiary**” or “**MB**”) to purchase a plot of land from Bangkok Commercial Asset Management Company Limited (“**BAM**”) with a total purchase price of Baht 473 million to develop the Universal Movie Town (“**New Home Project**”) with a construction cost of Baht 296 million, resulting in a total project value of Baht 769 million. However, the management has reconsidered the appropriateness of the project layout and rearranged such layout in order to maximize the benefits from the land, by moving the project from the front to the rear part of the land, which distanced from the main road around 1-2 kilometers, to allow effective noise control and allow rear-land environment to be adapted as shooting location. The management also decided to improve the construction materials to achieve an international Noise criterion 25 (“**NC 25**”) standard to attract both foreign and local production houses who desire for premium standard studio. Such revision of the project plan causes the construction cost to increase to Baht 714 million, and the total project cost to increase to Baht 1,187 million, or increased by 54.33 percent from previous project cost.

Since the new project cost has increased materially, the Board of Directors resolved to propose to the Extraordinary General Shareholders' Meeting to approve the new investment plan. The Transaction size is 80.72 percent, calculated by comparing the total project cost of Baht 1,187 million with the Company's total consolidated assets as of 30 June 2015. The Transaction is considered as the Acquisition Transaction Type 1 pursuant to the Acquisition and Disposition Notification. Therefore, the Company is required to seek prior approval from the Shareholders' Meeting with affirmative votes of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and are entitled to vote, excluding the shareholders with vested interest.

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

In assessing the appropriateness and benefits of the revised project plan, the Independent Financial Advisor considers the objective and necessity of the Transaction including the advantage and disadvantage as well as risks of entering into the Transaction which can be summarized as follows:

#### ***Benefits and Advantages of Entering into the Transaction***

- 1) To invest in the project that aligns with the Company's business plan to be a leading service provider of premium standard studio with innovative rental equipment.
- 2) The revision of project layout allows the Company to develop rear part of the land as shooting location and the front part as commercial area to enhance overall project value.
- 3) To enhance an opportunity to generate additional income and appropriate return to the Company and its shareholders in long-term.
- 4) To create business synergy with existing equipment rental business and increase operating performance

***Risks and Disadvantages of Entering into the Transaction***

- 1) Risk of construction delay and cost overruns
- 2) Risk of insufficient fund and liquidity shrinkage
- 3) Risk of obtaining project modification permit
- 4) Risk of overestimating client demand

The aforementioned risks may cause the Transaction to fail to provide appropriate return to the Company. However, with its risk management plan and business experience of the management team, the Company is confident that such risks can be mitigated to an acceptable level. In addition, once the project is completed, the Company will be the first service provider of both innovative rental equipment and NC 25 standard studio, which aligns with the policy of the government to encourage filming activities of foreign filmmakers in the country. The project also supports the Company readiness for future demand of quality studio after the launch of digital TV. Moreover, the Company has studied the project feasibility prior to the development of the project to ensure that the project will be able to provide appropriate return to the Company.

By considering all such information, the Independent Financial Advisor is of the opinion that, although the new project plan exposes the Company to the risks mentioned above, the Company has plan and policy to manage such risks to ensure that the project will be successful as planned. Therefore, the revision of project plan is considered reasonable and expected to strengthen the Company's position and bring sustainable growth to the Company in long-term.

**The Opinion of Independent Financial Advisor Regarding the Fairness of the Transaction's Price**

For the total project cost of Baht 1,187 million, which comprises of land cost of Baht 473 million and total construction cost of Baht 714 million, the project's internal rate of return (IRR) is 9.64 percent per year which is greater than Weighted Average Cost of Capital (WACC) of the project at 8.31 percent per year and the Net Present Value of the project is Baht 118 million with the payback period of 16 years. Therefore, the Independent Financial Advisor is of the opinion that the consideration paid for the new project plan is fair and reasonable.

**The Opinion of Independent Financial Advisor Regarding the Fairness of the Transaction's Conditions**

Based on the conditions specified in the Letter of Intent with the construction contractor and the drafted construction contract, the Independent Financial Advisor is of the opinion that key terms and conditions which the Company will enter into in October 2015 will not make any contractual parties unfairly gain or lose benefits.

Furthermore, the agreed conditions between the Subsidiary and Kree Thai that requires the Subsidiary to make a payment of Baht 10 million to mobilize construction machinery and equipment within 15 days after signing the contract was made on the condition that if the Extraordinary General Shareholders' Meeting does not approve the Transaction, Kree Thai will refund all payment within 2 days, while the subsequent payment for the construction shall be made based on the percentage of completion, which is considered a standard practice

for construction contract. Therefore, the Independent Financial Advisor is of the opinion that the Transaction's condition is fair and reasonable.

### **Conclusion of the Opinion of Independent Financial Advisor**

Based on the above assessment, the Independent Financial Advisor is of the opinion that the shareholders should **approve** the revised investment plan of the New Home Project because;

1. The New Home Project aligns with the Company's business plan to become the first service provider of NC 25 standard studio which will create its competitive edge in studio rental business and sound long-term return to the shareholders.

Although a significant increase in project cost underlies an increase in overall investment risk; the benefits that the Company would reap from entering into the Transaction outweigh its disadvantages and risks.

2. The project's Internal Rate of Return (IRR) calculated by considering the new investment cost of Baht 1,187 million, which include land cost, construction cost and other expenses related to construction, is 9.64 percent per year, higher than the project's Weighted Average Cost of Capital (WACC) of 8.31 percent per year, which is considered an appropriate return.
3. Terms and Conditions specified in the draft of construction contract are on normal contractual terms. Hence, the transaction will not make any particular parties unfairly gain or lose benefits from entering into the Transaction.

**Nevertheless, the final decision whether to approve the Transaction rests primarily with the individual shareholders. The shareholders should study information contained in the Independent Financial Advisor report along with other related information provided and use his/her own discretionary judgment in making the final decision.**



## 1. Characteristics and Detail of the Transaction

### 1.1 Objective and Background of the Transaction

The Extraordinary General Shareholders' Meeting No. 1/2014 dated 14 October 2014 passed a resolution for Matching Maximize Solution Public Company Limited ("**Company**" or "**MATCH**") or Matching Broadcast Company Limited, a 99.99% owned subsidiary of the Company ("**Subsidiary**" or "**MB**") to purchase a plot of land from Bangkok Commercial Asset Management Company Limited ("**BAM**") for Baht 473 million and approved the construction cost for the Universal Movie Town ("**New Home Project**") of Baht 296 million, resulting in a total project value of Baht 769 million.

The management has reconsidered the appropriateness of the project layout and rearranged such layout in order to maximize the benefits from the land and decided to improve studio's construction materials to acoustic soundproofing qualities, by having; such as, double-wall structure with sound insulation material to reduce unwanted noise, rooftop panels with sound barriers to absorb outdoor noise from rain and wind, air compressor with soundless ventilation system to lower noise level, as well as adding building materials to accommodate higher weights, etc., in order to achieve Sound Stage Noise Criterion 25 ("**NC 25**") as being well-recognized by international filmmakers. Such improvement causes the construction cost to increase to Baht 714 million, resulting in the new project cost of Baht 1,187 million, which is increased by 54.33 percent from previous project cost. By comparing the revised project cost of Baht 1,187 million to the Company's total consolidated assets as of 30 June 2015, which is the latest financial statements reviewed by the SEC's approved listed auditor, the Transaction size, calculated based on total value of consideration basis, is 80.72 percent. The Transaction is considered as Asset Acquisition type 1 pursuant to the Acquisition and Disposition Notification.

By entering into the said transaction, the Company is required to prepare and disclose information memorandum regarding the Transaction to the Stock Exchange of Thailand ("**SET**") and appoint the Independent Financial Advisor to provide an opinion regarding the reasonableness of the Transaction, the appropriateness and the fairness of the Transaction's price and conditions to the Company's Audit Committee and the shareholders. The Company is also required to seek prior approval from the Extraordinary General Shareholders' Meeting with affirmative votes of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and are entitled to vote, excluding the shareholders with vested interest. The Board of Director's Meeting No. 9/2015 dated 20 August 2015, therefore, resolved to propose the revised project plan to the Extraordinary General Shareholder's Meeting No.1/2015 for further consideration and approval.

### 1.2 Date of the Transaction

The Subsidiary has already acquired land from BAM in accordance with the resolution of the Extraordinary General Shareholders' Meeting No. 1/2014 dated 14 October 2014. For the construction phase, the Subsidiary had arranged an open bidding for construction contractor and there were five contractors participating in this bidding. The Company's management has considered the qualification,

working experience together with its competitive proposed price and finally rewarded Kree Thai Company Limited (“**Kree Thai**” or “**Contractor**”) as a contractor for studio, screen set-up area and vehicle maintenance building. For office and warehouse of Gear Head, the Company will select the contractor later.

On August 24, 2015, Kree Thai has accepted the Company’s letter of intent for the construction of the project, which specified an agreed sum of construction value, construction period, as well as termination clause in the event that the Extraordinary General Shareholders’ Meeting does not approve the Transaction.

The Subsidiary plans to sign the construction contract within October 2015 with a total contract value of Baht 537 million. The Subsidiary will be required to make disbursement of Baht 10 million to the contractor to mobilize construction machinery and equipment within 15 days after signing the contract, and required to make advance payment of Baht 20 million within 15 days after signing the contract and receiving written notice from the contractor for ordering up necessary materials and equipment for the construction. The Subsidiary will make disbursement for the remaining contract amount to the contractor based on percentage of completion.

The revision of project layout and the improvement of construction materials to meet NC-25 standard causes a delay on the project, as time was consumed in the designing process, which results in a shift of construction period from January 2015 to November 2015. The project is expected to partially start its operation in late 2016.

In the event that the shareholders’ meeting does not approve the Transaction, the Company will revert to the former project plan which was approved by the Extraordinary General Shareholders’ Meeting No. 1/2014. If such is the case, the project may not be able to effectively accommodate foreign production houses which are the target group of customers and may cause the Company to lose an investment and business opportunities.

### 1.3 Parties Involved and Relationship with the Company

- Hirer : Matching Broadcast Company Limited
- Contractor : Kree Thai Construction Company Limited
- Relationship : The Company and the Subsidiary has no relationship with the contractor.

The Company selected Kree Thai Construction as a contractor for studios, screen set-up area, warehouse, and vehicle maintenance building. The Company is in the process of selecting contractor for Gear Head’s office and warehouse; and expects to have no relationship with the selected contractor. However, if the selected contractor is a related party, the Company will disclose information relating to the connected transaction according to relevant rules and regulations.

#### 1.4 Details of Revision

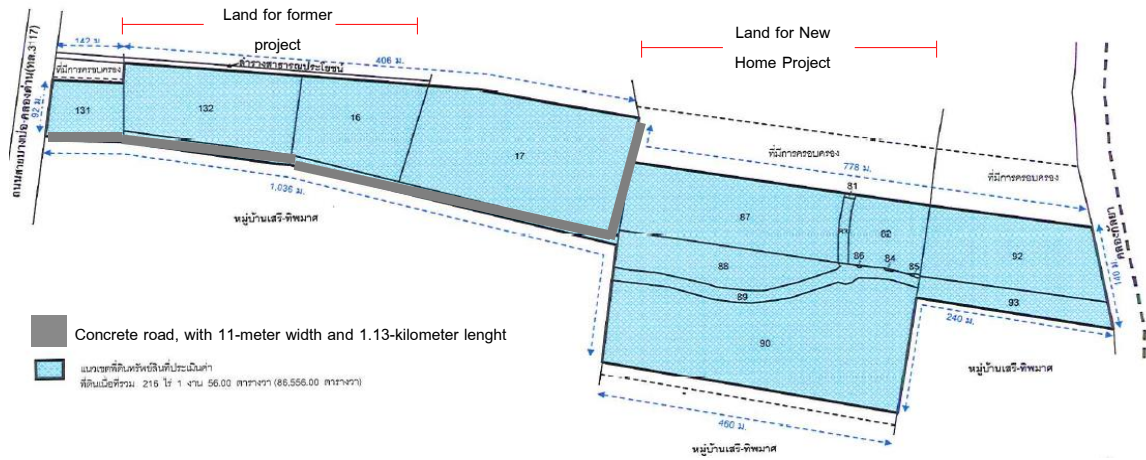
The project is still located in the same location, on the land plot acquired from BAM by the Subsidiary in accordance with the resolution of the Extraordinary General Shareholders' Meeting No. 1/2014. However, in order to achieve the highest benefit from the land, the management has reconsidered changing the project layout, by moving the project from the front part, which is connected to Bang Bo – Khlong Dan Road, to the rear part of the land, which distanced from main road around 1-2 kilometers, to effectively manage noise control during the production and to allow natural and waterway environment in rear land to be adapted as shooting location. The project can be accessed by a private road, with 11-meter width and 1.13-kilometer length, bridging the main road and the project. However, land in the rear part is significantly lower than the road level, hence, moving the project to this area will incur additional cost for land development of around Baht 31 million. Additionally, there is a potential for the Subsidiary to develop the front part of the land, with 92-meter width adjacent to Bang Bo – Khlong Dan Road, into a commercial area for the maximum benefit of the shareholders.

With the unique point of having innovative rental equipment and expertise coupled with an expected growth in Thai film industry from the arrival of AEC and a support plan from the government on tax incentives, the management foresees future business opportunity, thus, considered improving construction materials of shooting studio to lift up its quality to NC 25 standard to attract both foreign and local production houses by using; such as, double-wall structure with sound insulation between metal sheet to reduce unwanted noise, damping rooftop metal sheet panels with sound barriers to absorb outdoor noise from rain and wind, and changing overall building materials to accommodate higher weight caused by acoustic damping materials, which results in a significant increase in project construction cost. In addition, the Board of Directors resolved to cancel the construction of underwater studio but to remain five indoor studios, screen set-up area, and office and equipment warehouse of Gear Head. The construction will take approximately one year to complete and the project is expected to partially start its operation in late 2016.

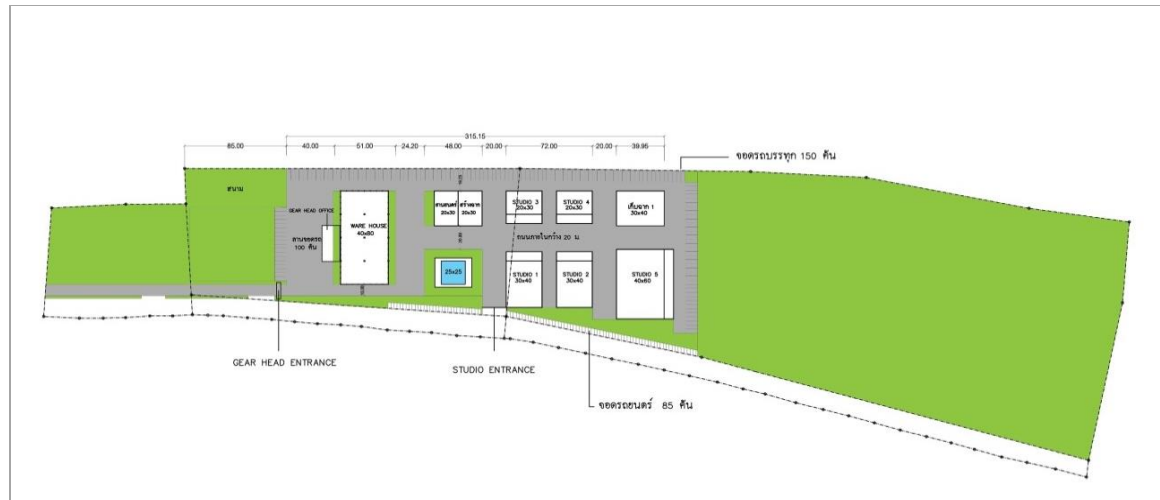
Detail of Land Acquired by the resolution of The Extraordinary General Shareholder's Meeting No. 1/2014

Land Area	216 rai 1 ngan 56 square wah (86,556 square wah)
Location	Bang Bo – Khlong Dan Road (TorLor. 3117)/ Bang Na Trad (TorLor 34) Bang Phriang, Bang Bo, Samut Prakan Province
Land Shape	Polygon
Adjacent area	North : Public ditch South : Thippamart Seri Bangna Village East : Kanlaya Canel West : Bang- Bo-Khlong Dan Road, (Tor Lor. 3117)
Width	92 Metres

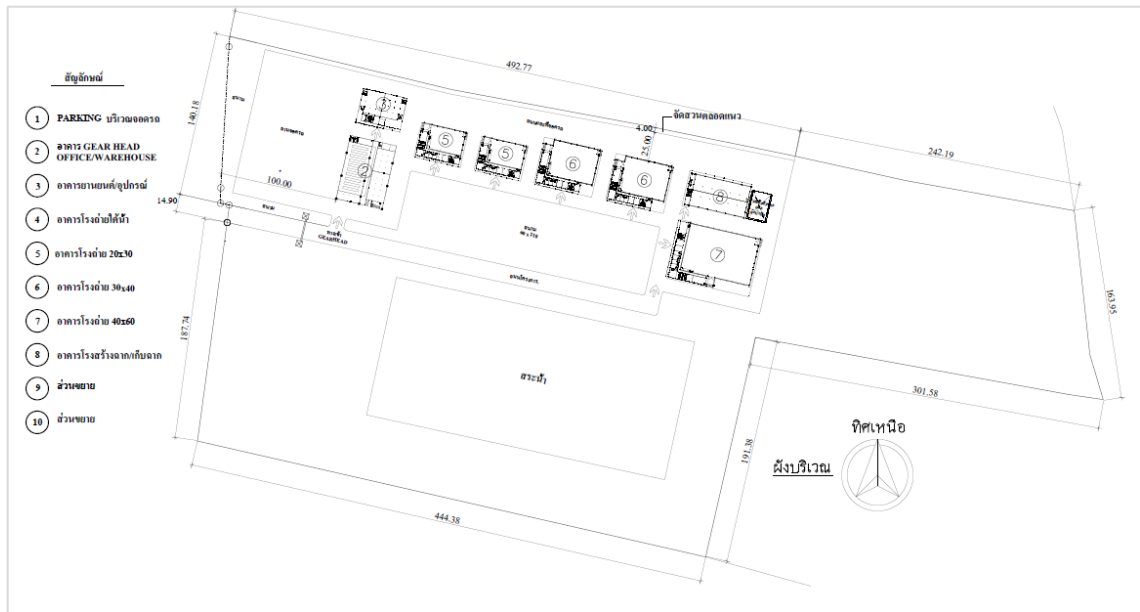
Illustrative Land Plot



Illustrative former project layout



Illustrative new project layout



**1.5 Key Terms and Conditions of the Transaction**

The Independent Financial Advisor reviewed the letter of intent dated 24 August 2015 as accepted by Kree Thai, which determined the construction value of Baht 537 million for the construction of studios, screen set-up area, building storage, and vehicle maintenance building, with the construction period of 12 months to be started after the Shareholders’ Meeting’s approval.

The Subsidiary plans to enter into the construction contract by the end of October 2015. The contract requires the Subsidiary to make a payment of Baht 10 million to the contractor to mobilize construction machinery and equipment within 15 days after signing the contract, and in the event that the Extraordinary General Shareholders’ Meeting does not approve the Transaction, Kree Thai will refund all payment within 2 days.

**1.6 Consideration and Basis Used in Determining Value of Consideration**

The total revised project cost is Baht 1,187 million, which consists of the amount paid for land cost of Baht 473 million as approved by the resolution of the Extraordinary General Shareholders’ Meeting No. 1/2014, and the construction cost of Baht 714 million, which is increased by Baht 418 million or 54.33 percent from previous project cost.

According to the letter of intent with Kree Thai, the construction cost for five indoor studios, screen set-up area, and vehicle maintenance building is Baht 537 million, or 75.32% of total construction cost. The Subsidiary will make disbursement based on percentage of completion. The remaining construction cost of Baht 177 million consists of land development cost, and the construction cost for office and warehouse of Gear Head, consultant fee, and contingencies. However, The Company is in the process of designing Gear Head’s office and warehouse within the specified budget.

### **1.7 Transaction Size**

The Board of Directors has passed a resolution to rearrange the project layout as well as improve the construction materials which causes the project cost to increase to Baht 1,187 million or 54.33% increase from previous project cost as approved by the Shareholders' Meeting.

Based on total value of consideration, the Transaction size after such revision is 80.72% of the Company's total consolidated assets as of 30 June 2015. The Transaction is considered as Asset Acquisition Type 1 pursuant to the Acquisition and Disposition Notification, which requires the Company to seek prior approval from the Shareholders' Meeting and appoint the Independent Financial Advisor to provide an opinion to the shareholders. Therefore, the Board of Director's resolved to propose the Transaction to the Shareholders' Meeting for consideration and approval.

### **1.8 Benefits of the Transaction**

The Company planed to develop the New Home project, which consists of studio and equipment warehouse to support both indoor and outdoor shooting activities. Such investment supports the Company's plan in expanding its business to capture the change in TV production business from the arrival of digital TV, as well as take advantage of the government's incentive plan to promote Thailand film industry. The project also support its business objective to become a market leader in providing international standard studio and equipment rental services and a one-stop service center in filming in the next 3 years.

### **1.9 Source of Funds**

The construction cost will be settled by the remaining funds raised from the 2013 public offering, cash from operation, and loan from financial institution, which are expected to be sufficient for the project development.

## 2. Company Profile

### 2.1 Company Background

Matching Maximize Solution Public Company Limited (formally known as Matching Studio Public Company Limited) (“**The Company**” or “**MATCH**”) was founded in 1992, with an initial registered capital of Baht 1 million by Mr. Somchai Cheewasutthanon and Mr. Thanisaphong Sasinmanop to operate TV commercials production business. The Company subsequently expanded its business to include TV program production, equipment rental services and event organizing, and printing business.

In 2003, the Company was listed in the Market for the Alternative Investment (MAI), with a registered capital of Baht 120 million. In the following year, the Company issued and offered capital increase shares to BBTV Production Company Limited (“**BBTV Production**”) in order to support the Company’s expansion of TV program business, enhance business operation within the group and increase the market share. The Company also moved from trading in MAI to the Stock Exchange of Thailand (SET) under the media and printing sector.

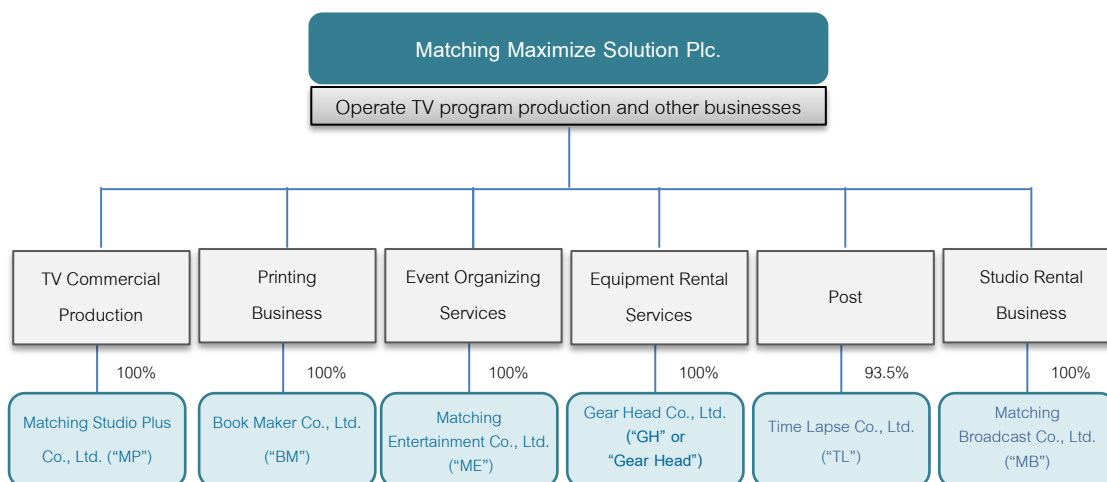
In 2009 - 2010, the Company changed major shareholders. Three major shareholders decided to sell common shares and the warrant to purchase ordinary share No.2 (“**MATCH-W2**”) to BBTV Production. As a result, BBTV Production became the major shareholder, with the stockholding increasing to 68.48% from 27.73% previously.

In 2013, the Company increased the registered capital to Baht 535 million by issuing capital increase shares of 271 million shares, with a par value of Baht 1 per share which separated into capital increase of 210 million shares for public offering to fund the universal movie town project and capital increase shares of 7.54 million shares to support the exercise of MATCH-W2.

In 2014, the MATCH-W2 was fully exercised and increased the Company paid-up capital to 531.63 million shares.

## 2.2 Business Overview

As of 30 June 2015, there were 6 subsidiaries (Collectively referred to “MATCH Group”) with the structure classified by business type as follows;



At present, the Company and its subsidiaries operate 6 main businesses, i.e., the TV production business, the TV commercial production business, the printing business, the event organizing business, the equipment rental business, and the post-production business

### 2.2.1 The TV production business

MATCH Group’s TV program production business is done by subleasing broadcast time slot from the TV stations for its own TV programs. MATCH Group gains revenue from selling of commercial timeslot, promoting products/services during the program, and production fee.

As of 30 June 2015, MATCH Group presented 2 program styles for the total of 3 programs broadcast on Channel 7 with the following details.

#### 1) Game shows

Game shows allow participants to play games and get the prizes. The Company’s game shows focus both on useful information and entertainment. Knowledge and interesting ideas are also presented in the programs, reflected by program participating guests special abilities or program hosts’ interviews.

As of 30 June 2015, MATCH Group presented 1 game show:

- “*Plod Nee*” is a game show focusing both knowledge and entertainment for society. Regarding the program style, guests are invited to demonstrate their special abilities. If they successfully achieve the program’s rules, they will receive proceeds to settle their debts. The program focuses on offering assistance to those in financial trouble. Through guests’ special abilities, the program presents useful information, knowledge, as well as interesting ideas.



2) General programs/Varieties

The general programs/varieties provide opportunities for guests to present stories reflecting various aspects of the Thai society. The programs focus on both educational and entertaining purposes.

As of 30 June 2015 the Company had 2 general programs/varieties:

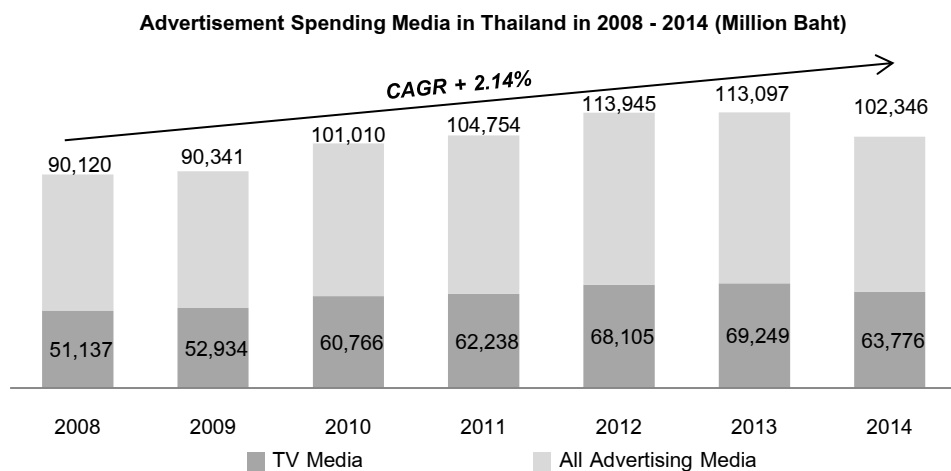
- *“Kob Dek Sarng Ban”* The program is designed to search for good children, who are in need for helps or have too tough responsibilities for their ages, and help them achieving their goals. The program either builds them a home or offers scholarship, encouraging them to pursue their dreams. Viewers of the program enjoy both entertaining and educating contents.
- *“Im-Mee Pee-Mun”* is a variety program allowing participants to get creative in cooking competition.

**Industry and Competition**

1) **Industry**

- Advertising Industry

As a result of the economic slowdown and the weak purchasing power of consumers that had not yet recovered, the Thai advertising industry deteriorated in 2014, as seen by the advertising spending through media channels dropped from Baht 113,097 million in 2013 to Baht 102,346 million in 2014. Meanwhile, operators tended to try their best to make their limited advertising budget as worthwhile as possible. Kasikorn Research Center viewed that the pressure from the economic uncertainty forced operators to adjust their advertising strategy, i.e., changing from long-term planning for the whole year to short-term planning, so that they could adjust their advertising budget to match the changing economic conditions as well as the changing market conditions such particular products or services.



*Source: Nielsen Media Research converted years on graph*

More choices of advertising channels allowed operators to allocate their advertising budget to various channels. The operators tend to focus more on new media channels, especially the Internet, which has had greater influence on consumers' decision making to buy particular goods and services. Using the Internet media, the operators expect viewers of commercials to decide to buy products and services immediately and easily and conveniently make payment to the mobile payment system on mobile devices, e.g. smart phones, tablets, and etc. People's lifestyle also tend to change from the past. For example, people increasingly go to the cinema and more people spend much more time on the road, stranded in bad traffic. Meanwhile, more people change to commute by skytrain and the subway system. All of these changes in people's lifestyle are factors that operators have to take into account before allocating their advertising budget into the channels, e.g., on-screen media, transit media and etc., as these media channels tend to naturally merge with people's lifestyle.

The advertising figures in 2014 suggest that the market value of the advertising industry amounted to Baht 102,346 million, down by Baht 10,751 million or 9.51% versus Baht 113,097 million in 2013.

- Television (TV)

The TV media is the most influential media, compared to other types of media, with the market share of over 60% of the total advertising spending in the entire industry. The advertising spending via TV channels totaled over Baht 113.10 million in 2013 and Baht 102.35 million in 2014. For 2015, both domestic and international advertising agencies believe that the TV media will grow further on the based on the introduction of digital TV. Meanwhile, the advertising spending through other media channels may decline as more budgets will be allocated to TV channels.

## 2) Competition

The pressure from the economic uncertainty forced operators to adjust their advertising strategy, trying to make their limited advertising budget as worthwhile as possible. This resulted in changes in strategies of agencies and media space providers who tended to focus more on the mix-use of advertising media to reach wider commercials viewers. This strategy aimed to spend the advertising budget more effectively and making it worthwhile.

The trend of advertising budgets re-allocation in 2015 reflects the change in competitive environment, i.e., the increased competition among media channels and operators within the same channel for advertising spending. As a result, the TV broadcast operators are considering the TV programs more carefully.

The rating direction of TV programs broadcast on free digital TV channels can be concluded by 2015. The rating should act as a major factor reflecting the direction for advertising rates and impacting decision making of general operators about their allocations of advertising budgets through free digital TV channels.

Kasikorn Research Center projected that in 2015, the advertising spending through analog TV and digital TV channels, cable and satellite TV, radio stations, newspapers, magazines, on-screen media, billboards, transit media, in-store media, and internet media would grow in a range of 11-14% from the growth reported for 2014.

### 2.2.2 TV Commercial Production

The production house business covers three major areas as follows;

- 1) The Company produces TV commercials to promote goods or services or to convey messages from clients to their targeted customers. The commercials last 15, 30, 45, 60 minutes or longer. Different commercials are presented in different styles, depending on creativity of advertising agencies and production houses' ability to convey the intended messages to viewers.

The change in industry trend in 2012 promoted the MATCH Group to change its operation from being a big production house with a high number of directors, employees, and high production cost to being an integrated agent, providing all kinds of services including recruiting crew, equipment, locations, pre-production and post-production. With its reputation and good track record as well as good relations with former personnel, being an agent enables the Company to work more flexibly, reduce production cost and also increase sources of revenue.

- 2) The MATCH Group also offers revision works for its past TV commercials to match the changes and new demand from clients. The Company also sells its past commercials to clients who want to keep or publicize more of their commercials. This service is rather limited as it depends mainly on clients' demand.
- 3) The Company also provides services for foreign crew who come to produce commercials or film movies in Thailand. The services cover feasibility study, advisory about shooting locations in Thailand and neighboring countries, projection and control of cost, recruitment of crew members as well as post production services.

### Market and Competition

#### 1) Industry

##### Production House

At present, there are many players in the TV commercial production industry due to the trend that more producers and directors have resigned from full-time positions at big production houses to run their own small production houses. Some work only on a freelance basis. As a result, the number of producers and directors in big production houses has become smaller while small production houses see increasing number of producers and directors. Consequently, the market experiences intense competition but production houses gain more flexibility.

## 2) Competition

The trend that more and more producers and directors at big production houses have switched to run their own small production houses is increasing the industry competition. However, the MATCH Group focuses particularly on upper market, in which clients mainly take into account the financial position, reputation, performance and good relationship with clients. Although the MATCH Group has adjusted its operation strategies, it still sees competitive advantage over its peers thanks to its good relation and connections with producers and directors as well as film production crew. Many freelancers in the market used to work from the Company. Moreover, the Company has good reputation in terms of quality TV commercial production widely accepted by both domestic and international clients.

### 2.2.3 Equipment Rental Services

MATCH Group by GH offers equipment rental services for filming movies, serving all groups of clients, including those in the upper market, who want high quality and high definition shooting devices. These clients groups include movie producers, documentary producers, and music video producers. The services for the upper market are provided by “Gear Head”. In addition, the Company also serves demand from the lower market including drama producers and TV program producers under “Handy Gear”.

Major rental equipment items

Rental equipment items	Examples
Digital cameras	Cameras and lens, Arriflex, Weisscam HS, Red, Canon, Angenieux, Cooke, Carl Zeiss, Hawk and Drone
Lighting equipment	Tungsten, Daylight, LED, Super Silent Generators
Sound equipment	Sound recorders, mixing consoles, microphones
Grips	Cranes, dollies, remote heads
Rig Equipment	Special equipment designed for producing movies based on clients’ demand
Vehicles	Vans, Beverage vehicles, mobile toilets and motor homes

The rental equipment also comes with highly-skilled technicians. Equipment is delivered directly to shooting or filming sites.

### Market and Competition

#### 1) Industry

- Film Industry

Year 2014 was another exciting year for the film industry, both for Thai and foreign films. Major cinemas expand their networks to many parts of the country nationwide. The total film market value reached Baht 4,200 million, 74% for foreign films and 25% for Thai films. The value for Thai movies stood at Baht 1,000 million. Meanwhile other foreign films, i.e., from Japan, Korea, and China, accounted for 1% of the total market value in 2014.

- TV program production industry

The introduction of TV digital in Thailand increases TV channels provides more choices for customers. TV digital brings business opportunities for TV program operators as well as relevant businesses, such as equipment rental business, studio rental business, post production business, and etc.

- Commercials and movies shot in Thailand

Number of and revenue from foreign projects filmed in Thailand classified by type

Type	Unit	2008	2009	2010	2011	2013	2013	2014	July 2015
Advertising	Story	184	166	255	296	314	346	294	199
Documentary	Story	197	181	178	155	122	150	159	100
TV Series	Story	48	52	46	86	106	107	93	50
Feature Film	Story	28	37	49	35	53	67	41	32
Music Video	Story	69	60	50	34	41	47	44	36
<b>Total</b>	<b>Story</b>	<b>526</b>	<b>496</b>	<b>578</b>	<b>606</b>	<b>636</b>	<b>717</b>	<b>631</b>	<b>417</b>
<b>Revenue</b>	<b>Million Baht</b>	<b>2,023</b>	<b>898</b>	<b>1,869</b>	<b>1,226</b>	<b>1,782</b>	<b>2,173</b>	<b>1,934</b>	<b>1,859</b>
<i>Change</i>	<i>%</i>	<i>88.63</i>	<i>-55.62</i>	<i>108.19</i>	<i>-34.38</i>	<i>45.29</i>	<i>21.97</i>	<i>-11.00</i>	<i>-3.89</i>

*Source: Thailand's Film Office, Tourism Development Office, Ministry of Tourism and Sports; August 2015*

Number of foreign movies filmed in Thailand classified by countries

Countries	2008	2009	2010	2011	2012	2013	2014	July 2015
Japan	134	108	123	113	149	140	133	67
India	123	108	128	107	125	150	107	77
Europe	106	96	91	119	105	112	122	92
Hong Kong	23	20	24	24	37	38	28	20
Korea	26	27	41	47	33	29	22	21
United State	25	25	22	35	27	34	26	24
China	8	16	22	33	24	29	37	25
Australia	10	8	8	15	6	22	18	7
Taiwan	3	10	16	9	1	7	2	3
Others	68	78	103	104	129	156	136	81
<b>Total</b>	<b>526</b>	<b>496</b>	<b>578</b>	<b>606</b>	<b>636</b>	<b>717</b>	<b>631</b>	<b>417</b>
<i>Change (%)</i>	<i>0.57</i>	<i>-5.7</i>	<i>16.53</i>	<i>4.84</i>	<i>4.95</i>	<i>12.74</i>	<i>-11.99</i>	<i>-33.91</i>

*Source: Thailand's Film Office, Tourism Development Office, Ministry of Tourism and Sports; August 2015*

According to the Film Office, foreign movies shot in Thailand during the first 7 months of 2015 were valued at Baht 1,859 million for a total of 417 projects. Most of the projects were commercials, documentaries and series. By country, European, Japanese, Indian crew came to film in Thailand with the biggest number of total products, accounting for over 50 percent of the total foreign projects shot in Thailand.

## 2) Competition

- *Pricing:* Due to the imbalance between the numbers of TV commercials and the numbers of equipment rental service providers, the pricing competition is very intense, resulting in a large number of discounts offered to clients to accommodate their budgets.
- *Equipment:* New equipment is introduced every year, especially for the case of digital equipment and clients tend to choose companies that offer these new equipment. Hence, each operator has to continue investing in new equipment to accommodate to the demand.
- *Customer relation:* The Company serves regular big clients who produce big films. The Company's service is widely accepted among foreign clients. This big client base could help pave the way for the Company to attract more potential clients.

### 2.2.4 Event Organization Business

MATCH Group helps clients organize marketing campaigns, plan public relation activities, promote organization images for both state and private sectors. In addition, the Company also provides integrated event organization services both domestically and internationally. The services cover all areas, e.g., event designing, project planning, suggesting creative event styles, in order to ensure that the clients' intended messages are conveyed to their targeted groups. Moreover, the Company also provides services in terms of production, equipment provision, light and sound systems, stages, various techniques and etc., ensuring complete works ready for presentations.

#### Market and Competition

##### 1) Industry

In the past, events were highly popular among operators as they could meet their demand and the outcome of the events could be evaluated more clearly than other advertising channels. In addition, Thai event organizers possessed very high capabilities, especially in terms of creativity, technology and management skills.

Event organizing business has a strong coordination with the country's economic growth. Hence, the economic slowdown, coupled with the political pressure, in 2014 prompted many operators to either postpone or cancel their events. Furthermore, foreign operators did not risk coming to market in Thailand. Fortunately, the industry began to pick up in the second half of 2014. Operators tried to spend the remaining budget allocated for the first half in order to market goods and services as well as boosting sales. Some also spent the marketing budget on promoting new products. Many operators began to penetrate more country markets, which can be seen from more roadshows organized during the year. Operators used various marketing strategies and opted for other media channels because they became less confident in digital TV channels. Hence, many operators chose marketing events to directly reach consumers.

Given better performance in the second half of 2014, the favorable market condition has continued into 2015. Operators have continued to do the marketing, especially entertainment businesses, e.g.,

concerts. More events have been organized overseas due to the establishment of the AEC in 2015. The industry is expected to continue improving, with the event organizing market value expected to grow by 5-10% to Baht 12,000 million. The growth is expected to continue throughout the year on the back of more stable politics and more stimuli from the government.

## **2) Competition**

The competition in the event organizing industry has become fiercer as it has been widely agreed that events can really reach consumers. Hence, operators prefer to organize marketing events, both for particular groups and general public events for marketing purposes.

### **2.2.5 Printing Business**

MATCH Group produces magazines and earns revenue from sales of magazines and pocket books as well as from sale of advertising space to advertising agencies and product/service owners.

As of 30 June 2015 the MATCH Group owned 2 of printing products, which are Cheeze, and Looker magazines.

#### **Market and Competition**

##### **1) Industry**

In addition to the overall impact from economic and political factors, the factor about changing lifestyle of consumers should also be taken into account. Other relevant factors include the changes in advance technology and innovations and the changes media channels chosen by consumers.

The printing business has not expanded and it is likely that the business may deteriorate because more consumers tend to choose online media with easier access and faster news and information available. More importantly, online media is free. In light of this, operators in the printing business have to adjust their strategies to survive by outing their content in online media.

##### **2) Competition**

The market of paid monthly magazines has not expanded but it is rather likely to continue dropping as readers tend to read from online media more because the online media is easier and present news and information faster and more importantly it is free. Meanwhile, more free copies have been available. Free copies can serve more varieties of styles and reach particular targets, similar to paid monthly magazines. Hence, the competition has become more intense and more advertising revenue is shared to free copies.

The Company's printing business has held up fairly well. Its sales from printing media and online media still expanded well. In addition, the Company continued to gain support from sponsors, i.e., agencies, and product brand owners. The support from SME operators engaged in clothing business also continued but with smaller degree given intense competition in the SME segment that forced smaller operators to either cease their operation or reduce advertising.

## 2.3 Business Risk

### 2.3.1 Risk for core business

MATCH Group's core businesses are TV program production, TV commercial production, equipment rental services, event organizing, and printing business, the risks factors vary in accordance with types of business. The details of risks for each business are discussed below.

### 2.3.2 TV Program Production

#### *Risk of discontinuation of the subleasing of airtime from TV stations or changes to contracts*

MATCH Group normally subleases airtime from to broadcast TV programs by making 3-6 months contracts. The Company may face some risks when the subleasing contract expires, the TV station may decide to discontinue the contract. Being well aware of such risks, the Company tries to increase the audience share (i.e., rating) as well as attract more sponsors as the rating level and the number of program sponsors is key factors for the TV stations to decide whether or not to extend the subleasing contracts. Moreover, the Company monitors audience rating continuously to continue to develop its program contents to attract broader groups of consumers.

#### *Risks from lower popularity and changes in consumer' trends*

The trends among consumers are major factors determining TV programs' popularity. To consider buying advertising time slots in TV programs, advertising agencies or products owners have to determine how worthwhile the advertising spending through such TV programs will be. They have to take into account the advertising rate as well as the numbers of viewers and the rating of such programs. If programs become less popular, the operating performance will be adversely affected as a consequence. The Company and the group have continued to improve the contents and presentation styles of its programs to match consumers' interests. In addition, the Company also surveys the popularity of its programs on a regular basis and develops its system to support a wide range of media services.

#### *Risks linked to the possibility that other media channels may replace or reduce market share of TV media*

At present, the expansion of many new media channels are directly reduced market share of TV advertisement business. This may adversely affected revenue and operating performance of the company. Although the Internet is a new media channel, which become popular very rapidly, and the cable TV channels, it is only to complement the existing TV media. Hence, advertising agencies or product/service owners still choose TV channel as a primary channel. Therefore, the advertising spending through TV channels has continued to increase, with the biggest market share when compared with other media channels.



*Risks from dependency on major clients*

At present, the Company produces 3 TV programs. The 3 major programs are broadcasted on Channel 7, operated by Bangkok Broadcasting and TV Co., Ltd (BBTV), which is an indirect major shareholder (the major shareholder of BBTV Productions). As of 4 September 2015, BBTV Productions held more than 40 percent of the total paid-up capital. The Company sees risks linked to the dependency on BBTV. If BBTV decides not to extend the subleasing contracts for airtime slots, then the Company will have to find new TV stations. If this is the case, the Company's revenue and earnings performance will likely be affected. However, the Company believes that the strong relationship with BBTV should enable it to remain one of the TV program producers for BBTV. Meanwhile, to minimize the risk, MATCH Group has also proposed its programs to other TV stations as well as other media channels.

**2.3.3 TV Commercial Production***Risks in regard to the lack of personnel*

As the Company changed its service from a commercial producer to be an agency for TV commercial production projects, the major roles and responsibilities include coordination, providing personnel, providing equipment and seeking locations. The Company has only a few personnel doing coordinating work. The major production functions are conducted from freelancers. Hence, the Company may see some risks if it is unable to recruit freelancers, and thus affecting the Company's revenue and earnings performance.

However, there are many personnel and freelancers in the industry and the Company and the Group have good relationship with many experienced personnel, most of whom used to work with the Company. In addition, the management of the Company and the Group consists of those with high experience, long reputation and who are widely respected by people in the industry. Therefore, the Company is confident that it is able to recruit personnel to work on its TV commercial production projects.

*Risks linked to the competition in the industry*

For the reason that there are many players in the TV commercial production industry and the business does not require a big investment and many experienced personnel tend to launch their own production houses; there is a high risk that the Company may face higher competition. Nonetheless, the Company does not expect to see significant risks linked to the competition because the Company's clients are those in the upper market who seriously take into account the financial position, qualification and quality of the production houses. Thus, the Company is confident that it has potential to compete with other players in the industry.

*Risk linked to the shift of TV commercial production base*

The Company and its subsidiaries provide coordinating services and facilitate production activities for foreign crew who use Thailand as a location. The Company's service covers the feasibility study, in the advisory in regard to locations in Thailand and its neighboring countries, and budget estimate and expenditure control throughout the production process. In addition, the Company also supplies personnel for TV commercial filming and provides after-production services. The risks to this segment are linked to the possibility that such foreign crew may decide to shift their production base or choose other countries instead of Thailand. With long and strong relation with clients, coupled with lower production cost than the levels seen in other countries as well as suitable and various locations, e.g., mountains and sea, and highly experienced personnel widely accepted in Asia, the Company believes that its foreign crew will continue to trust its services.

**2.3.4 Equipment Rental Services**

*Risks linked to the changes in technology and the obsolete equipment*

The Company provides equipment rental services for production of movies, TV commercials and TV series. The technology changes rapidly. New equipment and devices are introduced to the market every year, especially digital equipment. Clients tend to choose companies with new equipment they are familiar with. The Company has continued to invest in new equipment. Meanwhile, it has also continued to maintain good relation with its customers. Not only does the company supply equipment rental services it also provides highly experienced personnel who can use the equipment skillfully. The Company delivers the rental equipment to the shooting sites at the appointment time made with the clients.

*Risks in regard to investment in equipment and unpopular equipment*

To provide equipment rental services, the Company has to highly and continuously invest in new equipment given that technology is changing rapidly. Also, the Company has to make sure that the invested equipment can satisfy the clients. If it turns out that the equipment does not satisfy the clients, the Company will see the risk linked to the clients' dissatisfaction and thus it will be unable to gain some returns from such investment. Thus, when deciding to buy new equipment, the Company has to take into account the clients' need and demand. The Company preliminarily asks for the clients' preference and then analyzes the prospects for profitability of an asset before deciding to invest in such asset. The universal movie town project will help increase the usage of all equipment because clients' can be serviced quickly.

### 2.3.5 Event Business

#### *Risks linked to the changing trends of consumers*

Trends among consumers are major factors impacting the popularity of event organizing. When making a decision to organize an event, an advertising agency or a product/service owner always take into account the current trends. Hence, if the Company is unable to organize events that match the consumers' changing trends, then this would have a negative impact on the Company and the Group's revenue and earnings performance.

However, the Company continues to follow the situation and see the possibility of changing trends. It also surveys consumers' trends on a regular basis. Hence, the Company is confident that it is able to keep up with the consumers' changing trends.

#### *Risks linked to the competition in the industry*

The Group Company may face fierce competition among other operators. Hence, it has tried to minimize such risk by providing integrated services for its clients. In so doing, the Company is also involved in its clients' annual marketing plans. This is the Company's strong point because no new operators can provide such service. Moreover, the Company also has specialists who design and organize interesting and unique events to attract its clients. The specialists can differentiate the event styles as well as well support clients' demand.

### 2.3.6 Printing Business

#### *Risks linked to the changing technology*

The changing technology helps improve and fasten the printing process. However, some new technologies, e.g. the Internet or e-books, have replaced conventional printing media. As a result, the number of printed books or magazines has become smaller as readers tend to allocate some budget to buy e-books. However, the Company also increases its competitiveness as it is always ready to handle the change from the printing-based information era to the digital information era. The Company has continued to develop new products to be presented in new forms of media in order to understand consumers' behaviors, paving ways to reach targeted clients in the future.

#### *Risks of higher paper cost*

Volatile paper cost, which is the main production cost, may jeopardize the Company's earnings performance. To minimize the risks, the Company place orders for paper on an annual basis before determining the selling prices in order to maintain the proportion of costs.

#### *Risks from dependency on a major partner*

Currently, the Company distributes its printing products through an only agent. Hence, it will be risky if the agent decides to discontinue distributing the Company's products. If it is the case, the Company will have to seek new agents, which would have a negative impact on the revenue and earnings performance. However, the Company believes that its firm relation with the agent should prompt the

agent to continue distributing the Company's products. Meanwhile, the Company can also consider other partners, without any problems or limitations. Moreover, the Company is also able to sell its printing products through the Internet, instead of selling from booths

## 2.4 Board of Directors, Major Shareholders and the Management

### 2.4.1 Board of Directors

As of 30 June 2015, the Board of Directors comprises of 9 members as follows:

1. Mr. Somrit	Srithongdee	Chairman
2. Mr. Poomchai	Wacharawong <sup>/1</sup>	Director
3. Mr. Somboon	Cheewasutthanon	Director
4. Mr. Pattanapong	Nuphan <sup>/1</sup>	Director
5. Mr. Sansrit	Yenbamrung <sup>/1</sup>	Director
6. Mr. Nuttawit	Boonyawat <sup>/1</sup>	Director
7. Mr. Akarat	Na Ranong	Independent Director and Chairman of Audit Committee
8. Mr. Nuttawut	Phowborom	Independent Director and Audit Committee
9. Mr. Kamol	Ratanachai	Independent Director and Audit Committee

Remark

<sup>/1</sup> Representatives of BBTV Productions Co.,Ltd. (Channel 7 is a major shareholder)

### 2.4.2 Major Shareholders

The Company's top 10 major shareholders as at 4 September 2015

Names of major shareholders	A number of share held	% of paid – up capital
1. BBTV Production Co., Ltd. <sup>/1</sup>	237,353,229	44.65
2. Klongprakit Group	34,192,600	6.43
2.1. Mr. Winai Klongprakit	16,989,200	3.20
2.2. Miss. Warisara Klongprakit	7,230,600	1.36
2.3. Miss Risara Klongprakit	5,973,600	1.12
2.4. Ms. Wipa Klongprakit	3,260,600	0.61
2.5. Mr. Warat Klongprakit	466,200	0.09
2.6. Miss Rattana Klongprakit	203,400	0.04
2.7. Ms. Pannee Klongprakit	69,000	0.01
3. Mongkolsuppaya Group	13,087,296	2.46
3.1. Mr. Panumas Mongkolsuppaya	13,020,628	2.45
3.2. Mr. Kritchai Mongkolsuppaya	65,468	0.01
3.3. Mr. Pinyo Mongkolsuppaya	1,200	0.00
4. Mr. Chatchawan Piyaphanpong	10,324,137	1.94
5. Sasinmanop Group	9,903,462	1.86
5.1. Mr. Thanitsaphong Sasinmanop	9,197,623	1.73
5.2. Mrs. Siripen Sasinmanop	705,839	0.13
6. Mr. Weera Suppratit	9,790,000	1.84
7. Cheewasutthanon Group	7,865,751	1.48

Names of major shareholders	A number of share held	% of paid – up capital
7.1. Mr. Somchai Cheewasutthanon	7,000,083	1.32
7.2. Mrs. Pantaree Cheewasutthanon	400,030	0.08
7.3. Mr. Soomboon Cheewasutthanon	359,783	0.07
7.4. Miss Supapan Cheewasutthanon	105,855	0.02
8. Karawawattana Group	7,548,000	1.42
8.1. Mr. Chanawat Karawawattana	3,835,800	0.72
8.2. Ms. Areewan Karawawattana	1,814,100	0.34
8.3. Mr. Chaiyapong Karawawattana	1,145,000	0.22
8.4. Mr. Chaithat Karawawattana	753,100	0.14
9. Tantimet Group	7,197,700	1.35
9.1. Mr. Tawat Tantimet	6,847,700	1.29
9.2. Mr. Thanitlec Tantimet	350,000	0.07
10. Chanpichai Group	5,260,240	0.99
10.1. Mr. Wirot Chanpichai	3,343,740	0.63
10.2. Mr. Kanin Chanpichai	1,113,500	0.21
10.3. Miss. Natthanan Chanpichai	803,000	0.15
<b>Total</b>	<b>342,522,415</b>	<b>64.43</b>

Note

<sup>1</sup> BBTV Productions Co., Ltd. is the company under BBTV Channel 7 which consists of the shareholders as follows:

Bangkok Broadcasting & T.V. Co., Ltd.	30
BBTV Asset Management Co., Ltd.	25
BBTV Satelvision Co., Ltd.	25
Stronghold Assets Co., Ltd.	20

### 2.4.3 Management

As of 30 June 2015, the Company's managements comprised of 8 members as follows:

	<u>Name</u>	<u>Position</u>
1.	Mr. Poomchai Wacharapong	Chief Executive Officer
2.	Mr. Somboon Cheewasutthanon	Managing Director
3.	Mr. Thanitsaphong Sasinmanop	Senior Executive Vice President Group of Advertising Production Services and Renting of Equipment
4.	Mr. Wiroj Bunsirirungruang	Senior Executive Vice President Group of Organization Management and Business Support
5.	Mrs. Siripen Sasinmanop	Executive Vice President Group of Advertising Production Services and Renting of Equipment
6.	Mrs. Ladawan Khumsap	Senior Vice President Budgeting and Account Dept.
7.	Mr. Natpatsakorn Jankod	Senior Vice President Office Management Dept. and Human Resources Dept.
8.	Miss Usa Wannamolee	Senior Vice President Finance Dept. IT Dept. Legal Dept. and Account Receivable Dept.

## 2.5 Financial

The Company's consolidated financial position as of 2012- 30 June 2015

Financial Positions	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 Jun 2015	
	million	%	million	%	million	%	million	%
<b>Assets</b>								
Cash and cash equivalents	137.7	23.6	105.3	7.8	316.8	21.2	265.5	18.1
Short – term investments	1.0	0.2	713.2	52.7	100.5	6.7	50.4	3.4
Restricted cash-current portion	-	-	0.2	0.0	1.1	0.1	-	-
Trade and other receivables	141.3	24.3	159.6	11.8	167.5	11.2	170.3	11.6
Inventories	9.2	1.6	9.6	0.7	7.4	0.5	15.9	1.1
VAT receivable	0.8	0.1	0.2	0.0	1.5	0.1	2.6	0.2
Withholding tax deducted at sources	11.8	2.0	3.0	0.2	6.3	0.4	9.0	0.6
Other current assets	1.3	0.2	1.4	0.1	3.2	0.2	0.7	0.1
<b>Total current assets</b>	<b>303.1</b>	<b>52.0</b>	<b>992.5</b>	<b>73.3</b>	<b>604.3</b>	<b>40.4</b>	<b>514.4</b>	<b>35.1</b>
Investment in joint venture, net	-	-	-	-	5.7	0.4	10.9	0.7
Restricted cash – noncurrent portion	2.6	0.5	2.6	0.2	2.6	0.2	3.0	0.2
Investment properties	10.3	1.8	10.3	0.8	10.3	0.7	10.3	0.7
Property and equipment, net	87.9	15.1	92.7	6.9	577.3	38.6	591.4	40.2
Assets for rent, net	173.1	29.7	250.6	18.5	290.8	19.4	335.2	22.8
Intangible assets, net	2.1	0.4	1.3	0.1	0.8	0.0	0.6	0.0
Deferred tax assets	1.4	0.2	0.2	0.0	1.8	0.1	2.1	0.1
Other non-current assets	1.8	0.3	2.7	0.2	3.1	0.2	2.4	0.2
<b>Total non-current assets</b>	<b>279.2</b>	<b>48.0</b>	<b>360.4</b>	<b>26.7</b>	<b>892.4</b>	<b>59.6</b>	<b>955.9</b>	<b>64.9</b>
<b>Total assets</b>	<b>582.3</b>	<b>100.0</b>	<b>1,352.9</b>	<b>100.0</b>	<b>1,496.7</b>	<b>100.0</b>	<b>1,470.3</b>	<b>100.0</b>
<b>Liabilities</b>								
Bank overdrafts	-	-	4.5	0.3	-	-	8.7	0.6
Trade and other payables	63.1	10.8	60.1	4.4	54.1	3.6	58.2	4.0
Current portion of long – term borrowing from financial institution	5.0	0.8	0.4	0.0	18.1	1.2	19.1	1.3
Current portion of liability under lease	0.5	0.1	0.5	0.0	0.5	0.0	2.1	0.1
Accrued income tax	4.1	0.7	0.9	0.1	3.1	0.2	1.3	0.1
Other current liabilities	12.1	2.1	13.5	1.0	17.7	1.2	17.5	1.2
<b>Total current liabilities</b>	<b>84.8</b>	<b>14.5</b>	<b>79.9</b>	<b>5.8</b>	<b>93.5</b>	<b>6.2</b>	<b>106.9</b>	<b>7.3</b>
Long – term borrowing from financial institution	0.4	0.1	-	-	66.2	4.4	61.0	4.1
Liability under financial lease	0.5	0.1	2.4	0.2	1.8	0.1	8.9	0.6
Deferred tax liabilities	1.5	0.3	2.9	0.2	0.8	0.1	0.5	0.0
Employee benefit obligations	13.0	2.2	15.5	1.2	18.9	1.3	20.0	1.4
<b>Total non – current liabilities</b>	<b>15.4</b>	<b>2.7</b>	<b>20.8</b>	<b>1.6</b>	<b>87.7</b>	<b>5.9</b>	<b>90.4</b>	<b>6.1</b>
<b>Total liabilities</b>	<b>100.2</b>	<b>17.2</b>	<b>100.7</b>	<b>7.4</b>	<b>181.2</b>	<b>12.1</b>	<b>197.3</b>	<b>13.4</b>
<b>Shareholders' equity</b>								
Share capital	535.0		535.0		535.0		535.0	
Paid – up share capital	259.1	44.5	469.2	34.7	531.6	35.5	531.6	36.2
Share premium	141.5	24.3	640.0	47.3	658.3	44.0	658.3	44.8

Financial Positions	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 Jun 2015	
	million	%	million	%	million	%	million	%
Retained earnings								
Appropriated	4.3	0.8	5.0	0.4	8.3	0.6	10.7	0.7
Unappropriated	77.0	13.2	137.0	10.1	116.0	7.8	71.6	4.9
Equity attributable to owners of the parent	481.9	82.8	1,251.3	92.5	1,314.3	87.8	1,272.2	86.5
Non – controlling interests	0.2	0.0	0.9	0.1	1.2	0.1	0.8	0.1
<b>Total shareholders' equity</b>	<b>482.1</b>	<b>82.8</b>	<b>1,252.2</b>	<b>92.6</b>	<b>1,315.5</b>	<b>87.9</b>	<b>1,273.0</b>	<b>86.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>582.3</b>	<b>100.0</b>	<b>1,352.9</b>	<b>100.0</b>	<b>1,496.7</b>	<b>100.0</b>	<b>1,470.3</b>	<b>100.0</b>

The Company's consolidated operating performance as of 2011-2013 and 6 month of 2014 and 2015

Financial Performance	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 June 2014		30 June 2015	
	million	%	million	%	million	%	million	%	million	%
Revenues from services	516.8	83.8	612.7	88.7	635.9	90.4	310.5	89.3	302.9	93.1
Sales	87.7	14.2	59.7	8.6	48.1	6.8	25.6	7.4	18.0	5.5
Other income	12.3	2.0	18.4	2.7	19.6	2.8	11.5	3.3	4.5	1.4
<b>Total revenues</b>	<b>616.8</b>	<b>100.0</b>	<b>690.8</b>	<b>100.0</b>	<b>703.6</b>	<b>100.0</b>	<b>347.6</b>	<b>100.0</b>	<b>325.4</b>	<b>100.0</b>
Cost of providing services	306.7	49.7	377.9	54.7	410.3	58.3	193.9	55.8	202.4	62.2
Cost of sales	61.2	9.9	39.9	5.8	36.6	5.2	19.6	5.6	16.0	4.9
Selling and administrative expenses	170.7	27.7	171.8	24.9	207.0	29.4	102.1	29.4	103.3	31.7
Other expenses	-	-	0.9	0.1	7.2	1.0	-	-	7.3	2.2
<b>Total expenses</b>	<b>538.6</b>	<b>87.3</b>	<b>590.5</b>	<b>85.5</b>	<b>661.1</b>	<b>93.9</b>	<b>315.6</b>	<b>90.8</b>	<b>329.0</b>	<b>101.0</b>
Profit (Loss) before financial cost and income tax	78.2	12.7	100.3	14.5	42.5	6.1	32.0	9.2	(3.6)	(1.0)
Financial cost	0.6	0.1	0.3	0.1	2.4	0.3	0.4	0.1	3.0	0.9
Income tax expenses	19.1	3.1	21.5	3.1	10.7	1.5	10.5	3.0	6.6	2.0
<b>Net Profit for the year</b>	<b>58.5</b>	<b>9.5</b>	<b>78.5</b>	<b>11.3</b>	<b>29.4</b>	<b>4.3</b>	<b>21.1</b>	<b>6.1</b>	<b>(13.2)</b>	<b>(3.9)</b>

The Company's consolidated Cash Flow as of 2012-2014 and 6 month of the year 2014-2015

Cash Flow (Unit: Million Baht)	2012	2013	2014	6 month of 2014	6 month of 2015
Cash flows provided by (used in) operating activities	101.5	118.5	67.9	37.9	22.0
Cash flows provided by (used in) investing activities	(19.7)	(841.7)	31.1	(77.8)	(47.4)
Cash flows provided by (used in) financing activities	(16.2)	690.8	112.4	78.4	(25.9)
<b>Net cash and cash equivalent increased (decreased)</b>	<b>65.7</b>	<b>(32.4)</b>	<b>211.4</b>	<b>38.4</b>	<b>(51.3)</b>
Cash and cash equivalent at the beginning of the year	72.1	137.7	105.4	105.4	316.8
Cash and cash equivalent at the ending of the year	<b>137.7</b>	<b>105.4</b>	<b>316.8</b>	143.8	265.5

## Key Financial Ratio

Key Financial Ratio	Unit	2012	2013	2014	6 month of 2014	6 month of 2015
<b><u>Liquidity Ratios</u></b>						
Current Ratio	times	3.57	12.42	6.46	2.28	4.81
Quick Ratio	times	3.30	12.25	6.26	11.99	4.55
Cash Flow Liquidity Ratio	times	1.04	1.44	0.78	0.55	0.22
Account Receivable Turnover	times	3.82	4.47	4.18	3.90	1.90
Average Collection Period	days	94.27	80.55	86.09	93.54	189.45
Inventory Turnover	times	53.41	44.46	52.76	32.80	18.80
Average Day Sale	days	6.74	8.10	6.82	11.13	19.15
Account Payable Turnover	times	4.79	6.78	7.82	7.78	3.89
Average Payment Period	days	75.22	53.10	46.01	46.92	92.56
Cash Cycle	days	25.79	35.55	46.90	57.75	116.04
<b><u>Profitability Ratios</u></b>						
Gross Profit Margin	%	39.15	37.87	34.66	36.48	31.93
Operating Profit Margin	%	10.90	12.19	3.34	9.19	(2.51)
Net Profit Margin	%	9.47	11.37	4.17	6.07	(4.06)
Return on Equity	%	12.78	9.06	2.29	4.17	(1.02)
<b><u>Efficiency Ratios</u></b>						
Return on Asset	%	10.20	8.12	2.06	5.14	(0.89)
Asset Turnover Ratio	times	1.08	0.71	0.49	0.32	0.22
<b><u>Financial Policy Ratios</u></b>						
Debt to Equity Ratio	times	0.21	0.08	0.14	0.11	0.15
Interest Coverage Ratio	times	189.52	438.38	33.87	124.97	10.41
Leverage Ratio	times	1.41	0.73	0.10	0.25	0.16
Dividend Payout Ratio	%	39.91	60.06	99.59	N/A	N/A

**Analysis of Financial Operation**

Under the strategy of sustainable business growth, MATCH Group is engaged in six businesses: 1) TV Program Production, 2) TV Commercial Production, 3) Equipment Rental Services, 4) Printing Business 5) Event Organizing, and 6) Post-Production Business.

According to financial Performance during 2012-2014, major revenue of MATCH Group comes from Equipment Rental Service Business, TV Commercial Production Business, and Printing Business. The combined revenue from these businesses accounted for 97-99% of total revenue, or Baht 604-684 million. The Company's major revenue in 2014 increased by Baht 11.6 million from 2013, or equivalent to an increase of 1.7%, whereby, revenue from Equipment Rental Service Business, the Group's primary source of revenue, has grown 11.4% from the previous year. MATCH Group's service revenue during the first-six-month of 2015 was Baht 320.9 million, decreased by Baht 15.2 million from the economic downturn.



## Revenue Structure

Consolidated Financial Statement	Audited						Reviewed			
	2012		2013		2014		6-month 2014		6-month 2015	
	million	%	million	%	million	%	million	%	million	%
TV program production	186.8	30.3	181.9	26.3	153.6	21.8	78.4	22.6	62.6	19.2
TV commercial production	44.2	7.2	44.5	6.4	44.4	6.3	19.6	5.7	2.6	0.8
Equipment rental services	257.4	41.7	348.4	50.4	388.0	55.1	204.3	58.8	214.7	66.0
Event organizing	28.4	4.6	37.8	5.5	49.9	7.1	8.2	2.3	20.4	6.3
Printing business	65.2	10.6	52.2	7.6	40.6	5.8	21.7	6.2	14.5	4.4
Post-production business	-	-	-	-	-	-	-	-	2.6	0.8
Selling products	22.6	3.6	7.6	1.1	7.5	1.1	3.9	1.1	3.5	1.1
<b>Total core revenue</b>	<b>604.6</b>	<b>98.0</b>	<b>672.4</b>	<b>97.3</b>	<b>684.0</b>	<b>97.2</b>	<b>336.1</b>	<b>96.7</b>	<b>320.9</b>	<b>98.6</b>
<b>Other incomes</b>	<b>12.2</b>	<b>2.0</b>	<b>18.4</b>	<b>2.7</b>	<b>19.6</b>	<b>2.8</b>	<b>11.4</b>	<b>3.3</b>	<b>4.5</b>	<b>1.4</b>
<b>Total revenue</b>	<b>616.8</b>	<b>100.0</b>	<b>690.8</b>	<b>100.0</b>	<b>703.6</b>	<b>100.0</b>	<b>347.5</b>	<b>100.0</b>	<b>325.4</b>	<b>100.0</b>

## Revenue breakdown by Business Units

### 1) TV Program Production Business

Revenue from TV Program Production decreased from Baht 186.8 million in 2012 by Baht 4.9 million to Baht 181.9 million in 2013, a decrease of 2.6% from 2012, due to the cancellation of airtime by TV channel to broadcast of special programs or events. In 2014, the Company's revenue from TV Program production decreased by Baht 28.3 million, a decrease of 15.6%, to Baht 153.6 million when compared to the same period of previous year. The decrease in revenue was due to 1) the decrease in advertising rate, and 2) the cancellation of Talob Lang Talad TV program in September 2014.

For the first 6 months of 2015, MATCH Group has revenue from TV program production of Baht 62.6 million, decreased from Baht 78.4 million from the same period in 2014 due to 1) decrease in advertising revenue from economic downturn and the reduced advertising rate to maintain broadcasting time, and 2) the termination and lack of revenue from TV production activity.

### 2) TV Commercial Production Business

Revenue from TV Commercial Production remained stable from 2012-2014 at Baht 44.2 million, Baht 44.5 million, and Baht 44.4 million, respectively. In 2011, MATCH Group changed its business strategy to slow down this business and moved from being a big production house to be an agent providing integrated services. This leads to the lack of growth in revenue from TV commercial production business in the past 3 years.

For the first 6 months of 2015, MATCH Group has revenue from TV Commercial Production in the amount of Baht 2.6 million, decreased from Baht 19.6 million from the same period in 2014. The decrease was due from Thai economic downturn that pressured customers to reduce their marketing promotion expenses and the slowdown of foreign movie producers coming to Thailand.

### 3) Equipment Rental Services Business

Major revenue from Equipment Rental Services Business comes from renting equipment and supplying experienced technician. MATCH Group has policy to focus on Equipment Rental Services, keep the standard and quality of services as well as offer modernized equipment to meet Thai and foreign customers' need. The revenue of Equipment Rental Services Business grows continually from Baht 257.4 million in 2012 to Baht 348.4 million and Baht 388 million in 2013 and 2014 respectively, equivalent to an increase of 35.4% and 11.4% respectively.

For the first 6 month in 2015, MATCH Group has revenue from Equipment Rental of Baht 214.7 million, equivalent to 66% of total revenue or equivalent to the growth rate of 5.1%. This results from the Company's policy to emphasize on service improvement and continually investing in equipment.

### 4) Printing Business

MATCH Group's revenue from Printing Business continues to decrease from 2012-2014 from Baht 65.2 million, to Baht 52.2 million, and Baht 40.6 million, a decrease of Baht 13 million and Baht 11.6 million respectively, or equivalent to the decrease of 19.9% and 22.2% respectively. Total sales of printing media of printing industry continues to decrease because of the market sharing by other media such as internet online, social network, and shows on Cable TV.

For the first 6 month in 2015, MATCH Group has revenue from Printing Business of Baht 14.5 million decreased by Baht 7.2 million compared to same period in 2014 because of the reason stated above.

### 5) Event Organizing Business

MATCH Group's revenue from Event Organizing Business in 2014 amounted to Baht 49.9 million, an increase of Baht 12.1 million or equivalent 32% increase from year 2013, due to an increase in marketing campaigns, public relation activities, and event organizing activities from state and private sectors.

For the first 6 month in 2015, MATCH Group has revenue from Event Organizing Business of Baht 20.4 million an increase of Baht 12.2 million compared to the same period in 2014 from organizing events such as the CBU Back to School 2015 event, and Honda LPGA 2015 Charity Night.

### 6) Other Business

Apart from the aforementioned core revenue from 5 major businesses, MATCH Group also earned revenue from Post-Production Business, and from selling products in the amount of Baht 4-22 million or equivalent to 1-3% of total revenue. For the first 6 month in 2015, revenue from other business amounted to Baht 6.1 million, an increase from Baht 3.9 million from the same period in 2014, because Post-Production Business begins to earn revenue during the first quarter of 2015.

## 7) Other revenue

In 2012-2014, MATCH Group has other revenue of Baht 12-19 million or equivalent to 2% of total other revenue. In 2014, other revenue amounted to Baht 19.6 million came from gain from the fair value adjustment on the trading securities of Baht 14.4 million and interest earned on deposits. For the first 6 month in 2015, MATCH Group has other revenue of Baht 4.5 million; primarily consist of interest revenue from deposits.

### **Summary of Cost of Goods Sold and Selling, General and Administrative Expenses**

MATCH Group's cost of goods sold and services consists of salary, wages, other employees' benefits, airtime lease for the TV program production business, the depreciation cost for the equipment rental service business, printing cost for the printing business, production cost for the TV commercial production business and other expenses. Cost of goods sold and services of the Company is accounted for 60-65% of total revenue. As a result, the Company's overall gross profit margin accounted for 34-39% of the total revenue from core businesses.

In 2012-2014, the Company had selling and general administrative expenses of Baht 170-207 million or 24-29% of total revenue. Selling and general administrative expenses in 2012-2013 remained stable at Baht 170.7 million and Baht 171.8 million respectively or equivalent to 24.9% of total revenue in 2013. In 2014, MATCH Group had selling and general administrative expenses of Baht 207 million, an increase of Baht 35.2 million from 2013, due to the organizational restructuring in 2014 to support business expansion while the total revenue increased by 1.9%, resulting in the increase in proportion of administrative expense to total revenue to 29.4%.

In the first 6 months in 2015, MATCH Group had cost of goods sold and services about Baht 218.4 million, an increase of Baht 4.9 million from the same period of the previous year, as a result of the economic downturn. This leads to a decrease in gross profit margin from 36.5% to 31.9%. Selling and general administrative expenses remained stable at Baht 103.3 million in the same period of the previous year.

### **Operating Profit and Net Profit**

MATCH Group's operating profit excluding other revenue in 2012-2014 amounted to Baht 65.9 million, Baht 81.9 million, and Baht 22.9 million, respectively and had operating profit margin of 10.9%, 12.2% and 3.3%, respectively. The decrease in operating profit in 2014 of Baht 59 million or a 72% decrease was due to higher management expense. MATCH Group had net profit in 2012-2014 of Baht 58.5 million, Baht 78.5 million, and 29.4 million, respectively with net profit margin of 9.5%, 11.4%, and 4.2% respectively. Net profit continues to decrease as a consequence of 1) the decrease in revenue and gross profit margin due to the economic downturn, and 2) the increased in management expense.

In the first 6 months of 2015, MATCH Group has net income of Baht 13.2 million decreased from Baht 21.1 million during the same period in the previous year because of the decrease in revenue and gross profit margin as stated above.

## Financial Position Analysis

### Asset

As of 2012-the end of June 2015, MATCH Group has the total assets of Baht 582.3 million, Baht 1,352.9 million, Baht 1,496.7 million, and Baht 1,470.3 million respectively. The assets primarily consist of property and equipment-net, which accounts for 6-40% of the total asset, from the purchase of land for the Universal Movie Project in 2014, and assets for rent-net, which accounts for 18-22% of the total asset, mainly consisting of GH's equipment for rent. The increase in inventories during 2014-June 2015 from Baht 7.4 million to Baht 15.9 million was due to the reclassification of inventory supplies from Equipment Rental Services Business, which aligns with the overall increase in assets for rent-net.

### Liabilities

MATCH Group had the total liabilities at the end of 2012-the end of June 2015 in the amounts of Baht 100.2 million, Baht 100.7 million, Baht 181.2 million, and Baht 197.3 million. Liabilities in the amount of Baht 80.1 million, or 40% of the total liabilities, were long-term borrowing from financial institution to invest in GH's equipment for rent. The increased in total liabilities from 2014-June 2015 from Baht 181.2 million to Baht 197.3 million was primarily due to an increase in bank overdrafts of Baht 8.7 million to use as working capital.

### Equity

In 2014, the Company had total shareholders' equity of Baht 1,315.5 million, increased by Baht 63.3 million or 5.1% increased from 2013. The increase in 2014 was due to the warrant holders (MATCH-W2) exercising the rights to purchase ordinary shares of 57,657,032 units, at 1 unit of warrant to 1.082 ordinary shares, at exercise price of Baht 1.293 per share, with the total proceed of Baht 80.7 million. MATCH Group now has registered paid-up capital at 531,629,851 shares.

At the end of June 2015, MATCH Group had total shareholders' equity of Baht 1,273 million, decreased by Baht 42.5 million or 3.2% decrease from year ended 2014. The decrease came from net loss in the first 6-month in 2015 of Baht 13.2 million, and dividend paid for the 2014 operating performance of Baht 29.2 million. The Book Value per Share as of June 30 2015 was at Baht 2.38 per share.

### 3. The Opinion of Independent Financial Advisor Regarding Reasonableness of the Transaction

In assessing the reasonableness and benefit of the Transaction, the Independent Financial Advisor takes into account the following matters;

#### 3.1 Objectives and Necessity of the Transaction

The Board of Directors decided to rearrange the New Home Project's layout to maximize the benefits from the land and resolved to move the project from the front to the rear part of the land, which is away from main road around 1-2 kilometers, in order to effectively manage noise control during the production and allow natural environment in the rear-land to be adapted as outdoor shooting location, while the Company can develop the front part of the land into a commercial area to maximize the benefits to the shareholders. In addition, the Board of Directors passed a resolution to improve construction materials of the studio to achieve the NC 25 standard, an international noise control standard recognized by all filmmakers, to attract both local and foreign production houses, and resolved to cancel the plan to construct underwater studio, but to remain five indoor studios, warehouse, screen set-up areas, office building and warehouse as well as vehicle maintenance building of Gear Head.

The revision of the New Home Project is consistent with the Company's vision and business plan to become a market leader in providing premium standard studio with innovative equipment for rent, to meet the need of both local and foreign film producers, which tends to increase in proportion to the government's policy to support foreign film production shooting in Thailand. Once completed, the New Home Project will be the first integrated service provider for media-related businesses, which will induce more foreign filmmakers to base the Project as their shooting location.

#### 3.2 Advantages, Disadvantages and Risks of Entering into the Transaction

Taking into account the information obtained from the Company and other reliable sources, the advantages, disadvantages and risks of investing in the New Home Project can be summarized as follows;

##### 3.2.1 Advantages of Entering into the Transaction

- 1) *To invest in project that aligns with the Company's business plan to be a leading provider of both studio and equipment rental services*

While there are numerous companies providing studio and equipment rental services for production houses, most of the companies are unable to fully meet the demands of the clients due to limited equipments available, obsolete equipments, inefficient soundproofing studio materials, or inability to provide an integrated service on both equipment and studio rentals.

The New Home Project aligns with the Company's business plan to be the first provider of integrated filming service, ranging from innovative equipment for rent, screen set-up areas (pre-production phase), studio rental with NC 25 standard (production phase), and film scene storage (post-production phase). The studios with premium soundproofing quality are expected to be

favourably responded by the foreign production houses. Besides, the technical expertise and experienced filming crews, together with its readily available and innovative equipment for rent, as well as the production facilities, diversified locations and a quality of infrastructure and logistic network in the country altogether will offer the Company competitive advantage and great business opportunities.

2) *To maximize the benefit from the land acquired*

The revision of the project layout is to maximize the use of land by moving the project from the front to the rear part of the land, which is away from main road around 1-2 kilometers and improving studio materials to achieve the NC 25 standard to reduce noise during the production. The surrounding areas of the rear part can also be adapted as shooting location. Moreover, the Subsidiary can develop the front part of the land with 92-meter width into a commercial area which will strengthen an overall project and generate further benefits to the shareholders.

3) *To enhance an opportunity to generate additional income and return to the Company and shareholders in long-term*

Contribution revenue from foreign production houses to Thailand during January-July 2015 is around Baht 1,859 million, accounted for 96 percent of total revenue in 2014, which indicates a growing trend in film production industry. The competition among the digital TV operators will also increase the demand for studio and equipment rentals which will in turn increase in the Company's studio rental revenue and diversification of its source of income. The opening of the New Home Project at the end of 2016 will help reducing the equipment transportation cost for the clients, therefore, the project is expected to receive favorable response from the clients and generate sound return to the Company in long-term.

4) *To create business synergy with existing equipment rental business and increase operating performance*

Currently, GH provides equipment rental service only and is required to transport that equipment to the production site. The transportation of equipment may be sometimes inconvenient, incurs expenses and may damage the equipment during transportation which reduces GH's operating efficiency. The investment in the New Home Project which comprises of studios for rent, screen set-up area and warehouse therefore, supports the Company to become an integrated service provider and enhance its competitive edge in equipment rental business. The Project will also help reduce cost of production for the clients thus it is expected to receive a favorable response from the clients. As a result, the project will increase the Company's studio and equipment rental revenue, enhance its operating efficiency by reducing transportation time and increasing utilization rate of the equipment, and reduce transportation damage, which results in an improvement of the Company's operating flexibility and performance.

In addition, GH has currently rented several buildings for use as office and warehouse, and experiencing shortage in space. The situation burdens GH with rental expense and the lack of flexibility in operation.

When the New Home Project is completed, GH will relocate its office and warehouse into a single location to increase flexibility, gain competitive edge, and reduce rental expenses as well as promoting a positive image.

### 3.2.2 Disadvantages and Risks of the Transaction

#### 1) *Risk of construction delay and cost overruns*

The project construction is expected to complete within one year and the project will start its operation in 2016. If the Company is unable to manage the construction period within the timeline, it may cause a cost overrun to the project and the Company may not be able to realize rental revenue as scheduled which subsequently results in a poor return on the investment.

However, in contractor selecting process, the Company carefully considered five contractors' qualifications and experiences, to ensure that the selected contractor has experiences and ability to deliver on-time. The letter of intent also specifies the construction period of 12 months, with starting construction date on 1 November 2015, or within 3 days after the contractor is allowed to access the work-site. And, in the event of construction delay without contract extension, the contractor must pay the fine to the Subsidiary at 0.1% of construction value per day, but not greater than 10% cumulatively, and Baht 20,000 per day fine to project consultant. After carefully considering the contractor's qualification and experience, and penalty in the event of delay, the Company does not expect a delay in project construction.

Other factors affecting project value, including fluctuation in construction material price and exchange rate on imported materials such as acoustic wall for NC 25 soundstage, are expected to have minimal impact to the Company. As specified in the letter of intent, the Subsidiary and the contractor agreed on the construction value of Baht 537 million and detailed the quantity and quality of construction materials for the studios, screen set-up area, storage building, and equipment warehouse. The letter of intent also demands the contractor to order and make deposits on necessary machineries and materials to prevent unexpected degrading of core materials. In addition, the Company allocated budget for other contingencies, at 5% of the total construction value, to account for an increase in material cost of the remaining Baht 177 million construction values that was not included in the letter of intent.

#### 2) *Risk of insufficient fund and liquidity shrinkage*

The investment in the New Home Project totaling Baht 1,187 million, consists of land cost and its related expenses of Baht 473 million (fully paid in October 2014) and construction cost of Baht 714 million, while the Company has Baht 227 million remained from 2013 public offering. The remaining Baht 487 million (40% of the total project cost) is expected to be financed by bank loan. However,

if the Company cannot obtain necessary financing as planned, it may affect cost and time to develop the project.

The bank loan in the amount of Baht 487 million, to invest in the New Home Project, will generate interest expense of approximately Baht 30 million per year, which may limit the Company's ability to obtain loan in the future due to lower liquidity and higher debt to equity ratio.

As at 30 June 2015, the Company had cash and cash equivalents of Baht 315 million, debt to equity ratio at 0.15 times, and interest-bearing-debt to equity ratio at 0.08 times. The Company expects the loan to increase debt to equity and interest-bearing-debt to equity ratios to 0.54 times and 0.46 times, respectively, which is still low when compared to other companies in the industry. In addition, the Company expects that its creditability and image as a listed company on the SET will help the Company to raise necessary funding from other sources at lower cost. The management, therefore, believes that the Company will have sufficient funds to develop the New Home Project.

Once the New Home Project is operated, the Company expects sufficient returns for loan repayment which will lower interest burden and improve financial ratios.

3) *Risk of obtaining project modification permit*

The revision of project layout requires permit from Subdistrict Administrative Organization of Tambon Bang Phriang and the Subsidiary is in the process of obtaining such permit. If the permit issuance is delayed or requires the Subsidiary to revise the project layout, it may affect the time to complete the construction, revenue recognition, and expected return.

The Company expects the permit process to be timely and will not affect the planned construction period since the revision does not alter the overall composition of the previous project plan for which the Company had received the construction license.

4) *Risk of overestimating client demand*

The New Home Project might not be well-received by the clients or the Company has an inability to acquire the clients as planned, which will result in lower revenue than estimated, loss during the early stage of the investment, and lower investment return.

The New Home Project will be the first project to provide both NC 25 standard studio and equipment rentals in Thailand. As the Company's management has experiences and relationship with the number of film producers and the transformation to the digital TV era which will enhance the demand for shooting studio, the Company expects to acquire the clients as targeted. The Company will provide comprehensive studio and equipment rentals, as well as sufficient space to accommodate other usages. Thus, the Company expects the project to be well-received by the producers and the parties involved in media business.



### 3.3 Conclusion of Independent Financial Advisor on the Reasonableness of the Transaction

The investment in the New Home Project with the new project layout and an improvement of construction materials to increase studio's quality aligns with the Company's vision and business plan to become the first integrated service provider in media and film businesses. Once completed, the Company will be the first provider of both international standard studio and innovative equipment rentals, which will help increase studio rental revenue as well as equipment rental revenue.

Investment in the New Home Project exposes the Company to multiple risks, including risk of construction delay and cost overruns, risk of insufficient fund and liquidity shrinkage, and risk of overestimating client demand. However, by considering a prudent selection of qualified and experienced contractor, the Company's financial strength, the management's experience in film industry, the Company is confident that the project will receive favourable responses, and does not expect the aforementioned risks to affect the Company materially.

Therefore, the Independent Financial Advisor is of the opinion that the revision in the New Home Project **is reasonable** and should provide a positive return and contribute to the sustainable growth of the Company in the future.

#### 4. The Opinion of Independent Financial Advisor Regarding the Fairness of the Transaction’s Price

The Independent Financial Advisor considered the Free Cash Flow generating from the project and assessed the project’s feasibility by assessing the project’s Net Present Value (“NPV”), Payback Period and Internal Rate of Return (“IRR”) against the project’s Weighted Average Cost of Capital (“WACC”). The assessment is based on the assumption that the assumptions used in preparing financial forecast are reasonable throughout the projected period.

The Independent Financial Advisor reviewed the financial forecast prepared by the Company’s management and adjusted certain assumptions to reflect overall current situation, competition and current economic condition on conservative basis. Such projection is based on the assumption that the project operates on an ongoing basis over the forecast period without significant changes under the current economic condition. Thus, if the economic condition and other external factors impacting the project operation change materially, the value of the project assessed thereunder will be affected.

##### The Appropriateness of the Investment Project

The New Home Project consists of studio, screen set-up area and scene storage for rent, as well as vehicle maintenance building, office and equipment warehouse of Gear Head as detailed below:

	Unit	Area (sq.m.)
Studio	5	6,000
Screen set-up building	1	648
Scene storage	1	648
Outdoor area for shooting	-	-
Office and warehouse of Gear Head	1	4,000
Vehicle maintenance building of Gear Head	1	1,639

In assessing the project feasibility, the Independent Financial Advisor assesses the project’s free cash flow over its 10 years of operation.

According to the Company’s plan, the project will take approximately one year to complete the construction and will start its operation in late 2016. Nevertheless, based on a conservative basis, the Independent Financial Advisor assesses the project feasibility by using the assumption that the project will start earning rental income from 2017 onwards.

Key assumptions used in the financial projection are as follows;

## 1. Rental Revenue

Rental revenue is determined by rental area, rental rate and occupancy rate as follows;

### 1.1 Studio Rental Revenue

- *Rental rate and area* : the rental rates in the first year of operation (2017) are assumed as follows:
  - 5 indoor studios with total rental area of 6,000 square meters, the rental rate is determined per square metre per day (12 hours) based on the current rates offered by other studio operators in the industry;
  - Outdoor area, the rental rate is determined per day (12 hours) based on average outdoor rental rate in the industry; and

The rental rates are assumed to increase by 3.5 percent per year, in line with an average growth rate of office rental rate in general.

- *Occupancy rate*: The occupancy rate for indoor studio and outdoor area starts at 40 percent in 2017 and increases by 5 percent per year until it reaches 70 percent in 2023 and remains constant for the remaining periods. The occupancy rate is determined based on the management's view and in line with its peers.

The forecasted studio rental revenue grows in line with 5-year average growth rate of spending in Thailand by international foreign producers. The projection, however, does not take into account the expected growth of media and film industry from the arrival of AEC.

### 1.2 Set-up area and screen storage rental revenue

- *Rental rate and area*: At present, the clients must rent a studio or other available spaces for setting up screen and equipment; while, the New Home Project reserves a total of 1,296-sqm area for such service, where the rental rate is set lower than studio's daily rental rate and is based on actual offers in the industry. The rental rate is assumed to increase by 3.5 percent per annum in line with an average increase of property rental rate in general.
- *The Occupancy rate*: Occupancy rate is defined at 40 percent in 2017 and increased by 5 percent per year until it reaches 70 percent in 2023 and is assumed to stay constant over the remaining periods.

### 1.3 Other revenue

- Rental revenue from 21 dressing rooms is calculated from the rental rate of Baht 3,000 per day (12 hours) and is assumed to increase by 3.5 percent per year, in line with an increase of studio rental rate. The occupancy rate starts at 30 percent in 2017 and increases by 5 percent per year until it reaches maximum occupancy rate at 55 percent in 2022 and remains constant over the remaining periods. The occupancy rate for dressing rooms is lower than that of studio

as the rental rate for studio has included the dressing rooms, lobby, pantry, and canteen in the package, while, those separate dressing rooms are provided in response to an extra request of the foreign production houses.

- Overtime studio rental revenue is equal to 1 percent of studio rental revenue

#### Revenue Projection

<i>Project Period</i>	1	2	3	4	5
<i>Unit: Million Baht</i>	2017	2018	2019	2020	2021
Studio rental revenue	56.16	65.39	75.20	85.62	96.67
Outdoor rental revenue	7.45	8.68	9.98	11.36	12.83
Set-up area and scene storage rental revenue	1.56	1.82	2.10	2.39	2.69
Other revenue	7.68	9.24	10.91	12.68	14.56
<b>Total Revenue</b>	<b>72.86</b>	<b>85.13</b>	<b>98.18</b>	<b>112.04</b>	<b>126.75</b>
<i>Project Period</i>	6	7	8	9	10
	2022	2023	2024	2025	2026
Studio rental revenue	108.39	120.81	125.04	129.42	133.95
Outdoor rental revenue	14.38	16.03	16.59	17.17	17.77
Set-up area and scene storage rental revenue	3.02	3.37	3.48	3.61	3.73
Other revenue	16.56	17.24	17.84	18.47	19.11
<b>Total Revenue</b>	<b>142.35</b>	<b>157.45</b>	<b>162.96</b>	<b>168.66</b>	<b>174.56</b>

## 2. Project Cost

The cost of New Home Project comprises mainly of land acquisition cost of Baht 473 million, construction cost and other expenses related to the development project of Baht 714 million, resulting in the total project cost of Baht 1,187 million on the construction area of approximately 76,800 square metres. Average construction cost is calculated at Baht 15,500 per square metre, as detailed below:

	Cost (Baht million)	Area (sq.m.)	Cost per sq.m. (Baht/sq.m.)
Land cost <sup>/1</sup>	473	346,224	1,367
<b>Total land cost</b>	<b>473</b>	<b>346,224</b>	<b>1,367</b>
Construction – Studio	374	11,226	33,300
Construction – Set up area and scene storage	43	1,741	24,700
Construction – Vehicle maintenance building of Gear Head	30	1,639	18,300
Construction – Site preparation and utility cost	91	76,800	1,200
Construction – Office and Warehouse of Gear Head	80	4,000	20,000
Land development cost <sup>/2</sup>	31	76,800	400
<b>Total construction cost<sup>/3</sup></b>	<b>649</b>		
Design fee and Project consultant fee <sup>/2</sup>	33		
Miscellaneous <sup>/2</sup>	32		
<b>Total other expenses</b>	<b>65</b>		
<b>Total project cost</b>	<b>1,187</b>	<b>76,800</b>	<b>15,500</b>

Remark:

<sup>/1</sup> Land cost includes relevant expenses of Baht 18 million

<sup>/2</sup> Estimated by the management

<sup>/3</sup> Construction cost for Phase 1 on 48 rai (19,200 square wah or 76,800 square metres) of land. The front part of land will be used for future development

In estimating the construction cost, the Independent Financial Advisor refers to the letter of intent with Kree Thai for the construction of studios, screen set-up area, storage building, and vehicle maintenance building which determined the construction cost of Baht 537 million, or 75.32 percent of total construction cost. While, the remaining construction cost of Baht 177 million is based on the management's estimates.

The project cost is primarily consisted of the cost of land acquired from BAM in October 2014 according to the resolution of the Extraordinary General Shareholder's Meeting No.1/2014, which is accounted for 40 percent of total project cost. While, studio construction cost is accounted for 32 percent of total project cost, increased substantially from previous project cost according to the management's plan to develop studio with NC 25 standard to serve both local and foreign clients which requires the Company to use acoustic and soundproofing materials at higher quality than normal studio does.

The land cost of Baht 473 million has been fully paid up by the Subsidiary in 2014. While, land development cost of Baht 31 million is expected to be paid in 2015. The construction cost for studios, screen set-up, storage building, vehicle maintenance building and project consultant fee, totaling Baht 602 million shall be made based on the progress of construction within 2016. The construction cost for office and warehouse for Gear head totaling Baht 80 million will be paid within 2017 on the same basis.

### 3. Operating Expense

Operating expense is composed of advertising and promotion expense, utility expense, repair and maintenance expense and other operating expenses as estimated by the management as follows:

- 1) Advertising and promotion expense – equal to 5% of total revenue
- 2) Utility expense – equal to 10% of total revenue
- 3) Repair and maintenance expense – equal to 10% of depreciation expense in each year
- 4) Property tax – equal to 12.5 of rental revenue
- 5) Other operating expense including employee expense, cleaning and other administrative expenses – equal to 5% of rental revenue

In evaluating the appropriateness of financial assumptions, the Independent Financial Advisor considers Earning before Interest, Tax, Depreciation and Amortization margin (EBITDA margin) of the project, which is averaged at 65 percent of total revenue, as being lower than an average margin in 2009-2014 of other non-listed studio operators ("**Peers**") at 70 percent of total revenue; because the Company's project size is larger than its peers and the project's studio structure is made up from high quality materials, thus, the project may incur higher maintenance cost.

#### 4. Capital Expenditure

Capital expenditure, apart from land cost and construction cost, is major repair and maintenance cost required to maintain the studio in good condition, which is estimated at Baht 15 million every 5 years starting from 2021. Capital expenditure is assumed to increase by 3 percent annually based on the expected long-term inflation rate.

#### 5. Cost Saving

A total of 5,000 square meter of the project's space has been reserved for GH's office and equipment warehouse to replace the current office and equipment storage that are currently rented from the third parties. Once the project is completed, the Company will be able to save rental expense of approximately Baht 6.5 million a year of the rental fee currently paid by the Company. The saving cost is assumed to increase by 10 percent every 3 years.

#### 6. Terminal Value

The Independent Financial Advisor assumes that the project will be operated on an ongoing basis without significant changes under the current economic condition. Thus the project's free cash flow in year 2026, the final year of financial projection, has been estimated by including terminal value which was calculated from the project's free cash flow in year 2026 using the following formula:

$$\text{Terminal Value} = \text{FCFF}_{2026} \cdot (1+g) / (\text{WACC}-g)$$

FCFF <sub>2026</sub>	=	Project Free Cash Flow in year 2026
g	=	Long-term growth rate after 2026 is at 3 percent per year in accordance with expected long-term inflation rate
WACC	=	Project's Weighted Average Cost of Capital

#### 7. Source of Funds

The project's source of funds will come from funds raised from public offering for the New Home Project in 2013 and loans from financial institution in the proportion as described below:

Unit: Million Baht	Amount	Percentage of construction value
Funds raised from public offering in 2013	700	59%
Loans from financial institution	487	41%
<b>Total Cost of Project</b>	<b>1,187</b>	

The interest rate on long-term loan from financial institution is determined by referring to the MLR of 4 large commercial banks as of 7 September 2015, which is equal to 6.50 percent per year, reduced by 0.5 percent to 6.0 percent per year as the company in the group currently receives borrowing rate on long-term clean loan at the rate of 6.5 percent per year. The adjustment on loan rate from MLR by 0.5 percent

is to compensate the decrease in default risk as the Subsidiary can pledge the land as collateral for project loan.

## 8. Discount Rate

The Independent Financial Advisor uses the Project’s Weighted Average Cost of Capital; WACC of 8.31%, which is derived from proportionate weights of the Project’s cost of debt and cost of equity, as a discount rate to calculate net present value of the project’s free cash flows, based on the following formula:

$$WACC = Ke*(E/A) + Kd*(1-T)*(D/A)$$

- Ke = Cost of equity or shareholders’ required rate of return
- Kd = Cost of debt or borrowing rate, equal to 6.0%
- T = Corporate income tax rate of 20%
- E/A = Proportion of equity to total assets, equal to 59% (Calculated by divided amount of funds raised from Public Offering in 2013 of Baht 700 million by total project cost of Baht 1,187 million)
- D/A = Proportion of interest-bearing debt to total assets, equal to 41% (Calculated by divided bank loans of Baht 487 million by total project cost of Baht 1,187 million)

Cost of equity or shareholders’ required rate of return (Ke) is calculated from Capital Asset Pricing Model (CAPM) as follows:

$$Ke = Rf + \beta(Rm - Rf)$$

- Rf = 10-year government bond yield as of 15 September 2015, equal to 2.99%
- Rm = 10-year average rate of return from investment in SET market, equal to 12.389% (Source: Bloomberg)
- $\beta$  = Correlation coefficient of variation of return of 6 shares in property sector, who generate major revenue from rental properties as in line with the project’s income, compared to the return of SET market for the last 5 years, by using the project’s capital structure equal to 0.8251 (Source: Bloomberg)

The Weighted Average Cost of Capital is equal to 8.31 percent, which is used to discount project’s free cash flow to determine the project’s Net Present Value (NPV), Payback Period and Internal Rate of Return (IRR) as shown below:

### Free Cash Flows of New Home Project

Based on the assumptions defined above, the project's free cash flows are presented as follows:

Year			1	2	3	4	5	10
Unit: Million Baht	2015	2016	2017	2018	2019	2020	2021	2569
EBIT after tax	-	-	17.7	26.0	33.0	40.5	48.4	71.6
Cost saving after tax			5.2	5.7	5.7	5.7	6.3	6.9
Depreciation	-	-	20.1	22.7	22.7	22.7	22.7	25.7
Working Capital	-	-	1.1	(0.8)	(0.0)	(0.0)	(0.0)	(0.0)
Capital Expenditure	(504.4)	(602.4)	(80.0)	-	-	-	(15.0)	(3.5)
Free Cash Flow	(504.4)	(602.4)	(36.0)	53.6	61.4	68.9	62.4	100.8
Terminal Value								1,956
<b>Internal Rate of Return (IRR)</b>	<b>9.64%</b>							
<b>Net Present Value (NPV)</b>	<b>118.23</b>							
<b>Payback Period (Years)</b>	<b>16</b>							

By assessing the project's feasibility, the Independent Financial Advisor considers the internal rate of return by calculating the project's free cash flow which accounted for major cost and expenses related to the development project such as land cost, construction cost, and other relevant expenses. The New Home Project has internal rate of return of 9.64 percent per year, which is higher than the project's weighted average cost of capital at 8.31 percent, which is considered an appropriate return.

By applying the discount rate of 8.31 percent, the project's net present value (NPV) is Baht 118.23 million. The project, therefore, demonstrates capability to create additional value to the Company despite having a long payback period of 16 years. However, the project's future free cash flow is assessed based on the return on project developed in rear part of the land of about 48 rai (19,200 square wah) while, the project cost accounted for an entire piece of land with a total area of 216 rai 1 ngan 56 square wah at Baht 473 million. However, the project's IRR is considered appropriate which demonstrates the viability of the New Home Project and its capability to generate better return if the Company proceeds with the development in the next phase.

By considering only the land cost directly associated with the development of the New Home Project, which equals to Baht 105.6 million, the calculated project's IRR is at 15.39 percent per year with payback period of 12 years.

### Sensitivity Analysis

The Independent Financial Advisor performed sensitivity analysis of Internal Rate of Return (IRR) by changing the following key assumptions;

1. *Occupancy Rate* The independent Financial Advisor reduced the maximum occupancy rate from 70 percent to 65 percent. The internal rate of return has decreased to 9.04 percent per year, but still higher than the project's weighted average cost of capital of 8.31 percent.



2. *Construction Delay* During project development phase, the Company may experience construction delay which may cause the project fail to recognize revenue as planned. The Independent Financial Advisor analyzed the project return in case that the construction has been delayed for 6 months, shifting the operation to start on July 2017. The internal rate of return has decreased to 9.46 percent per year which is still higher than the project's weighted average cost of capital of 8.31 percent.

Moreover, the Company is in process of applying for tax privileges from the Board of Investment (BOI) which provides tax incentives such as income tax exemption for 5 years and exemption on import duties on imported materials. If the project successfully obtains BOI approval as planned, the project's rate of return is expected to be higher.

The Independent Financial Advisor is, therefore, of the opinion that, the revised investment plan of the New Home Project is **reasonable**. If the Company can develop and operate the projects as planned, the project has a potential to generate a favourable return to the shareholders.

## 5. The Opinion of Independent Financial Advisor Regarding the Fairness of the Transaction Condition

The Independent Financial Advisor reviewed and considered terms and conditions specified in the letter of intent with Kree Thai and draft of construction contract for the New Home Project, to be entered into between the Subsidiary as a hirer and Kree Thai as a contractor. The Independent Financial Advisor is of the opinion that the terms and conditions specified in both contracts are of general terms of construction contract. Hence, it will not make any particular parties unfairly gain or lose benefits from entering into the Transaction.

The agreed condition that requires the Subsidiary to make a payment of Baht 10 million to Kree Thai to mobilize construction machinery and equipment within 15 days after signing the contract and demands advance payment of Baht 20 million to order up and procure necessary materials for construction within 15 days after signing the contract, was made under the condition that if the Extraordinary General Shareholders' Meeting does not approve the Transaction, Kree Thai will refund all payment within 2 days after deducting any expenses incurred to date. Additionally, the Subsidiary will make disbursement for the construction based on the percentage of completion. Such disbursement policy is considered a standard practice for construction contract. The Independent Financial Advisor is, therefore, of the opinion that **the condition of the Transaction is fair and reasonable.**

## 6. Conclusion of Independent Financial Advisor

The Independent Financial Advisor reviewed the information provided by the Company as well as other reliable information and had the opinion that the revised investment plan of the New Home Project is reasonable and will provide benefits to the Company because:

- 1) The revised project plan is consistent with the Company's business plan to become a leading provider of innovative rental equipment and international standard studio to support both local and foreign production houses which allows the Company to generate sound return to the shareholders. The project's internal rate of return which accounted for land cost, construction cost and other related expense totaling Baht 1,187 million, is 9.64 percent per year, which is greater than the project's weighted average cost of capital of 8.31 percent. When considering only the cost of land associated directly with the development of the New Home Project, the project's IRR is 15.39 percent per year, higher than the project's weighted average cost of capital. Therefore, it can be concluded that the revised investment plan of the New Home Project is reasonable and capable to provide benefits to the Company.

However, the Company may be susceptible to the risks from the project development such as the inability to obtain project funding from both external and internal sources, the delay in construction and cost overruns, inability to acquire clients as planned. The success of the project also depends on other external factors such as market and related industry conditions. If these factors become unfavorable, the Company's overall project may be impacted. However, the Company's management expected that the risk mentioned above are unlikely to cause an adverse impact to the Company since the Company's

management establishes good relationship with potential clients as well as possesses extensive experience in the business.

- 2) Key terms and conditions specified in the draft of construction contract are on normal contractual term. Hence, the Transaction will not make any particular parties unfairly gain or lose benefit from entering into the Transaction.

Thus, the Independent Financial Advisor is of the opinion that the shareholders should **approve** the revised investment plan of the New Home project.

**Nonetheless, the final decision whether to approve the Transaction rests primarily with the individual shareholders. The shareholders should study the information contained in this report along with other related information provided and use his/her own discretionary judgement in making the final decision.**

Asia Plus Advisory Company Limited, as an Independent Financial Advisor, hereby certified that the report was prepared prudently and in line with professional practice with due regard to the interest of the shareholders.

*-Dr. Kongkiat Opaswongkarn-*

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(Dr. Kongkiat Opaswongkarn)

Director

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