

(Translation)

**The Opinion of the Independent Financial Advisor Concerning Asset Acquisition
Transaction and Private Placement of Shares which are considered as Connected
Transaction and Disposition of Investment**

of

Siam Inter Multimedia Public Company Limited



prepared by

Advance Capital Services Company Limited



March 25, 2019

-Translation-

The English Translation of the Independent Financial Advisor's Opinion Report has been prepared solely for the convenience of foreign shareholders of Siam Inter Multimedia Public Company Limited and should not be relied upon as the definitive and official document.

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No. ACS/001/2562

March 25, 2019

Subject: Opinion of the Independent Financial Advisor Concerning Asset Acquisition Transaction and Private Placement of Shares as Considerations for the Entire Business Transfer Transaction which are considered as Connected Transaction as well as the Disposition of Investment in Subsidiary of Siam Inter Multimedia Public Company Limited

To: Board of Directors and Shareholders
Siam Inter Multimedia Public Company Limited

Reference:

1. Disclosure information regarding the resolutions of the Board of Directors' Meeting of Siam Inter Multimedia Public Company Limited ("SMM") No. 5/2018 held on December 21, 2018, the Board of Directors' Meeting No. 1/2019 held on February 11, 2019, and the Board of Directors' Meeting No. 3/2019 held on February 22, 2019, of which the meetings resolved to propose to the shareholders' meeting to consider and approve the Acquisition and Entire Business Transfer in accordance with the Entire Business Transfer Plan with SMM and Team A Holding 2 Company Limited ("TAH2") as well as the entering into the Entire Business Transfer Agreement and other agreements and documents relevant to the acquisition and business transfer from TAH2 which is considered as the Asset Acquisition Transaction and Connected Transaction. The Board of Directors' Meeting also resolved to propose to the shareholders' meeting to consider and approve the disposition of investment in SMM Plus Company Limited ("SMMP") to The Best Books Company Limited ("TBB") which is not a connected person
2. Financial statements of SMM audited by A.M.T. & Associates for the period ended December 31, 2018 and ended December 31, 2017 audited by A M C Office Company Limited by Mr. Ampol Chamnongwat, Certified Public Accountant Registration No. 4663; and financial statements as at December 31, 2016 and December 31, 2015 by Office Of Pitisevi Company Limited by Miss Chavana Wiwatpanachart, Certified Public Accountant Registration No. 4712
3. Financial statements of TAH2 audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited for the period ended December 31, 2018, December 31, 2017, December 31, 2016 and December 31, 2015 by Mr. Nantawat Samrounhan, Certified Public Accountant Registration No. 7731
4. Financial statements of Phelps Dodge International (Thailand) Limited ("PDITL") audited by Deloitte Touche Tohmatsu Jaiyos Company Limited for the period ended December 31, 2018, December 31, 2017, and December 31, 2016 by Mr. Nantawat Samrounhan, Certified Public Accountant Registration

- No. 7731; and financial statements for the period ended December 31, 2015 by Mr. Wallop Wilaivoravit, Certified Public Accountant Registration No. 6797
5. Financial statements of PDTL Trading Company Limited (“PDTL Trading”) audited by Deloitte Touche Tohmatsu Jaiyos Company Limited for the period ended December 31, 2017 and December 31, 2016 by Mr. Nantawat Samrounhan, Certified Public Accountant Registration No. 7731; and financial statements for the period ended December 31, 2015 by Mr. Wallop Wilaivoravit, Certified Public Accountant Registration No. 6797
 6. Financial statements of Thai Copper Rod Company Limited (“TCR”) audited by Deloitte Touche Tohmatsu Jaiyos Company Limited for the period ended December 31, 2017 and December 31, 2016 by Mr. Nantawat Samrounhan, Certified Public Accountant Registration No. 7731; and financial statements for the period ended December 31, 2015 by Mr. Wallop Wilaivoravit, Certified Public Accountant Registration No. 6797
 7. 2017 Annual registration statement of SMM
 8. Memorandum of Understanding (MoU) for the investment in SMM by mean of the Entire Business Transfer between SMM and TAH2 dated July 11, 2018
 9. Memorandum of Understanding (MoU) for the acquisition of shares of new subsidiary between SMM and TBB dated December 7, 2018
 10. Information Memorandum of Siam Inter Multimedia Public Company Limited Re: Asset Acquisition Transaction and Connected Transaction relating to the Acquisition and Entire Business Transfer Transaction
 11. Information Memorandum Re: the Offering of Siam Inter Multimedia Public Company Limited Shares as the considerations for the Entire Business Transfer to Team A Holding 2 Company Limited, or Mr. Wanaratch Tangkarawakun, or other companies specified by Mr. Wanaratch Tangkarawakun and/or companies that Mr. Wanaratch Tangkarawakun is major shareholder
 12. Capital Increase Form
 13. Information Memorandum of Siam Inter Multimedia Public Company Limited Re: Disposition of Investment in SMM Plus Company Limited
 14. Affidavit, Memorandum of Association, and other information and documents, including interviews with the management and relevant staff of relevant parties
 15. Notice of the Extraordinary General Meeting of Shareholders No. 1/2019

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Abbreviations

“SEC”	The Office of the Securities and Exchange Commission
“SET”	The Stock Exchange of Thailand
“SMM”	Siam Inter Multimedia Public Company Limited
“SMMP”	SMM Plus Company Limited
“TAH2”	Team A Holding 2 Company Limited
“PDITL”	Phelps Dodge International (Thailand) Limited
“PDTL Trading”	PDTL Trading Company Limited
“TCR”	Thai Copper Rod Company Limited
“TBB”	The Best Books Company Limited
“IFA”	Advance Capital Services Company Limited
“TAH2’s Shareholders”	<p>Current shareholders of TAH2, including</p> <ol style="list-style-type: none"> 1. Mr.Wanaratch Tangkarawakun (99.98% of the shares) or a legal entity in which Mr.Wanaratch is holding more than 99 percent of its shares 2. Ms. Natdulaporn Kittikornpanich (holds 1 Share) 3. Mr.Apichart Tang-ekjit (holds 1 Share) <p>Is the group that will receive the allocation of SMM shares in return from transferring all businesses to SMM</p>
“Investors PP2”	<p>Mr. Rewin Petaibunlue or a legal entity in which Mr. Rewin is holding more than 99 percent of its shares and</p> <p>Mr. Nattapong Sitaworarat or a legal entity in which Mr. Nattapong is holding more than 99 percent of its shares and/or a legal entity in which 2 person is holding more than 99 percent of its shares</p>

“EBT”	Is an investor group that will receive the allocation of specific SMM shares Transfer of assets, liabilities, rights, duties and responsibilities
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Disclaimers

1. The study results and opinions of the Independent Financial Advisor in this report, are based on information and assumptions obtained from the management of SMM, TAH2, PDITL, PDTL Trading, TCR and TBB and also from publicly disclosed information available on the websites of the Office of the Securities and Exchange Commission (www.sec.or.th) and the Stock Exchange of Thailand (www.set.or.th).
2. The Independent Financial Advisor will not be responsible or liable for any profit, loss or effect incurred by the transaction and/or by SMM future performance from the transaction.
3. The Independent Financial Advisor's study was conducted by using knowledge, skills, and cautions, based on sound professional practices.
4. The Independent Financial Advisor determined and analyzed the transaction based on current situations and information available to our knowledge. If there is any material adverse change and effect of the situations and information, it may affect the opinions provided herein by the Independent Financial Advisor.

Background, Overview, and Process of the Transaction

The Board of Directors' Meeting of Siam Inter Multimedia Public Company Limited ("SMM") No. 5/2018 held on December 21, 2018, the Board of Director's Meeting No. 1/2019 held on February 11, 2019, and the Board of Directors' Meeting No. 3/2019 held on February 22, 2019 has resolved to propose to the shareholders' meeting to consider and approve transactions by which the IFA shall provide its opinion as follow:

1. SMM shall conduct business restructuring by transfer some part of its business, namely, book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses including related assets, trade receivables, loans from financial institution that have no transfer restriction, and personnel to SMM Plus Company Limited ("SMMP") in which SMM shall hold 9,997 shares at par value of Baht 100 per share, equivalent to 99.97% of paid-up capital of SMMP. The objective of the transfer is for the disposition of the said business to The Best Books Company Limited ("TBB").
2. SMM shall acquire and receive the transfer of entire business of Team A Holding 2 Company Limited ("TAH2"), of which shares are held by 3 shareholders, namely Mr. Wanaratch Tangkarawakun (holds 99.98% shareholding), Miss Natdulaporn Kittikompanich (holds 1 share) and Mr. Apichart Tang-ekjit (holds 1 share) (the "TAH2 Shareholders"). The Entire Business Transfer includes assets, liabilities, rights, duties, and responsibilities of TAH2 available at present and on the transfer date. As a result, SMM shall acquire 397,116 shares (information as at December 26, 2018) at par value of Baht 1,000 per share or equivalent to approximately 99.28% shareholding in Phelps Dodge International (Thailand) Limited ("PDITL") and 4,900 shares at par value of Baht 100 per share or equivalent to 49.00% shareholding in PDTL Trading Company Limited ("PDTL Trading") which are TAH2's subsidiaries, equivalent to total value of Baht 12,900,000,000. In addition, PDITL and PDTL Trading hold shares in Thai Copper Rod Company Limited ("TCR") at 20% and 5% of TCR's shares respectively. SMM shall issue new ordinary shares at the amount not exceed 21,500,000,000 shares with par value of Baht 1 per share at an offering price of Baht 0.60 per share, totaling Baht 12,900,000,000, to TAH2 or TAH2 Shareholders as the considerations for the acquisition and Entire Business Transfer from TAH2.
3. SMM shall issue its new ordinary shares at the amount not exceed 24,303,211,005 shares at par value of Baht 1 per share. Details of the allotment are as follow:
 - 3.1. Allotment of ordinary shares at the amount not exceed 22,500,000,000 shares at price of Baht 0.60 per shares, totaling Baht 13,500,000,000 via Private Placement as follow:
 - Not more than 21,500,000,000 shares at total value of Baht 12,900,000,000 to TAH2 or shareholders of TAH2 as considerations for the Entire Business Transfer Transaction from TAH2 (details as mentioned in Clause 2). Such offering and allotment of shares is

considered as Connected Transaction since director and/or existing shareholders of TAH2 shall be appointed as director of SMM. In addition, a shareholder of TAH2, Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of its shares, shall become major shareholder of SMM after the Entire Business Transfer Transaction and the allotment of shares.

- Not more than 1,000,000,000 shares at total value of Baht 600,000,000 to Mr. Rewin Petaibunlue and/or a legal entity in which Mr. Rewin Petaibunlue holds more than 99% of its shares, and Mr. Nattapong Sitaworarat and/or a legal entity in which Mr. Nattapong Sitaworarat holds more than 99% of its shares (“Investors PP2”) who are not connected person of SMM. Such offering is for debt repayment and liquidity improvement of SMM.

3.2. Allotment of ordinary shares at the amount not exceed 1,323,211,005 shares to existing shareholders via Rights Offering after the Entire Business Transfer Transaction between SMM and TAH2 and the Business Restructuring Plan of SMM complete. SMM expects that the issue and offering of new ordinary shares via Rights Offering shall be in July - August 2019.

3.3. Allotment of ordinary shares at the amount not exceed 480,000,000 shares via Public Offering together with an offering of shares by existing shareholders of SMM, namely Mr. Vonnarat Group, at an amount of approximately 1,320,000,000 shares with par value of Baht 1 per share, totaling not more than 1,800,000,000 shares.

4. SMM shall divest its investment in SMMP at the amount equivalent to 100% of registered capital of SMMP to The Best Books Company Limited (“TBB”) who is not connected person of SMM according to the Notifications on Connected Transaction. The buyer shall pay for such investment in cash.

Shareholders should consider details of the said Transactions in the Notice of Extraordinary General Meeting of Shareholders No. 1/2019. If the shareholders’ meeting approves every Transaction, SMM shall then proceed with the filing of listing application to the SET, as well as request the SEC to consider Private Placement of shares to TAH2 and Investor PP2. If the SET and SEC approve the relisting and Private Placement, SMM shall then continue with its business restructuring plan.

SMM’s business restructuring process shall be as follow:

SMM’s business restructuring plan is based on the concept and reason that the existing business of SMM is facing deteriorating industry and reducing cash flows due to the change in consumer behavior who increasingly prefer digital media as evidence by the consistent net loss during 2016 – 2018. Thus, SMM’s

Board of Directors has approved the Entire Business Transfer from TAH2 in order to change to electrical cable manufacturing and distribution business that has strong growth potential.

- 1) SMM shall transfer SMM's businesses which are book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses ("Current Business of SMM") to SMMP, SMM's subsidiary established on January 9, 2019 with registered capital of Baht 1 million with an objective to receive the transfer of Current Business of SMM and dispose such businesses to The Best Books Company Limited ("TBB"). SMMP shall operate exactly the same business as SMM and SMM shall hold 99.97% shareholding in SMMP. SMM shall then become a holding company. The execution of such transfer is expected to be within June – July 2019, after receiving an approval from the shareholders' meeting.
- 2) SMM issues and allots new ordinary shares to Investor PP2 as follow:
 1. Not more than 666.67 million shares to Mr. Rewin Petaibunlue and/or a legal entity in which Mr. Rewin Petaibunlue holds more than 99% of its shares.
 2. Not more than 333.33 million shares to Mr. Nattapong Sitaworarat and/or a legal entity in which Mr. Nattapong Sitaworarat holds more than 99% of its shares.

SMM shall use the proceeds from the offering of ordinary shares for its debt repayment. The remaining proceed shall be used as working capital and for future business expansion, which shall help enhancing long-term liquidity for SMM, as well as releasing restricted terms and conditions as set out by banks and financial institutions. Such actions shall be able to execute when the SEC approves the Private Placement to Investor PP2 and the SET approves the relisting which shall be during May – June 2019. SMM must offer its shares within the timeframe approved by the shareholders' meeting but shall not exceed a period of 3 months after the date the shareholders' meeting approves the offering of shares.

- 3) SMM issues and offers new ordinary shares to TAH2 or TAH2 Shareholders as considerations for the Entire Business Transfer from TAH2.

SMM shall issues and offer new ordinary shares to TAH2 or TAH2 Shareholders as considerations for the Entire Business Transfer from TAH2. SMM shall issue not more than 21,500 million new ordinary shares with par value of Baht 1 per share at an offering price of Baht 0.60 per share to TAH2. TAH2 shall then transfer such shares to TAH2 Shareholders namely Mr. Vonnarat on the same date that TAH2 acquires the shares and TAH2 shall register its dissolution on the same tax year (if the transfer is not on the same date, TAH2 is required to make tender offer of SMM shares). The transfer can be executed only when the SEC approves the Private Placement to

TAH2 or TAH2 Shareholders and the SET approves the relisting which shall be during May – June 2019. SMM must offer its shares within the timeframe approved by the shareholders' meeting but shall not exceed a period of 3 months after the date the shareholders' meeting approves the offering of shares.

- 4) Mr. Wanaratch Tangkarawakun or a legal entity in which Mr. Wanaratch Tangkarawakun holds more than 99% of its shares, a major shareholder of TAH2, make tender offer to purchase all shares of SMM.

After the issuance and allotment of new ordinary shares of SMM to TAH2 or TAH2 Shareholders as considerations for the Entire Business Transfer, TAH2 shall register its business dissolution within the same tax year. In this case, Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of its shares shall become major shareholder of SMM instead of TAH2 at approximately 94.20% of total issued and paid-up shares of SMM after the business restructuring and issuance of new ordinary shares in accordance with the business restructuring plan. Mr. Wanaratch Tangkarawakun is required to make a mandatory tender offer ("MTO") to purchase all shares of SMM in accordance with the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions, and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 (as amended). The MTO price shall be at Baht 0.60 per share and the MTO shall be during June – July 2019, after TAH2 Shareholders receive full allotment of new ordinary shares.

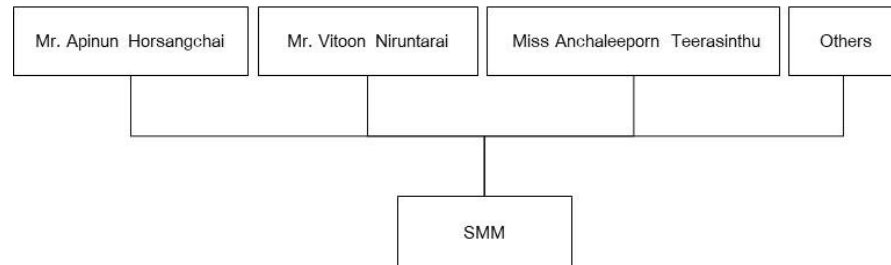
- 5) SMM divests its investment in 9,997 shares of subsidiary to TBB with par value of Baht 1,000 per share, equivalent to 99.97% shareholding. The disposition of investment help strengthen SMM future cash flow as SMM discontinue business with low or deteriorating growth and SMM can use cash for expansion of electrical cable business that has high growth potential. The disposition of investment shall commence in June – July 2019.

After the business restructuring, SMM shall become a holding company with no business operation.

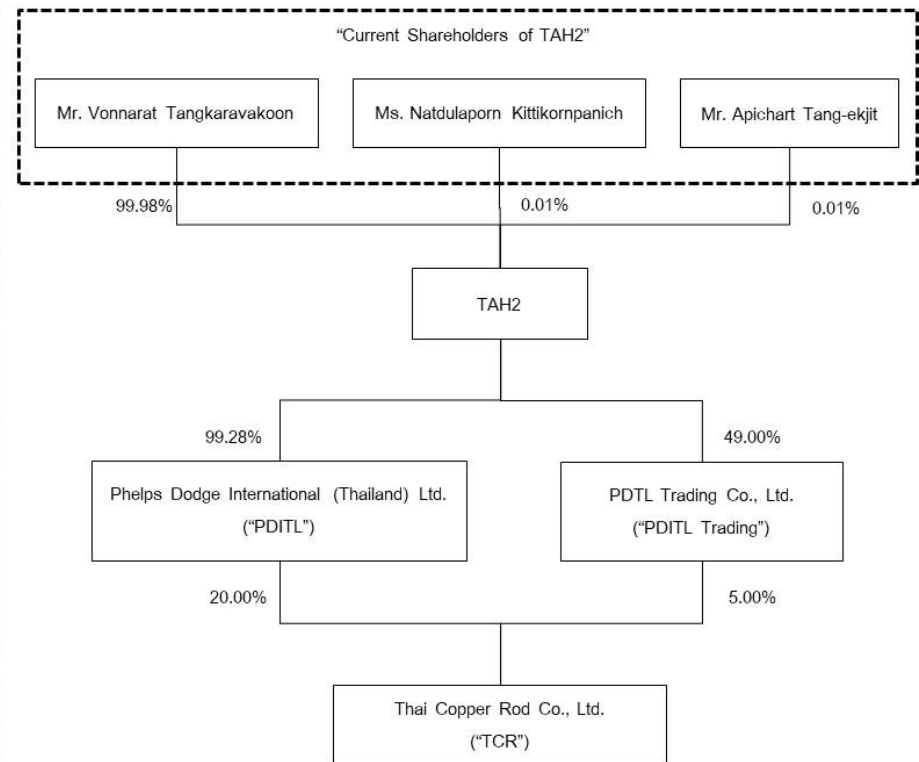
Structure of SMM and TAH2 before and after the business restructuring are as follow:

SMM and TAH2 Shareholding Structure Prior to the Business Restructuring

Siam Inter Multimedia Public Company Limited (SMM) before Restructuring

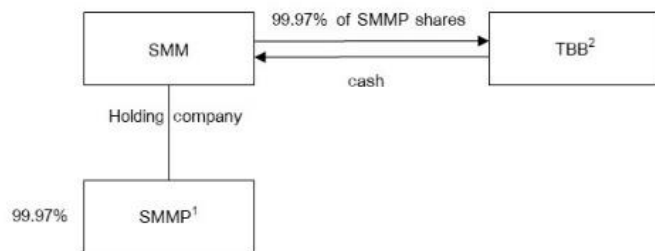


Team A Holding 2 Company Limited (TAH2) before Restructuring



SMM and TAH2 Shareholding Structure after the Business Restructuring

SMM established a subsidiary (SMMP) to receive the transfer of the existing business and proceed to sell the investment in the

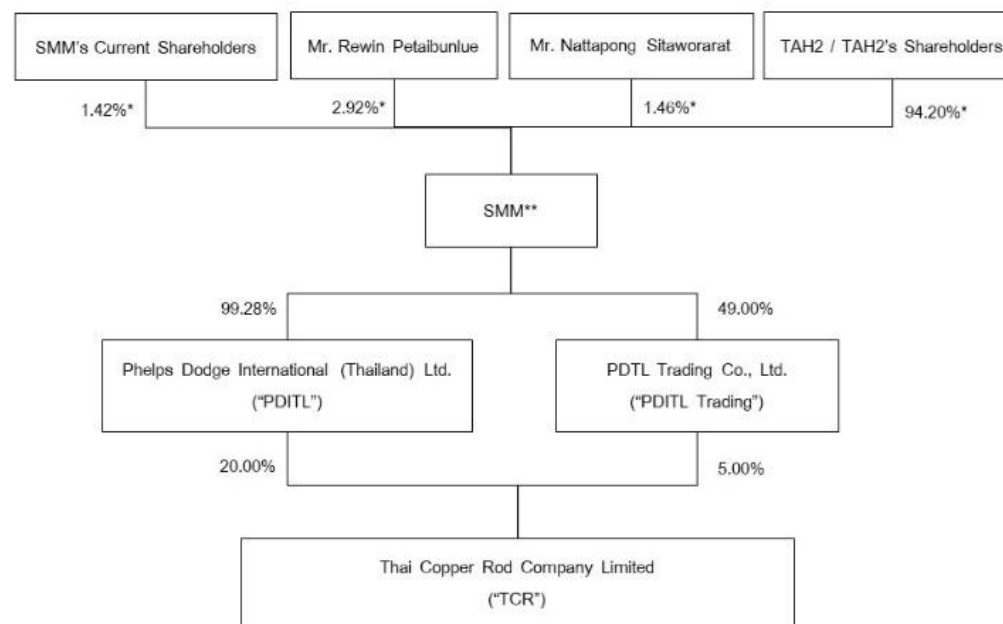


Remark:

1. Establish subsidiary (xx) to receive transfer of current business
2. Dispose investment in SMMP to TBB

SMM accepts business transfer from TAH2 and changes its name to STARK Corporation Public Company

Limited (STARK)



Remark:

- * Shareholding structure after the issuance of new ordinary shares
- ** SMM shall register the increase of capital with the Ministry of Commerce for the shares issued to Investor PP2 and shareholders of TAH2 on the same date of the Entire Business Transfer (EBT). As a result, Investor PP2 is not required to make tender offer of SMM.

- 6) SMM shall issue and offer new ordinary shares to existing shareholders of SMM via Rights Offering at the amount not exceed 1,323,211,005 shares with par value of Baht 1 per share (TAH2 Shareholders shall not subscribe for such Rights Offering). SMM shall offer this amount of new ordinary shares after the transactions relating to the Entire Business Transfer between SMM and TAH2 and the business restructuring plan of SMM complete. SMM expects that it shall be able to issue and allot new ordinary shares to existing shareholders of SMM via Rights Offering in July – August 2019.
- 7) SMM shall issue and offer new ordinary shares at the amount not exceed 480,000,000 shares with par value of Baht 1 per share and offer approximately 1,320,000,000 existing shares of SMM owned by Mr. Vonnarat Group, totaling 1,800,000,000 shares via Public Offering. The issuance of 480,000,000 new ordinary shares is equivalent to not more than 1.95% of issued and paid-up ordinary shares of SMM after the issuance of shares via Public Offering which shall be in January – February 2020.

According to such mentioned Transactions of SMM, the IFA is required to provide opinion to shareholders of SMM for the following Transactions:

1. Asset Acquisition Transaction and Connected Transaction relating to the Acquisition and Entire Business Transfer as well as the offer of new ordinary shares via Private Placement as considerations of the Entire Business Transfer Transaction.
2. Disposition of investment in SMM Plus Company Limited.

Executive Summary

Transaction 1: Asset Acquisition Transaction and Connected Transaction relating to the Acquisition and Entire Business Transfer as well as the offer of new ordinary shares via Private Placement as considerations of the Entire Business Transfer Transaction.

The Board of Directors' Meeting of Siam Inter Multimedia Public Company Limited ("SMM") No. 5/2018 held on December 21, 2018, the Board of Directors' Meeting No. 1/2019 held on February 11, 2019, and the Board of Directors' Meeting No. 3/2019 held on February 22, 2019 resolved to propose to the shareholders' meeting to consider and approve the acquisition of Team A Holding 2 Company Limited ("TAH2") by means of Entire Business Transfer. As a result, SMM shall acquire 397,116 shares (information as at December 26, 2018) at par value of Baht 1,000 per share, equivalent to 99.28% of Phelps Dodge International (Thailand) Limited ("PDITL") which is TAH2's subsidiary, and 4,900 ordinary shares, equivalent to 49.00%, at par value of Baht 100 per share of PDTL Trading Company Limited ("PDTL Trading") which is TAH2's associated company. Total value of assets acquired equal to Baht 12,900,000,000. SMM shall pay for the Acquisition and the Entire Business Transfer from TAH2 by 21,500,000,000 new ordinary shares at par value of Baht 1 per share, at the price of Baht 0.60 per share, totaling Baht 12,900,000,000. Entering into Transaction is considered as Backdoor Listing according to the Notifications of Asset Acquisition or Disposition. Such Transaction is also considered as connected transaction since Mr. Wanaratch Tangkarawakun, Mr. Chanin Yensudchai, Mr. Chinawat Assavapokee and Mr. Sathar Chantrasettalead, management and/or major shareholders of TAH2, will be nominated and appointed as directors of SMM after the execution of the Transaction. Moreover, Mr. Wanaratch Tangkarawakun shall become major shareholder of SMM after the completion of the Transaction.

The issuance and allocation of shares to TAH2 constitutes a Private Placement of newly issued ordinary shares, where the Shareholders' Meeting of the Company shall pass a resolution to clearly specify the offering price at THB 0.60 per share which is lower than the par value of the Company's shares provided that SMM shall comply with resolution of shareholders' meeting. Furthermore, such offering price is lower than 90% of the market price of the Company's shares, thus, it must be approved by the Shareholders' Meeting of the Company with not less than three-fourths of shareholders present at the Meeting and entitled to vote, provided that there shall be no shareholders representing 10% or more of all votes of the shareholders present at the Meeting and entitled to vote, against the offering of shares at such price.

In order to comply with the conditions under the Revenue Code, TAH2 shall proceed with registration of its dissolution. After such dissolution registration, TAH2 shall transfer SMM shares back to TAH2 Shareholders according to their shareholding. If the offering price of the newly issued ordinary shares to TAH2 is lower than 90% of the market price of SMM shares prior to the offering date of new ordinary shares,

TAH2 or TAH2 Shareholders or any other persons receiving allotment of shares is prohibited to sell all such newly issued ordinary shares within 1 year from the date on which SMM's newly issued ordinary shares start trading on the SET (Silent Period). Upon a lapse of six months after the Company's newly issued ordinary shares have started trading on the SET, TAH2 or TAH2 Shareholders or any other persons receiving allotment of shares may gradually sell up to 25% of all such shares subject to the Silent Period.

After the issuance and allotment of newly issued shares to TAH2 as a consideration of Entire Business Transfer, TAH2 shall terminate its business in the same tax year. After business restructuring and issuance of new ordinary shares, Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of shares shall hold 94.20% of registered and paid-up capital of SMM instead of TAH2. Thus, Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of shares is required to make a Mandatory Tender Offer ("MTO") to purchase all shares of SMM. The MTO price will be at Baht 0.60 per share. The MTO is expected to be made after TAH2 Shareholders receive an allocation of new ordinary shares.

SMM has evaluated value of shares to be issued to TAH2 at Baht 0.60 per share according to the Adjusted Book Value Approach by referring to book value as at September 30, 2018. SMM applied the Sum of the Parts Approach in the valuation of TAH2 by using the Discounted Cash Flow Approach in evaluating PDITL's value while applying the Cost Approach in determining PDTL Trading's value and the Equity Method in determining TCR's value. In the valuation of PDITL's value, future operation is estimated based on PDITL's business plan. Part of revenues is from the signed contract (backlog) and in line with product distribution and marketing plan which focus on increase in sale of high voltage cable in domestic market and expansion of all types of cable in foreign markets.

Significant condition precedent for the Entire Business Transfer from TAH2 in which SMM must complete after it receives an approval from the shareholders' meeting is the filing for an approval from the SEC for the Private Placement of shares to TAH2 and Investor PP2 as well as the filing for listing application with the SET. After the SEC approves the Private Placement of shares, SMM must offer its new ordinary shares within 3 months after the date the shareholders' meeting approve the share offering. Thus, in case that SMM is unable to receive the transfer of business from TAH2 and issue and offer its new ordinary shares to Investor PP2 within 3 months, SMM shall not offer shares (approved by the shareholders' meeting as considerations for the Entire Business Transfer) and has to reconvene shareholders' meeting to consider and approve the share offering. However, SMM and TAH2 already prepare for the execution of the Entire Business Transfer from TAH2 and expects to complete within 3 months from the date of shareholders' meeting with help from financial advisor, legal advisor, and tax advisor.

Opinion of the Board of Directors Regarding Transaction 1

The Company's Board of Directors resolved to approve the Entire Business Transfer Transaction as it opines that the Entire Business Transfer Transaction from TAH2 shall support and enhance SMM to have stable business which is considered as essential for the growth of country. In addition, such business shall enhance SMM's financial position in future. Though SMM's Board of Directors aware of dilution effect, considering SMM's existing business which have lower business opportunity resulting from change in consumer behavior which focus on digital media and if SMM considers compensating with cash from loan, SMM shall incur high debt problem. Therefore, having TAH2, which is PDITL's shareholders, as a strategic partner with SMM is more appropriate than acquiring by cash. The Board of Directors also aware that entering into the Entire Business Transfer Transaction shall result in transfer of controlling power in SMM to new shareholders.

The Board of Directors opines that the issue of new ordinary shares via Private Placement as considerations for the Entire Business Transfer of TAH2 is the issuance of securities instead of payment by cash. In case that SMM considers other source of funding instead of capital increase such as loan, it may encounter high debt situation and liabilities. Moreover, if SMM does not consider the transfer of business, SMM may face liquidity problem especially with financial institution regarding terms and conditions and debt repayment in the near future. The Board of Directors, therefore, views that this capital increase is reasonable and shall benefit SMM especially the offering of shares at Baht 0.60 per share which is based on adjusted book value of SMM according to audited financial statement for the 9 month ended September 30, 2018. The issuance of new ordinary shares is for the Entire Business Transfer of TAH2 which is a business that generate stable cash flow and has clear potential as electrical cable is infrastructure goods necessary for country development. After entering into the Transaction, SMM expect to realize good operating performance and strong financial position of TAH2 and subsidiaries. In case that there is a delay in Transaction, SMM's book value may be lower due to slower business as evidence from continuous operating losses, resulting in higher loss to current shareholders.

As SMM incurred continuous loss, the use of Adjusted Book Value Approach in evaluating offering price of shares is considered appropriate. The offering price of Baht 0.60 per share, equivalent to 34.07% discount from weighted-average price of SMM share traded in the SET for 15 consecutive business days before the Board of Directors resolves to propose to the shareholders' meeting to consider issuance and offering of newly issued ordinary shares which is equal to Baht 0.59 per share. With the lower offering price than weighted average price and benefits to shareholders due to potential of PDITL, SMM's existing shareholder shall not be at disadvantage.

TAH2 or TAH2 Shareholders who have experience and expertise in TAH2 business shall receive an allotment of new ordinary shares. Such shareholders shall hold shares through TAH2 that has management

team from transferring business. Their experience and expertise shall help SMM to expand its business and strengthen PDITL business.

Opinion of the IFA Regarding Transaction 1

The Entire Business Transfer and Private Placement of Shares is in accordance with business restructuring plan of SMM. The principle and reason behind restructuring is from current situation of SMM business which generate continuous losses in the past years. SMM was incapable of debt repayment and incurred high interest expenses, resulting in decreasing and possibly negative equity value which in turn affect the listing qualification of SMM in the SET. SMM's Board of Directors is determine to solve such problem, thus, it approved SMM to accept the transfer of business from TAH2. In this case, SMM shall offer shares via Private Placement to TAH2 Shareholders as considerations for the Entire Business Transfer. Currently, TAH2 is shareholder in PDITL that operates production and distribution of electrical cable which is in demand of customers and can generate revenue and cash flow to business continuously.

The entering into such Transaction provides various benefits to SMM as it is investment in business with potential due to PDITL's competitive strength such as the focus in production of quality products with safety standard, track record in various projects, own special production technology which require high investment, employment of production policy focusing on cost reduction in production management, as well as generation of good returns. Additionally, electrical cable industry has strong growth potential due to increasing electricity demand. The transfer of business from TAH2 shall solve performance and financial position problems of SMM while no cash is required and the offering price of shares via Private Placement is considered benefit to shareholders of SMM when compare with value of business transferred.

However, the entering into this Transaction incurs some disadvantages that shareholders should consider including dilution effect to shareholders, risk of control voting in shareholders' meeting as TAH2 Shareholders becomes major shareholder of SMM who holds over 90% of shares so they can control the vote in the meeting, and risk of incapability to rectify Free Float portion of shareholding. This share offering is the offer of shares at lower-than-par value, resulting in recognition of discount on share capital in financial statements which may be considered as share-based payment according to the accounting standard. This shall cause SMM to incur high accounting expenses relating to the offering of such shares. Moreover, SMM may incur risk relating to electrical cable manufacturing such as risk of material price and exchange rate fluctuation, risk from increase in market competition, risk relating to fee (interest) on raw material procurement, risk relating to disposition of shares by TAH2 Shareholders and Investor PP2, and other risks that shareholders may consider from the IFA report.

In case that shareholders do not approve the Transaction, SMM shall not encounter the aforementioned risk and disadvantages. However, it shall face continuous loss situation which eventually affect its financial position, equity value, and listing qualification. It also loses opportunity to invest in PDITL which is a company with good track record and operating performance, internationally trusted products, and business in high potential industry. Moreover, SMM will not receive Baht 600 million capital from Investor PP2 to pay for its debt.

Presently, TAH2 Shareholders have no relationship with SMM's management, controlling person, or major shareholder. However, after the offering of shares and the Entire Business Transfer from TAH2, TAH2 Shareholders shall become major shareholder of SMM and TAH2 Shareholders shall be nominated as directors of SMM, resulting in consideration of the Transaction as Connected Transaction according to the Notifications on Connected Transaction. The entering into this Transaction with TAH2 Shareholders who are considered as connected persons is for the transfer of electrical cable manufacturing and distribution business from TAH2 based on aforementioned reasons, necessity, advantages, and disadvantages. SMM does not receive any similar proposal regarding the business restructuring to that received from TAH2, thus, it is unable to compare the Transaction with one entering into with third party. If SMM enters into the Transaction with other party, it may lose the opportunity to own business with strong potential as PDITL. SMM may not receive capital from shares offering to Investor PP2 if Investor PP2 views that SMM is unable to turn its operating performance to profit. The appointment of TAH2 Shareholders to be directors benefits SMM as their extensive experience and expertise in electrical cable business could provide, through Board of Directors, policy and business direction that support electrical cable manufacturing business which shall become core business of SMM in the future. Anyhow, the entering in to Connected Transaction require SMM to gain approval from shareholders' meeting, and appoint an independent financial advisor to provide opinion on the Transaction, leading to higher expenses relating to this Transaction.

In 2018, TAH2 and its subsidiaries had related party transactions which can be categorized into 3 groups as follow:

(1) Normal business transaction that is expected to consistently incur in the future which are revenue from sales of electrical cable, copper, duct tape, steel, transportation service fee, cost of finished electrical cable, as well as the purchase of solar rooftop for factory and purchase of steel wheel for electrical cable storage which are supporting normal business transaction. Such transactions are undertaken under general trading conditions and market price.

(2) Transaction regarding receipt of financial support that benefits the company and is expected to incur in the future. The important transaction is the borrowing from related company used for business expansion and working capital.

(3) Transaction regarding offer of financial support. The important transaction is loan to related company which is used for business expansion and working capital.

As at December 31, 2018, most of related party transactions of TAH2 and its subsidiaries were for business operation. Price and condition of such transactions were set at market rate. However, the IFA is of an opinion that the transaction regarding the offer of financial support should be cleared for both principal and interest amount and there should be no offering of financial support to related party in the future.

After TAH2's subsidiaries become subsidiaries of SMM who is a listed company on the SET, TAH2's subsidiaries must comply with the rules and regulations, notifications, or orders of the Capital Market Supervisory Board and the SET regarding the entering into related party transactions. SMM must strictly follow measures and procedures relating to the approval of related party transactions. Audit committee shall also audit and provide opinion on such related party transactions.

The IFA has applied various valuation approaches in order to evaluate value of business transferred from TAH2 and value of 21,500 million shares of SMM. The most appropriate valuation approach of business value transferred from TAH2, a holding company who owns shares in various companies, is the Sum of the Parts Approach which sum value of each of TAH2's business by using the most appropriate valuation method for such business. The IFA has applied the Discounted Cash Flow Approach for the valuation of core business of TAH2 which is PDITL while applied Book Value Approach in PDL Trading's valuation. The IFA did not determine value of TCR due to inadequate information. The most appropriate approach to evaluate SMM share value is the Adjusted Book Value Approach. The IFA is of an opinion that Market Approach is in appropriate to determine value of SMM shares as volume and value of SMM shares traded on the stock exchange is relatively low, therefore, it cannot reflect actual value of SMM shares. Summary of fair value is as follow:

Description	Fair Value	Appropriate Valuation Approach
SMM shares issued as considerations for the transfer of business	Baht 9,675 million, equivalent to Baht 0.45 per share	Adjusted Book Value Approach
Value of TAH2 acquired	Baht 10,258.42 million, equivalent to Baht 0.48 per SMM shares (21,500 million shares offered)	Sum of the Parts Approach

Comparison of values according to the Board of Director's resolution and the IFA's valuation is as follow:

	According to the resolution of SMM's Board of Director's	Fair value determined by the IFA
Price of SMM shares	Baht 0.60 per share Adjusted Book Value Approach	Baht 0.45 per share Adjusted Book Value Approach
Number of shares issued as considerations for the Entire Business Transfer	21,500 million shares	21,500 million shares
Total value	Baht 12,900 million	Baht 9,675 million

Offering price of SMM shares approved by the Board of Directors is at Baht 0.60 per share, higher than the value determined by the IFA which is equal to Baht 0.45 per share. Therefore, offering price at Baht 0.60 per share is considered appropriate.

Though value of TAH2 that SMM shall receive based on value determined by the IFA (Baht 10,258.42 million) is lower than value of SMM shares that the Board of Directors resolved and approved to issue as considerations for the transfer of business (Baht 12,900 million), but when compare fair value of SMM shares determined by the IFA (Baht 0.45 per share) totaling Baht 9,765 million with value of TAH2 (Baht 10,258.42 million), value of TAH2 is higher than fair value of SMM shares determined by the IFA (Baht 9,675 million). Thus, the issuance of 21,500 million SMM shares as considerations for the Entire Business Transfer from TAH2 is appropriate.

Value of TAH2 under the Adjusted Book Value Approach is equal to Baht 2,069.28 million while value based on the Sum of the Parts Approach determined by the IFA is equal to Baht 10,258.42 million and value based on the Sum of the Parts Approach determined by SMM's Board of Directors is equal to Baht 12,900 million, significantly higher than value based on the Adjusted Book Value Approach. Such difference due to the fact that TAH2 subsidiaries have high level of borrowings with interest bearing debt to equity ratio as at December 31, 2018 of 3.84 times, resulting in materially lower value determined by the Adjusted Book Value Approach than the one determined based on Sum of the Parts Approach. PDITL (a company that is a core business of TAH2) has established over 52 years, and a technology of electric cable manufacturing has not developed considerably since its operation started. As such, PDITL can develop and improve machinery, to keep up with a technology changing although it already incurred a much depreciation cost.

The valuation approach for SMM shares used by the Board of Directors is the same as one used by the IFA, which is the Adjusted Book Value Approach, but share values may differ according to the valuation period. During the period that the IFA determined share value, SMM realized additional loss from the period the Board of Directors determined the share value, resulting in different values. For the valuation of TAH2, the Board of

Directors and IFA used Sum of the Parts Approach which fundamentally based on the Discounted Cash Flow Approach. However, values may differ due to different assumptions such as discount rate or revenue growth.

In summary, by considering reasons, necessity, advantages, disadvantages, risks, and price condition that benefit shareholders, the IFA is of the opinion that the entering into the Transaction is reasonable and appropriated and shareholders of SMM should approve the Asset Acquisition Transaction and Connected Transaction. However, decision whether to approve the Transaction or not rests primarily and to the sole discretion of the shareholders. Shareholders can consider information from other documents provided by SMM and IFA's report.

Transaction 2: Disposition of Investment in SMM Plus Company Limited

SMM's Board of Directors passed the resolution to approve the partial business transfer consisting of book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses of any form, but excluding non-marketable assets to SMMP, in which SMM holds 99.97% shareholding. Then, SMM shall sell its investment in SMMP shares to TBB. Value of such investment is determined by the Adjusted Book Value Approach on the latest date prior to the disposition date. The disposition value is equal to Baht 349.04 – 396.31 million. The disposition of said investment is considered as the disposition of asset according to the Notification of Assets Acquisition or Disposition. Preliminary, SMM expects the business transfer and payment of considerations to complete in June - July 2019.

TBB shall pay for ordinary shares of SMMP by cash at value equivalent to value determined by the Adjusted Book Value Approach on the latest date prior to the disposition date. Considerations for the disposition of investment is in accordance with the negotiation between two parties based on financial position, operating performance, and material financial figures. In addition, SMM has considered opportunity and limitation in future business operation. As SMM's operating performance is still at loss, the counterparties agree that determining value of considerations based on the Adjusted Book Value Approach is appropriate.

SMM's disposition of investment in SMMP enables SMM to receive cash which can be used in business expansion and as working capital. SMM may also use some portion of the proceeds as working capital for electrical cable business and to repay its long-term loan of electrical wire business.

Opinion of the Board of Directors Regarding Transaction 2

Board of Directors of SMM has considered that the disposition of investment is reasonable and benefit SMM and its shareholders as it helps increase business liquidity, generates capital to support its future expansion, as well as lower its current liabilities. The Board of Directors has also considered that TBB has

extensive experience and is a long-time business partner with SMM, has capital fund from its ally, and may consider borrowing from financial institutions.

Opinion of the IFA Regarding Transaction 2

Given that SMM sustain operating loss, its management has continuously tried to solve the setback and resolve to change its business to electrical cable distribution by accept the business transfer from TAH2 as mentioned earlier. As SMM is able to operate new business with stronger potential, management then wishes to sell non-performing business in order to restructure SMM's business. SMM will transfer some part of business consisting of book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses of any form, but excluding non-marketable assets to SMMP. SMM shall then sell its 99.97% investment in SMMP to TBB. All SMM's assets and liabilities shall be transferred to the SMMP except some items as details described in Clause 2.3 The Reasonableness of the Asset Disposition Transaction of this report.

Presently, TBB still operates book publishing business for SMM with no other relationship than business partners.

Entering into Asset Disposition Transaction benefits SMM in several ways as it is the disposition of non-performing assets with negative outlook based on appropriate calculation of value in order to stop expected losses. It also provides opportunity to participate in electrical cable production which has strong growth and profit potential. SMM shall receive cash as considerations for disposition of investment which can be used as working capital for new business of SMM. Moreover, SMM is able to record profit from sale of investment in financial statements. Despite such benefits, SMM will faces disadvantage due to the fact that TBB does not acquire all inventory so SMM incur burden to sell such amount at deep discount than market price. After SMM disposes assets and liabilities to SMM, however, it may not have sufficient personnel or distribution channel as previously owned. As a result, to quickly sell the remaining products, SMM may have to do so at deep discount. Additionally, IFA views that there is a risk relating to TBB capability to acquire assets as TBB has financial position and operating performance at a doubtful level. In case that TBB is unable to find source of fund for asset acquisition, SMM then has to find new potential investor and starts negotiation of price and condition over again.

In case that shareholders do not approve the disposition of asset, the aforementioned disadvantage shall not exist. However, SMM shall loss opportunity to invest in new business that has potential to generate revenue and profits which help turn its overall operating performance to net profit. SMM also has to realize operating loss from current business continuously and eventually leads to negative equity value and affect its

listing qualification. The decision whether to approve this Transaction relates to the risk on capability of TBB in the acquisition of assets which may lead to the delay in SMM's business restructuring process.

SMM shall divest its investment in 99.97% of SMMP at the Adjusted Book Value, of which book value based on latest financial statement prior to the disposition shall be adjusted by appraised value of assets. SMM estimates that value of disposition shall be Baht 349.04 – 396.31 million. The IFA has evaluated value of 99.97% of SMMP shares at Baht 326.17 – 331.97 million, lower than the value estimated by SMM. Thus, disposition value of SMMP shares is considered appropriate.

The IFA, therefore, views that the Transaction is reasonable and price is appropriate. Shareholders of SMM should approve such Asset Disposition Transaction since it is the disposition of assets that may generate continuous loss. Since existing businesses of SMM generated loss during 2016 – 2018, the disposition of such assets shall cease the recognition of loss which may affect SMM's financial statements as well as provide opportunity to enter into new business with better potential. The proceeds from disposition of SMMP shares shall be used to repay debts and used as working capital for electrical cable business. In addition, offering price of SMMP is higher than fair value determined by the IFA. However, decision whether to approve the Transaction or not rests primarily and to the sole discretion of the shareholders. Shareholders can consider information from other documents provided by SMM and IFA's report.

Part 1 Acquisition of Assets and Connected Transactions on Entire Business Transfer Transaction and Offering of Newly Issued Ordinary Shares of SMM to TAH2 in Consideration of Entire Business Transfer Transaction

1.1 Nature and details of the transaction

1.1.1. Nature of the transaction

The board of directors of Siam Inter Multimedia Public Company Limited (“SMM”) No.5/2018 held on 21 December 2018 and No 3/2019 held on 22 February 2019. It was resolved to grant approval to propose the Shareholders’ Meeting to consider approving the acquisition and acceptance of the entire business transfer according to the entire business transfer plan between the Company and Team A Holding 2 Co., Ltd. (“TAH2”), whereby the Company shall acquire and accept transfer of the entire business of TAH2, which refers to all assets, liabilities, rights, obligations and responsibilities of TAH2, currently available and to be available in the future, as of the date of the entire business transfer, including 397,116 ordinary shares at the par value of THB 1,000 per share in Phelps Dodge International (Thailand) Limited (“PDITL”), which is a subsidiary of TAH2 (or representing 99.28 percent of PDITL’s registered capital as of December 26, 2018.), and 4,900 ordinary shares at the par value of THB 100 per share representing 49.00 of PDTL Trading Company Limited (“PDTL Trading which is an associated company held by TAH2, totaling THB 12,900,000,000 the Company shall compensate TAH2 for entire business transfer with the Company’s newly issued ordinary shares in number of 21,500,000,000 shares at the par value of THB 1 per share at price of 0.60 Baht per shares, totaling value of 12,900,000,000 Baht. The transaction is fall under backdoor listing pursuant to Acquisition and Disposition Notification and is fall under Connected Transaction Notification as current Mr.Wanaratch Tangkarawakun Mr. Chanin Yensudchai, Mr. Chinawat Assavapokee and Mr. Sathar Chantrasettalead management and/or major shareholders of TAH2 shall be proposed to appoint as the Company’s director after the Entire Business Transfer Transaction and Shares Allocation Transaction is completed In addition, Mr. Wanarat or a legal entity in which Mr.Wanaratch is holding more than 99 percent of its shares, who received the capital increase from the transfer of such business, will become a major shareholder of SMM, causing the offering of the newly issued shares to be considered as a connected transaction.

As mentioned above, SMM will pay compensation for the entire business transfer from TAH2 to ordinary shares. 21,500,000,000 shares. The issuance and allocation of shares in consideration of acceptance of the entire business transfer with TAH2 and TAH2’s Shareholders constitutes a private placement of newly issued ordinary shares, where the Shareholders’ Meeting of SMM shall pass a resolution to clearly specify the offering price at THB 0.60 per share, which is lower than the par value of SMM shares. SMM is entitled to determine the offering price lower than the par value of SMM shares since SMM sustains an operating loss as indicated in SMM (reviewed) financial statements as of September 30, 2018, provided that SMM shall comply with and obtain approval from the Shareholders’ Meeting pursuant to Section 52 of the Public Limited Companies Act, and obtain

approval from the Shareholders' Meeting. Furthermore, such offering price is lower than 90 percent of the market price of SMM shares pursuant to the requirements of the Notification No. TorJor. 72/2558, whereby SMM sets a discount at the rate of 34.07 percent of the market price, which exceeds 10 percent of the market price. As a result, this is regarded as an offering of newly issued shares at a price lower than the market price pursuant to the Notification No. TorJor. 72/2558 and must be approved by the Shareholders' Meeting of SMM with not less than three-fourths of all votes of the shareholders present at the Meeting and entitled to vote, provided that there shall be no shareholders representing 10 percent or more of all votes of the shareholders present at the Meeting and entitled to vote, against the offering of shares at such price.

The market price for the offering of the newly issued ordinary shares to TAH2 is calculated from the weighted average price of SMM ordinary shares listed on the SET for the past 15 consecutive business days prior to the date the Board of Directors passed its resolution to propose the Shareholders' Meeting of SMM to consider approving the issuance and allocation of SMM newly issued ordinary shares to TAH2 by way of private placement, whereby the price during the period from November 28, 2018 to December 20, 2018 is equal to THB 0.91 (Source: SETSMART from www.setsmart.com).

To comply with the Revenue Code's condition in relating to the entire business transfer, TAH2 must register to liquidate company within 2019, which is the same fiscal period with the entire business transfer of TAH2. The end of TAH2's fiscal period is 31 December 2019. Therefore, after register to liquidate company, TAH2's liquidator has to transfer SMM shares to TAH2's Shareholders in proportion to their shareholding in TAH2 so that the liquidation process is completed. In this regard, if the offering price of TAH2 to specific person is lower than 90 percent of SMM stock market price before the first date of offering, SMM must prohibit TAH2, TAH2's Shareholders, or any person who receive those shares after liquidation process of TAH2 is completed, from selling those newly issued ordinary shares for the period of 1 year from the date that those shares start to trade in the Stock Exchange of Thailand (Silent Period). After the newly issued ordinary shares has been traded in the Stock Exchange of Thailand for 6 months, TAH2, TAH2's Shareholders, or any person who receive SMM shares (case by case), are able to sell 25 percent of prohibited shares pursuant to the Notification of the Stock Exchange of Thailand, Re : Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (2015), dated 11 May 2015 (as amended).

However, the Entire Business Transfer Transaction and the Transaction on Share Allocation in Consideration of Entire Business Transfer shall proceed only after the conditions precedent as specified in the Entire Business Transfer Agreement between the Company and TAH2 including other arrangements, contracts and documents relating to such transactions, shall have been fulfilled.

After the capital increasing and allotment of newly-issued shares to TAH2 as a consideration of transferring entire business and after the registration for liquidation of TAH2. In such cases, Mr.Wanaratch, who is a major

shareholder, 99.98%, will become a shareholder of SMM instead of TAH2. Which receive the shares estimated of 94.20 percent of total issued shares of the Company after business restructuring and capital increasing per restructuring plan, will make a mandatory tender offer (Mandatory Tender Offer ("MTO")) to purchase all shares of the Company, in accordance with the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions, and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 (as amended) ("Notification ThorJor. 12/2554"). The MTO price will be 0.60 Baht per share. The MTO is expected to be made after TAH2 and/or its ultimate shareholders are allocated the increase capital ordinary shares of the Company as mentioned in this agenda and the Company completely registers the paid up capital to TAH2 and/or its ultimate shareholders.

1.1.2. Date / Month / Year of Transaction

SMM expected that the Company's Restructuring plan shall be completed by June – July 2019. , however, the actions are depended on the following conditions:

- 1) Terms and conditions related to the Entire Business Transfer Transaction and the Disposition of investment in Subsidiary Transaction (if applicable), Therefore please refer to the conditions president of the execution of the Entire Business Transfer transaction in Section 1: the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) dated October 29, 2004 (as amended) on page 29.
- 2) Approval of entering into the partial business transfer transaction Entire business transfer transaction (The acquisition of assets and connected transactions) and the sale of investment transactions (Disposition of assets) from the Shareholders' Meeting with not less than three-fourths of all votes of the shareholders present at the Meeting and entitled to vote.
- 3) Approval of the offering of the newly issued shares of the company to TAH2 or shareholders of TAH2 to enter into the stock allocation transaction in return for the entire business transfer. And the offering of newly issued ordinary shares of the Company to PP2 investors who are not all connected persons of SMM from the Shareholders' Meeting of the Company with not less than three-fourths of all votes of the shareholders present at the Meeting and entitled to vote, provided that there shall be no shareholders representing 10 percent or more of all votes of the shareholders present at the Meeting and entitled to vote, against the offering of shares at such price.
- 4) The Office of the Securities and Exchange Commission (" SEC.") approve the offering of newly issued ordinary shares to TAH2 or shareholders of TAH2 for stock allocation transactions in return for the entire business transfer. And the offering of the newly issued ordinary shares of SMM to investors 's PP2, which is a limited person and not a connected person of SMM

- 5) The Stock Exchange of Thailand (“SET”) approved the request to consider relisting SMM’s securities and accepting SMM’s ordinary shares as listed securities

1.1.3. Related parties and relationships with SMM

Buyer : Siam Inter Multimedia Company Limited (“SMM”)
 Seller : Team A Holding 2 Company Limited (“TAH2”)
 Relationship : After the issuance and offering of the Company’s newly issued ordinary shares between Buyer and Seller to TAH2 and performing actions as per entire business transfer plan, TAH2’s Shareholders shall hold shares in the Company of 94.20 percent of the company’s issued and paid-up shares (after register to increase paid-up capital of SMM, including the specific capital increase for shareholders of TAH2 and Investors PP2) and Mr.Wanaratch Tangkarawakun, Mr.Chanin Yensudjai, Mr.Chinnawat Assavaphokee and Mr.Suttha Jantarasetthaler The executives and / or major shareholders of TAH2 are the persons to be nominated and appointed as directors of SMM. In addition, Mr.Wanaratch will be a major shareholder of SMM after entering the entire business transfer transaction and stock allocation transaction in return for the entire business transfer.

Shareholder structure before and after the restructuring of SMM

Before Restructuring as of 8 March 2018			After Restructuring		
Name	No. of Shares	Percent	Name	No. of Shares	Percent
Mr.Aphinun Horsangchai	69,157,800	21.40	Shareholders of TAH2 ¹	21,500,000,000	94.20
Mr.Vitton Niruntarai	51,853,993	16.04	Mr.Rewin Petaibanrue ²	666,666,666	2.92
Ms.Anchaleeporn Teerasin	42,387,023	13.11	Mr.Nutthapong Sritaworarat ²	333,333,334	1.46
Mrs.Patsom Theerasin	7,250,000	2.24	Mr.Aphinun Horsangchai	69,157,800	0.30
Mr.Paitoon Chutimakomkul	6,933,333	2.15	Mr.Vitton Niruntarai	51,853,993	0.23
Mr.Kosol Nirantarai	5,493,812	1.70	Ms.Anchaleeporn Teerasin	42,387,023	0.19
Ms.Usa Silpruengwilai	5,389,358	1.67	Mrs.Patsom Theerasin	7,250,000	0.03
Mr.Kudun Sukhumananda	5,085,300	1.57	Mr.Paitoon Chutimakomkul	6,933,333	0.03
Mr.Sathaporn Pothong	4,922,600	1.52	Mr.Kosol Nirantarai	5,493,812	0.02
Mr.Adam Insawang	4,550,000	1.41	Ms.Usa Silpruengwilai	5,389,358	0.02
Others	120,187,786	37.19	Others	134,745,686	0.59
Total	323,211,005	100.00	Total	22,823,211,005	100.00

*Remarks : 1. TAH2 shareholders consist of Mr.Wanaratch Tangkarawakun (99.98% shareholding), Ms.Natdulporn Kittikornpanich (1 shareholding) and Mr.Apichart Tangaekchit (1 shareholding)

2. Investors PP2, which received a total of 1,000 million shares of a specific SMM offering, as mentioned in the source of SMM transactions

Board structure before and after the restructuring of SMM

Before Restructuring		After Restructuring	
Name	Position	Name	Position
Mr.Saritkul Jamsomboon	Chairman	Mr.Chanin Yensudchai ¹	Chairman
Mr.Vitton Niruntarai	Director, Chief Executive Officer, and President	Mr.Wanaratch Tangkarawakun ¹	Director
Ms.Anchaleepom Teerasin	Director	Mr.Chinnawat Assavaphokee ¹	Director
Mrs.Thanyarat Sittanavithan	Director	Mr.Suttha Jantarasetthaler ¹	Director
Mr.Virat Teekaputisakul	Director	} Waiting for new appointment ²	Director
Mr.Prajaya Chaikam	Director		Director
Ms.Phusanaporn	Director		Director
Getmeteekaroon			Director
Mr.Paitoon Chutimakomkul	Director		Director
Mr.Kittiwat Niruntarai	Director		Director
Mr.Kitti Cheenaket	Independent Director, Chairman of Audit Committee	Dr.Songphob Poljun	Independent Director, Chairman of Audit Committee
Mrs.Sangtip Yimlamai	Independent Director, Audit Committee	ML.Pipathchai Penpat	Independent Director, Audit Committee
Mr.Dumrit Viriyakul	Independent Director, Audit Committee	Mr.Kusol Sangkhanunt	Independent Director, Audit Committee

Remark:

1. Director who is represented by TAH2
2. After restructuring the position of director in the company, there will be 5 vacancies with no plans for the appointment of directors

Executive structure Before and after the restructuring of SMM

Before Restructuring		After Restructuring	
Name	Position	Name	Position
Mr.Vitton Niruntarai	Chief Executive Office and President	Mr.Niruth Jiekwathunyoo	Chief Executive Office

Before Restructuring		After Restructuring	
Name	Position	Name	Position
Ms.Anchaleeporn Teerasin	Deputy Chief Executive Office	Mr.Suttha Jantarasetthalert	Chief Financial Office
Mrs.Thanyarat Sittanavithan	Managing Director – Finance and Accounting	Mr.Kittisak Jitprasertngam	Chief Marketing Office
Mr.Prajaya Chaikam	Managing Director – SPORT & MULTIMEDIA Business	Mr.Pichet Lochanajit	Chief Technology Office
Mr.Kittiwat Niruntarai	Managing Director – Book Business	Mr.Somnuk Supakulkittiwattana	Chief Human Resource Office
Ms.Phusanaporn Getmeteekaroon	Deputy Managing Director – Advertisement Sales	Mr.Niruth Jiekwathunyoo	Chief Operation Office (Acting)
Mr.Virat Teekaputisakul	Deputy Managing Director – Cartoon Publishing	-	-

1.1.4. Type, and Transaction Size

Details of the calculation of the transaction size according to the announcement of the acquisition or disposition of assets are as follows:

1.1.4.1. Assets Acquisition Transaction

On the day of business transfer, SMM will accept the entire business transfer of TAH2 consisting of cash assets. Investments in subsidiaries (PDITL and TCR) and liabilities comprising trade payables and short-term loans from related parties (Details as shown in part 1.1.5) by Entire Business Transfer Transaction is deemed as acquisition transaction pursuant to Acquisition and Disposition Notification. The transaction size calculated as per value of shares issued for compensate criteria (as of September 30, 2018 and December 31, 2018) is equal to 6,652.00 percent, which is higher or equal to 100 percent. As such, the transaction is fall under transaction type 4 or backdoor listing pursuant to the Acquisition and Disposition Notification. For the past 6 months, SMM doesn't have any acquisition transaction pursuant to the Acquisition and Disposition Notification, thus the highest transaction size is 6,652.00 percent as per value of shares issued for compensate criteria.

Calculation of assets acquisition size in following table:

Criteria	Details of Calculation	As of 30 September 2018		As of 31 December 2018 ⁽⁵⁾	
		Calculation	Transaction Size (Percent)	Calculation	Transaction Size (Percent)
1 Net Tangible Assets	<u>NTA of TAH2 x Shareholding Proportion</u> NTA of SMM	Can't Calculate ⁽¹⁾		<u>71.56 Million Baht.x 100</u> 71.43 Million Baht	100.17 ⁽⁴⁾
2 Net Operating Profit	<u>Net Profit of TAH2 x Shareholding Proportion</u> Net Profit of SMM	Can't Calculate ⁽²⁾		Can't Calculate ⁽²⁾	

Criteria	Details of Calculation	As of 30 September 2018		As of 31 December 2018 ⁽⁵⁾	
		Calculation	Transaction Size (Percent)	Calculation	Transaction Size (Percent)
3 Total Value of Consideration	$\frac{\text{Value of Consideration} \times 100}{\text{Total Assets of SMM}}$	$\frac{19,565^{(3)} \text{ Million Baht} \times 100}{877 \text{ Million Baht}}$	2,231.60 ⁽⁴⁾	$\frac{19,565^{(3)} \text{ Million Baht} \times 100}{781 \text{ Million Baht}}$	2,505.26 ⁽⁴⁾
4 Value of shares issued for compensate	$\frac{\text{Number of SMM securities issued to compensate} \times 100}{\text{Number of SMM Issued and Paid-up Capital}}$	$\frac{21,500 \text{ Million Shares} \times 100}{323 \text{ Million Shares}}$	6,652.00 ⁽⁴⁾	$\frac{21,500 \text{ Million Shares} \times 100}{323 \text{ Million Shares}}$	6,652.00 ⁽⁴⁾

Remark:

1. Net Tangible Assets (NTA) of TAH2 had negative value in the nine-month period of 2018, thus can't calculate the transaction size per the NTA criteria
2. SMM report net loss for the fiscal year 2018, thus can't calculate consideration of the Entire Business Transfer Transaction as per net operating profit criteria.
3. In case the consideration is listed securities, compare the market value of securities or NTA. Whichever is higher will be used for the calculation. By choosing a higher value in the calculation of 0.91 baht per shares (SMM stock market price) X 21,500 shares (the number of shares issued by TAH2 shareholders = 19,565 million)
4. Calculated from share value (unit value: baht) and the total of shares. the numbers may arise from rounding 2 or 3 decimals (as the case may be). therefore, the calculated numbers may not match the results from the calculations as shown.
5. In order to provide information for shareholders' decision making, the transaction is calculated using the latest information as of December 31, 2018.

1.1.4.1. Connected Transaction

The Entire Business Transfer Transaction and Shares Allocation Transaction to shareholders of TAH2 is deemed as connected transaction pursuant to the Capital Market Supervisory Board No. TorChor. 21/2551, Re: Rules on Connected Transactions dated 31 August 2003 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand, Re : Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 dated 19 November 2003 (as amended) (the “Connected Transaction Notification”) as current TAH2’s directors and/or shareholders shall be proposed to appoint as the Company’s director In addition, Mr. Wanarat will be a major shareholder of SMM. after the Entire Business Transfer Transaction and Shares Allocation Transaction is completed. The transaction size is 12,985.49 percent of net tangible assets by referring from the Company consolidated financial statement for the 9-month period ended 30 September 2018 and transaction size is 27,389.59 of net tangible assets of SMM according to the financial statements of the audited by the auditor for the year ended 31 December 2018, reviewed by auditor. The details of calculation are as follows:

Q3/2018 Consolidated Financial Statement (Reviewed)	Consolidated financial Statements Quarter 3/2018 (Reviewed) ⁽²⁾
= $\frac{\text{Value of Newly Issued Ordinary shares} \times 100}{\text{Net Tangible Assets}}$	= $\frac{\text{Value of newly issued ordinary shares based on market price} \times 100}{\text{Net Tangible Asset (NTA)}}$
= $\frac{0.91 \times 21,500 \times 100}{150.67}$	= $\frac{0.91 \times 21,500 \times 100}{71.43}$
= 12,985.49 Percent*	= 27,389.59 * Percent

* **Remark:**

- (1) Calculated from share value (unit value: baht) and the total of shares. the numbers may arise from rounding 2 or 3 decimals (as the case may be). therefore, the calculated numbers may not match the results from the calculations as shown.
- (2) To be the information for shareholders' decision making, therefore, calculate the item using the latest information as of 31 December 2018

Net tangible assets of SMM is as follows:

Financial Statement	As of September	As of December
Million Baht	30, 2018	31, 2018
	(Audited)	(Audited)
Total Assets	876.73	780.96
Intangible Assets		
- Deferred Leasehold Rights - Net	2.61	2.46
- Deferred Tax Assets	26.21	25.84
Total Liabilities	697.24	681.23
Non-controlling Interests	-	-
Net Tangible Assets (NTA)	150.67	71.43

Net Tangible Assets (NTA) of TAH2 and subsidiaries of TAH2 are as follows:

Consolidated financial statement	As of September	As of December
(Million Baht)	30, 2018	31, 2018
	(Audited)	(Audited)
Total Assets	10,776.58	11,845.72
Intangible assets		
- Goodwill	893.47	893.47
- Other intangible assets	22.03	20.27
Total Liabilities	9,875.91	10,827.15
Non-controlling Interests	60.59	33.28
Net Tangible Assets (NTA)	(75.41)	71.56

As of 31 December 2018, TAH2 and its subsidiaries has NTA of THB 71.56 million, which, is higher than NTA as of 30 September 2018. The major driven are an increase in Assets such as cash, account receivables inventory etc. Moreover, the increase in Liabilities are less than the increase in Assets. It has also improved by the normal operations, which total revenue increased from THB 7,244.9 million 9-month 2018 to THB 10,514.0 million in FY2018.

1.1.5. Details of Acquired Assets

At the date of entire business transfer, the Company shall receive entire business consisting of all assets and liabilities with the details as follows:

- **List of assets**

- 1) Investments in subsidiaries (the value as of 31 December 2018 is THB 4,156.52 million), details as follows

- a) All PDITL's shares held by TAH2 of 397,116 shares at par value of 1,000 Baht, or equivalent to 99.28 percent of PDITL's issued and paid-up shares, valued at approximately 4,139.75 million baht (As of December 31, 2018, PDITL has an invested in Affiliate, Thai Copper Rod Company Limited (TCR) at 20.00%, valued at 20 million baht)

According to the separate financial statements of PDITL as of December 31, 2018, the main assets of consist of trade and other receivables, valued at approximately 4,395.11 million baht, inventories worth approximately 3,358.72 million baht, and property, plant and equipment. (Including land, factory buildings and machinery located at Bangplee factory, Samutprakarn province and at Rayong factory, Rayong province) Worth approximately 1,344.84 million baht, can consider other assets according to the financial statements of PDITL in Attachment 2, PDITL's financial information)

- b) All PDTL Trading's shares held by TAH2 of 4,900 shares at par value of 100 Baht, or equivalent to 49.00 percent of issued and paid-up shares of PDTL Trading, valued at 16.77 million baht (As of December 31, 2018, PDTL Trading has invested in in Affiliate, Thai Copper Rod Company Limited (TCR) at 5.00%, valued at 5 million baht)

According to the separate financial statements of PDTL Trading as of December 31, 2017, the main assets of PDTL Trading consist of cash and cash equivalents worth approximately 32.31 million baht, can considered other assets according to the financial statements of PDTL Trading in Attachment 2 Information Financial statements of PDTL Trading)

- 2) Cash and Cash Equivalents (The value as of 31 December 2018 is THB 86.95 million)

- 3) Current Assets (The value as of 31 December 2018 is THB 17.64 million)

- 4) Other assets (please refer to separate financial statement of TAH2 as of 31 December 2018, according to the separate statements of TAH2 in Attachment 2, financial information of TAH2)

● **List of liabilities**

All liabilities from specific financial statements as of the date of enter business transfer with the details as follows:

- 1) Short-term borrowings from connected party (The value as of 31 December 2018 is THB 1,335.07 million)
- 2) Account payables and other payables (The value as of 31 December 2018 is THB 129.20 million consist of Other current payable of 41.21 million baht, Accrued interest payable of 75.66 million baht and Accrued expenses of 12.34 million baht)

Liabilities from the consolidated financial statements, mainly consisting of loan and liabilities under finance lease agreement of 4,038.29 million baht, Account payable and other payable of 6,304.48 million baht, total liabilities of 10,827.15 million baht , as at December 31, 2018

1.1.6. Information of TAH2 and subsidiaries of TAH2

Details appear in Attachment 2 Summary information of TAH2 and subsidiaries of TAH2 as follow:

- 1) Phelps Dodge International (Thailand) Limited (“PDITL”)
- 2) PDTL Trading Company Limited (“PDTL Trading”)

and Thai Copper Rod Company Limited (“TCR”) are PDITL and PDTL Trading holding 20.00% and 5.00% respectively

1.1.7. Agreements and Key Terms of Business Transfer Agreement

Counterparty	Between SMM and TAH2 (the “Seller”)
Nature of transaction	TAH2 agrees to transfer the entire business of the Seller to SMM. In this regards, the entire business transfer must meet the requirements under conditions precedent. SMM agrees to determine the compensation for the entire business transfer of TAH2 at a total price of 12,900,000,000 baht. SMM will pay the purchase price by the issuance and allocation of SMM’s newly issued ordinary shares of not exceeding 21,500,000,000 shares, with a par value of 1 baht per share at the offering price of 0.60 baht per share to the Seller.

Conditions precedent	<p>The entire business transfer of TAH2 will occur only when SMM and TAH2 have fulfilled the condition precedent as follows.</p> <p><u>Conditions precedent</u></p> <ul style="list-style-type: none">● Signing of sale and purchase agreement by both parties. Currently, both parties have not signed the sale and purchase agreement.● TAH2 and SMM are satisfied with the status of each other. The results from the due diligence satisfy both parties. The due diligence has completed.● SMM receives an approval from SMM's board of directors meeting held on 21 December 2018 and the extraordinary shareholder meeting no.1/2019. An approval is in accordance with the relevant regulations necessary to enter into the transaction in complete (including a relevant and necessary approval from the SEC and the SET) on matters relating to the transaction.● SMM will undertake the restructuring of SMM's business by transferring some business, including production and distribution, TV and radio program production, broadcast rights and live broadcast via satellite, other businesses related to print in various forms, assets, liabilities (including only accounts payables, loans from financial institutions without any obligations or sale and transfer restrictions) and related personnels to SMMP. SMM will hold 99.97% shares in SMMP. To proceed as aforementioned, the approval from the extraordinary shareholder meeting no.1/2019 must be received.● Both parties have fulfilled all other conditions precedent as indicated in the sale and purchase agreement.
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As of today, the Business Transfer contract between SMM and THH2 has not been signed. Therefore, IFA has an opinion that SMM's managements must carefully control a condition of the Business Transfer contract, and it should indicate clearly that all assets of TAH2 must be transferred to SMM completely especially important assets e.g. land, building and all machinery of PDITL. For such a condition, IFA viewed that this asset acquisition is a transaction which SMM issue new ordinary shares in order to swap with an entire business transfer of TAH2, and the most of essence assets in TAH2 is PDITL's ordinary shares. The share transfer transaction implied that SMM receive entire assets consisting of land,

building and all machinery of PDITL, and able to operate seamlessly in an electric cable manufacturer business

1.1.8. Value of Consideration and Criteria for Determining Consideration

After condition precedents for entering to the Entire Business Transfer Transaction and Shares Allocation Transaction are completed, SMM shall compensate TAH2 or Mr.Wanaratch for entire business transfer with SMM newly issued ordinary shares in number of 21,500,000,000 shares at price of 0.60 Baht per shares instead of cash (pay in kind), totaling value of 12,900,000,000 Baht. Which is the value that SMM evaluates as follows.

- **Valuation ordinary shares of SMM**

As of December 21, 2018, the Board of Directors of SMM approved the transaction. Which has the criteria for determining the offering price of ordinary shares to pay as compensation for the purchase and acceptance of the entire business transfer of 0.60 baht per share by using the Adjusted Book Value method to reference the book value as of 30 September 2018, Which the Board of Directors has given reason to use such method to evaluate the value that, because SMM has always suffered losses. Which forecasting future performance to determine the fair value of SMM is not appropriate Including the market price of the ordinary shares of SMM before the date on which the Board of Directors approved the restructuring have a small amount of trading, it may not reflect the appropriate fair value. Therefore, the Adjusted Book Value method is the most appropriate method that reflects the fair value of SMM from the current assets. With details of the valuation as follows.

1) Adjustment the difference in the appraisal value of the property is higher than the book value

Asset Value	Million baht	
Property value based on book value as at September 30, 2018	58.50	(1)
Property value based on appraisal Value as at May 25, 2018	109.16	(2)
The difference between the appraisal value is higher than the book value of the asset	50.66	(2-1)=3
Total issued and paid up shares of SMM as at September 30, 2018 (Share)	323,211,005	(4)
The difference in the appraisal value of the property is higher than the book value per share (Baht/share)	0.16	(3/4)

Details of the property appraisal (As of May 25, 2018)	Appraisal price (Million Baht)
Land and Head office building	95.66
Land and 2 storey commercial building at Pom Prap Sattru Phai, Bangkok	13.50
Total of property appraisal	109.16

Remark: Evaluated by Justice Property and Appraisal Co., Ltd. Which is the property appraiser listed in the list approved by the SEC, as at May 25, 2018 The property appraisal is the latest price as of the date the Board of Directors approved the business restructuring plan.

Currently, the asset list has been re-evaluated by the appraiser named Asian Engineering Valuation Co., Ltd. On 21 and 23 January 2019 as follows:

Details of the property appraisal (As of January 21 and 23 and 2018)	Appraisal price (Million Baht)
Land and Head office building	91.23
Land and 2 storey commercial building at Pom Prap Sattru Phai, Bangkok	13.50
Total of property appraisal	104.73

Additional details, as shown in Attachment 3, the value decreased from the value of the head office building which is slightly decreased from the increasing use of the building from the previous assessment date.

However, the difference of assets according to the appraised value that is higher than the book value has not yet been reflected in the latest financial statements of 2018 of SMM.

In addition, the Board of Directors has adjusted the book value that has been adjusted according to the asset value according to the additional appraised value. To reflect the loss from the sale of a book item which occurred in December 2018 as follows.

2) Adjustment of loss from selling special price products in December 2018

In December 2018, SMM sold books at a special price lower than the capital. Because SMM has stock of inventories, books that do not generate sales or slow-moving and many

books that do not have a complete set causing waste of space in the warehouse and having administrative expenses with details of sales value as follows.

list	Million Baht
Cost of goods sold to sales	55.71
Less: Allowance for impairment losses	(12.50)
Book value of inventories sold	43.21
Purchase price	3.11
Loss on decline in value of inventories	(40.10)
Company's total issued and paid up shares as of September 30, 2018 (Share)	323,211,005
Loss on decline in value of inventories per share (Baht/share)	(0.12)

Summary - the adjusted book value of SMM. The Board of Directors determined the offering price.

Book value as at September 30, 2018	0.55 Baht per share
Plus the difference in the appraisal value of the property is higher than the book value as of May 25, 2018	0.16 Baht per share
share value by adjusted book value method as at September 30, 2018	0.71 Baht per share
Deduct - Loss from selling special price products on December 2018	(0.12) Baht per share
Share value after deduction of loss from selling special price products	0.59 Baht per share
Adjusted book value before the transaction	0.59 Baht per share
Net book value of SMM (Baht per share) as of December 31, 2018	0.31 Baht per share

The loss from the sale of the book is reflected in the loss of the fourth quarter of 2018 and the financial statements of SMM.

● **The valuation of TAH2 considered by the board of directors of SMM**

As TAH2 has subsidiary which operate the main business, namely PDITL. PDITL has growth in both revenue and net profit and its business plan also continuously expand. Thus, the valuation by discounted cash flow approach is the most appropriate because it has incorporated future performance of TAH2. For value of PDITL Trading, It is a subsidiary by cost Method, and TCR is an indirect affiliate of TAH by equity method, is calculated by the value shown in TAH2's separate financial statement, the details are stated as follows;

Estimated a fair value of TAH2	Million Baht
Estimated value of PDITL (proportion of shareholding: 99.28%)	14,061 – 17,354
Estimated value of PDITL TCR (Equity Method as at September 30, 2018)	64
Estimated investment value of PDITL Trading by cost Method referring from separate financial statements as at September 30, 2018)	17
Cash of TAH2 (referring from separate financial statements as at September 30, 2018)	132
Deduct financial liabilities of TAH2 (Referring from separate financial statements as at September 30, 2018)	(3,966)
Estimated a fair value of TAH2	10,308 – 13,601

To valuate PDITL by discounted cash flow approach, the financial projection is based on PDITL's business plan which some revenues are referred from current backlog and the expansion of distribution channel and marketing plan which focused on increasing of domestic sales of High voltage and the increasing of export sales of all type of wire and cable. The key assumptions of PDITL valuation are as follows.

Revenue growth	Estimated the revenue growth from current backlog and business plan which focused on expansion of Medium voltage, High voltage (potential growth from Thai infrastructure plan) and Building wire. Plus, the new products and services including expansion into mass market by selling 2 nd tier wire and cable, which have a potential growth in real estate sector-residences as well as demand in use of electricity and also extend the related services which will start in 2019.
Gross profit margin	Estimated gross profit margin is 17 - 18% Estimated gross profit margin based on management forecast and the average margin of 2017 and 11-month 2018, which the gross profit margin will be in line with management ability to manage margin between fluctuate cost of raw materials and selling price to customers
Admin. Expenses	Estimated administrative expenses equal to 6.00% - 6.50% Estimated administration expenses based on 11-month 2018 and slightly decrease in next year causing by economies of scale by increasing of revenues. As there are fixed cost such as employee expenses, utility cost etc., which PDITL has a policy to manage expenses as well as an increase in revenue. This will enable PDITL to decrease administration expenses in the future.
Net profit margin	Estimated net profit margin Year 2018-2023 approximately 5% – 7%.

Discount Rate	8.50% - 9.00% Weighted Average Cost of Capital : WACC is calculated by; Ke: calculated by the theory of Capital Asset Pricing Model Market Return (Rm) is derived from SET index since the Company incorporated until December 2018 Beta is derived from Unlevered Beta of other companies operating in the same type of business/industry (source – Bloomberg) Kd: calculated by PDITL finance cost
Terminal growth rate	1.00% - 2.50% Refer to an inflation in Thailand in the last 20 years, Bank of Thailand Which is equal to about 2 percent and increase / decrease For consideration. Sensitivity

Remark: The above assumptions are based on the financial information of PDITL's management. Some of the information may not be consistent with the financial statements audited by the certified public accountant. As a result of the classification of items for business management purposes.

Based on key assumptions above, the fair value of TAH2 is approximately THB 10,308 – 13,601 Million Baht, together with the negotiation with PDITL's management, the finalize value of TAH2 is 12,900,000,000 Baht.

The IFA compared the evaluation method of TAH2 considered by the Board of Directors and IFA as follows:

	Board of Directors of SMM	IFA								
Net present value method of cash flow of TAH2	Valuation of TAH2 by using the Sum of the part method. Details of each company in the TAH2 group are as follows.	Valuation of TAH2 by using the Sum of the part method. Details of each company in the TAH2 group are as follows.								
	<table border="1"> <thead> <tr> <th>Companies in the TAH2 group</th> <th>Evaluation (Unit: Million Baht)</th> </tr> </thead> <tbody> <tr> <td>PDITL</td> <td>Discounted Cash Flow method</td> </tr> </tbody> </table>	Companies in the TAH2 group	Evaluation (Unit: Million Baht)	PDITL	Discounted Cash Flow method	<table border="1"> <thead> <tr> <th>Companies in the TAH2 group</th> <th>Evaluation (Unit: Million Baht)</th> </tr> </thead> <tbody> <tr> <td>PDITL</td> <td>Discounted Cash Flow method</td> </tr> </tbody> </table>	Companies in the TAH2 group	Evaluation (Unit: Million Baht)	PDITL	Discounted Cash Flow method
	Companies in the TAH2 group	Evaluation (Unit: Million Baht)								
PDITL	Discounted Cash Flow method									
Companies in the TAH2 group	Evaluation (Unit: Million Baht)									
PDITL	Discounted Cash Flow method									

	Board of Directors of SMM	IFA												
	<table border="1"> <tr> <td></td> <td>= 14,061-17,354</td> </tr> <tr> <td>PDTL Trading</td> <td>Cost Method = 16.77</td> </tr> <tr> <td>TCR</td> <td>Equity method =63.74</td> </tr> </table>		= 14,061-17,354	PDTL Trading	Cost Method = 16.77	TCR	Equity method =63.74	<table border="1"> <tr> <td></td> <td>= 11,681.04</td> </tr> <tr> <td>PDTL Trading</td> <td>Book Value Approach =43.20</td> </tr> <tr> <td>TCR</td> <td>No valuation due to the limitations of data</td> </tr> </table>		= 11,681.04	PDTL Trading	Book Value Approach =43.20	TCR	No valuation due to the limitations of data
	= 14,061-17,354													
PDTL Trading	Cost Method = 16.77													
TCR	Equity method =63.74													
	= 11,681.04													
PDTL Trading	Book Value Approach =43.20													
TCR	No valuation due to the limitations of data													
Revenue growth rate of PDITL	Estimated the revenue growth from current backlog and business plan which focused on expansion of Medium voltage, High voltage (potential growth from Thai infrastructure plan) and Building wire.	Estimated from electrical industry based on the forecast growth rate of electricity consumption from 2016 to 2040 of ASEAN countries by International Energy Agency that is expected to grow at 3.7 percent per year, including the domestic demand for electricity to 1.1 times GDP growth.												
Revenue from new business of PDITL	Projections, including revenue from new business PDITL expected to conduct business in new business over the next five years such as market expansion to the power line product category 2 nd , the expansion of products related to electrical wire such power plug, providing supplementary management, inspection and measurement of quality of electrical wires, etc.	IFA evaluates new business only the businesses that PDITL has invested in assets before December 31, 2018												
Discount Rate of PDITL	8.50% - 9.00%	9.24%												

	Board of Directors of SMM	IFA
Terminal growth rate of PDITL	1.00% - 2.50% Based on average 20 years inflation rate according to the data of the Bank of Thailand.	3.00% reduction based on the forecast growth rate of electricity consumption from 2016 to 2040 of ASEAN countries by International Energy Agency that is expected to grow at 3.7 percent per year, including the domestic demand for electricity to 1.1 times GDP growth.

1.1.9. Characteristics and Scopes of Interests

1) Director who has interests

- None-

2) Shareholder who has interests

Although, after the Shares Allocation Transaction with TAH2 or shareholders of TAH2 (including Investors PP2 whom shall be allotted newly issued ordinary shares) and performing actions as per entire business transfer plan, or shareholders of TAH2 shall hold 94.20 percent of SMM's issued and paid-up shares and shall have rights to propose person to appoint as the SMM's directors in proportion to their shareholding, in which they will propose 7 people to be appoint as the Company's directors. TAH2's Shareholders shall also have rights to propose person to be the Company's management, Therefore, Mr. Wanaratch Group are considered as the SMM's connected person, and the offering of newly issued ordinary shares to TAH2 or shareholders of TAH2 is considered as connected transaction pursuant to the Connected Transaction Notification. All shareholders shall have rights to cast their vote for such agenda as the transaction is for the benefit of the Company and its shareholders.

1.1.10. The Board of Directors' Opinion Regarding the Transaction

- Entire business transfer from TAH2

SMM board of directors, in which the director who have interest and/or is connected person doesn't in the meeting, resolved to approve entering transaction as it opines that the Entire Business Transfer Transaction from TAH2 by compensating with newly issued ordinary shares shall support and enhance

SMM to have stable business and such business is considered as business that is essential for the growth of country as seen from government's various projects e.g. grounding the electric wire and various lines of electric train which require usage of electric wire. In addition, it shall enhance the Company's financial position in future.

SMM board of directors also aware and understand of dilution effect, however, by considering the Company's existing business which have lower business opportunity resulting from change in consumer behavior which focus on digital media. In addition, if the Company consider compensating with cash from loan, the Company shall face high debt problem.

Therefore, TAH2, which is PDITL's shareholders, become strategic partner with the Company is more appropriate than acquiring with cash. However, the Company's board of directors also aware that entering the Entire Business Transfer Transaction shall result in transfer of controlling power in the Company to new shareholders.

SMM board of director opine that entering the Entire Business Transfer Transaction and Share Allocation Transaction in which the Company shall receive all shares held by TAH2 including PDITL's shares of 99.28 percent of PDITL's issued and paid-up shares, is appropriate and bring the best benefit to the Company's shareholders, and opine that shareholders should approve all agendas relating to the Entire Business Transfer Transaction and Share Allocation Transaction in Extraordinary General Meeting No.1/2019.

- Private placement for the entire business transfer of TAH2

(1) Reason and Necessary of Capital Increase

To compensate for entire business transfer of TAH2 shall made a payment for SMM newly issued ordinary shares with PDITL's shares in number of 399,565 shares at par value of 1,000 Baht instead of cash (pay in kind). If SMM source fund from other method instead of capital increase e.g. debt borrowing may result in highly leverage financial position.

Furthermore, if SMM doesn't accept to receive entire business transfer, SMM may face liquidity problem, especially with financial institution that have various binding conditions as well as debt repayment burden in near future.

(2) Possibility of the Plan to Use the Offering Proceed

SMM shall issue newly issued ordinary shares to compensate for TAH2's or TAH2's Shareholders entire business according to EBT plan. Which has the principle and reason from SMM's existing business, experiencing an industry recession and unclear cash flow from the changing consumer behavior With consumers focusing more on media from digital

work groups The Board of Directors therefore approved the transfer of the entire business of TAH2 in order to expand the existing business into the power generation and distribution business, which has a clear and potential cash flow business

(3) Reason and Necessary for Offering Newly Issued Ordinary Shares to Specific Person

After SMM has studied the reasonableness and benefit of Entire Business Transfer Transaction and Shares Allocation Transaction, SMM board of directors opine that the capital increase is reasonable and will bring maximum benefit to SMM, especially offering price at 0.60 Baht per share which is referred from SMM book value according to SMM financial statement for the nine-month period ended 30 September 2018 reviewed by auditor, to exchange for PDITL's business which has stable cash flow and clear future as the electric wire is fundamental infrastructure for developing country.

However, after entering the transaction, SMM is expected to recognize the operating results and financial status of TAH2 and its subsidiaries. Which has good performance and stable financial status (Details as attachment 2) In addition, if SMM entered the transaction delayed, the book value of SMM may be lower due to the recession which can be considered by having a continuous loss of operating results. and will result in the current shareholders perceiving additional losses. As a result, the current shareholders will recognize losses increased.

(4) Appropriateness of Newly Issued Ordinary Shares' Offering Price to be Offered to Specific Person and Determination of Offering Price

As SMM continuously report operating loss in the past, as such, the adjusted book value method is appropriate method to determine fair value as it will reflect SMM assets fair value. In this regard, the stock market price may be used as reference for consideration and negotiation.

SMM shall issue and offer newly issued ordinary shares at offering price of 0.60 Baht per shares, or equivalent to discount of 34.07 percent from SMM weighted average price traded in the Stock Exchange of Thailand for 15 consecutive business days before SMM board of directors approve proposing to the shareholder meetings to consider issuance and offering newly issued ordinary shares (between 28 November 2018 and 20 December 2018) which is 0.91 Baht (source: www.setsmart.com)..

However, such discounts may be considered high. However When comparing with the price from the appraisal using the book value adjustment method The value of SMM's ordinary shares before the transaction date will be 0.59 baht per share, which can be seen that the price of shares that SMM issued and offered for sale is higher. And compared to the benefits that shareholders will receive from businesses that are clear and the future of PDITL will make the existing shareholders of SMM not lose benefits.

- (5) Person whom Allotted Newly Issued Ordinary Shares Having Related Business that is Benefit to SMM and Having Knowledge or Experienced that is Benefit to or Support SMM business.

From the entire business transfer transaction of TAH2, SMM will allocate such newly issued ordinary shares to TAH2 or shareholders of TAH2. who have experienced and expertise in TAH's business. Those people hold shares through TAH2 which have management team of business to be transferred, consisting of Mr.Chanin Yensudjai, Mr.Niruth Jiekwathunyoot, and Mr.Suttha Jantarasetthalert etc. The experienced and capability of those people shall support SMM to expand business to nearby area and strengthen PDITL's business. and from the knowledge and expertise of the management team and high-level employees who are in such businesses for more than 20 years, will be able to support the PDITL business to be even stronger.

- (6) Worthiness between benefits from investors compared to the listed companies offering new shares at low prices to such persons by considering the effects of expenses and company's financial positions according to the accounting standard of share-based payments.

When considering the value between benefits that can be obtained from investors compared with SMM's offering of shares per person in a limited amount at the price of 0.60 baht per share (which is lower than the par value of SMM at 1 baht, which is offered at a price lower than the market price resulting in SMM having to consider the impact on SMM's expenses and financial status caused by the offering of newly issued shares at this time according to the accounting standard of share-based payments to consider such impacts will consider the difference between the offering price and the fair price multiplied by the number of shares issued and offered for sale Recorded as expenses in the statement of comprehensive income And share premium on share-based payment in the statement of financial position. Which SMM considers the fair price as the price of the fair value of the consideration received Which is the business value of TAH2 which is evaluated by IFA at the amount of 0.48 baht per share which is lower than the private placement price per share (0.60 baht per share). Therefore, this transaction Therefore does not affect SMM's expenses

and financial status caused by the offering of such newly issued shares According to financial reporting standards for share-based payments

1.1.11. Rights of shareholders in opposition to the offering of newly issued shares at a low price

The offering of shares to TAH2 is a public offering of shares by specifying the offering price with a discount of more than 10 percent of the market price. According to the Notification of the Capital Market Supervisory Board No. TorJor. 72/2015 Re: Approval of New Shares Offering through Private Placement by Listed Companies. Which must be approved by Shareholders' meeting of SMM with votes of not less than three-fourths of the total votes of shareholders attending the meeting and having the right to vote. And must not have a total of 10% of the total votes of shareholders attending the meeting and having voting rights Voting to oppose the offering of the newly issued ordinary shares at such low price And must be approved by the SEC before offering.

1.1.12. Testimonial of Board of Directors Regarding the Capital Increase

In the event that SMM directors have not been perform duties in good faith and with prudent to protect SMM benefit regarding the capital increase, and if the event cause the damage to SMM SMM can claim compensation from the said director, but if SMM does not claim such compensation A group of shareholders holding a combined share of no less than 5 percent of the total paid-up shares has the right to notify SMM to make a claim., the shareholders can sue that directors on behalf of the Company pursuant to section 85 of the Public Limited Company Act, B.E.2535, (as amended) and if the failure to perform the duty causes the director to be responsible for the return of benefits shareholders holding shares and having voting rights of not less than 5% of the total voting rights can claim that SMM can do so, but if SMM does not proceed as informed by the shareholders within 1 month from the date of notification Such shareholders can exercise the right to sue for the benefits from that director instead of SMM under Section 89/18 of the Securities and Exchange Act BE 2535 (as amended). In addition, the Board of Directors certifies that The Board of Directors has exercised caution in considering and examining the information of TAH2 or shareholders of TAH2 and is of the opinion that it is a potential investor and can invest in SMM. benefit Which contributes to supporting SMM's business

1.2 Summary information of Siam Inter Multimedia Public Company Limited ("SMM")

Details appear in Attachment 1 Summary of Siam Inter Multimedia Public Company Limited ("SMM")

1.3 Reasonableness of the Asset Acquisition Transaction, Connected Transaction, and Private

Placement

1.3.1. Objective and Necessity of the Transaction

As mentioned in Clause 1.1 Nature and Details of the Transaction regarding objective of SMM's Private Placement of shares as considerations of the Entire Business Transfer from TAH2, such Transaction is in accordance with SMM business restructuring plan. As book publishing business which previously is core business of SMM faces downward trend due to change in consumer behavior that substantially prefer digital media. Multimedia business and TV broadcast and satellite program licensing business could not generate sustainable income for SMM due to strong competition in the industry. As a result, SMM's revenue decreased from Baht 505.68 million in 2015 to Baht 341.05 million in 2018 while its loss increased from Baht (36.80) million in 2015 to Baht (183.65) million in 2018 and it was unable to repay Baht 450 million debt (as at the end of 2018) as scheduled while incur huge interest expenses (Baht 25 – 32 million during 2015 – 2018). SMM, thus, generated sustain loss and may have negative equity value which will affect its listing qualification in the future.

Board of Directors of SMM wishes to solve the sustain loss problem by approving the Entire Business Transfer from TAH2. In this regard, SMM has to offer shares via Private Placement to TAH2 Shareholders as considerations for the Entire Business Transfer.

TAH2 is shareholder of PDITL who operates electrical cable manufacturing and distribution business which is in consumer demand and can generate revenue and cash flow to the company continuously. Since there is increasing electricity demand from government projects, electrical cable manufacturing business is considered to have high growth potential that help generate constant and sustainable revenue and profit for SMM. Details of electrical cable business is as mentioned in Clause 1.3.2 Benefits and Effects of the Transaction, Investment in high potential business.

Moreover, the entering into the Transaction leads to Private Placement of shares to Investor PP2, enabling SMM to receive cash and immediately solve debt repayment problem.

1.3.2. Benefits and Effects of the Transaction

Advantages and Benefits of the Transaction

- Investment in high potential business.

The business which is crucial to decision to receive transfer of business from TAH2 is shares of PDITL. PDITL was established since 1968 as a joint venture between major electrical cable producer in Thailand and Phelps Dodge Group from the United States. Then, Mr. Wanaratch Tangkarawakun acquired all shares from Phelps Dodge Group since 2015. Currently, PDITL is a manufacturer and distributor of various types of electrical cable in global market. PDITL's products are the key components in all industries. Products can be grouped according to the purpose of use, which are electrical cable for power distribution and transmission and electrical cable for general use in buildings and residential homes. Target customer group is government agencies or state enterprises, who use electrical cables in the country's infrastructure development or in general, such as the Electricity Generating Authority of Thailand, the Provincial Electricity Authority, the Metropolitan Electricity Authority, the Airports of Thailand, and TOT. Another target customer group is private-sector customers which are the project owners or contractors for electrical work, dealers and OEM brand, and foreign customer who are end user of electrical cable.

PDITL's competitive strengths in electrical cable manufacturing industry are as follows:

- Focus on production of quality products with maximum safety standard

For users to be able to easily distinguish the quality and standards of electrical cable, PDITL pays attention to the manufacturing of electrical cable which have the highest quality standards at competitive price by giving priority in every step of production from the material selection process to product testing before delivery to customers. For this reason, PDITL has been certified quality management standard and product standards from several institutions such as Thai Industrial Standard, ISO, KEMA Laboratories product certification (KEMA), Occupational Health and Safety Standard from DQS, as well as other standards Occupational Health and Safety Standard from Thai Industrial Standard and Certification of Flame Test according to the ISO/IEC 17025 Standard, etc. Quality certifications from organizations/institutions are critical to create confidence in the quality and standard of products of PDITL.

- Solid Track Records

PDITL sells and provides services for projects of the Electricity Generating Authority of Thailand, Provincial Electricity Authority, Metropolitan Electricity Authority, TOT, Siemens and Airports of Thailand Public Company Limited. In addition, PDITL has become a part of important projects in Thailand and abroad as a manufacturer and distributor of electrical cables for various projects such as Mahanakorn Building, BITEC 2 Building, building at Assumption

University (ABAC Bangna), Terminal 21 Korat, and 132 kV Sub-station Power Project at Kolkata, India.

From over 50-year experience, public and private sector clients, both internally and abroad, trust and allow PDITL to be in their approved vendor list in a major bidding of project both domestically and abroad. Being in the approved vendor list creates competitive strength for PDITL and forms barrier to entry for other operators.

— Special production technology

Currently, PDITL is the only electrical cable manufacturer with Vertical Continuous Vulcanization (VCV) or vertical insulating cable production technology in Thailand. PDITL has invested in the construction of high-rise buildings for the production of electrical wires of such type. VCV insulation has advantage over other types of insulation as electrical core is located at the center throughout the cable. As high voltage electricity run through high voltage electrical cable such as 245 kV Extra High Voltage (EHV) cable, if the core of electric cable is not placed in the middle, it will cause the cable to have too thin insulation at one side. After using such cable for a period of time, the insulation may be degraded and affect the performance and safety of the product. With its production capabilities, PDITL can manufacture Extra High Voltage (EHV) cable at a maximum of 245 kV in order to satisfy increasing EHV cable demand in the future due to more construction of the power plant.

— Cost reduction in production management policy (Lean Management)

PDITL makes it a priority to reduce production cost without having effect on quality of the product in order to improve overall operating results. Its policy is to improve various steps in the supply chain from the procurement of raw material and creation of bargaining power in the procurement of each type of raw material, as well as reduction of machine setting time (Set-Up Time) to change a product in a production line in each cycle, and production loss reduction, both in terms of time and materials, etc.

— Good historical operating results

Historical operating results of PDITL are as shown below.

Unit: Baht million

PDITL's Financial Statement, Company Only	2016	% of Total Revenue	2017	% of Total Revenue	2018	% of Total Revenue
Revenue from sale						

Unit: Baht million

PDITL's Financial Statement, Company Only	2016	% of Total Revenue	2017	% of Total Revenue	2018	% of Total Revenue
Electrical cable for electricity transmission and distribution	2,971.52	42.78%	4,025.67	49.91%	4,974.19	46.60%
Electrical cable for general use	3,750.24	53.99%	3,767.07	46.70%	5,445.81	51.02%
Revenue from service	-	0.00%	1.2	0.01%	5.5	0.05%
Total revenue from sale and service	6,721.76	96.76%	7,793.95	96.62%	10,425.50	97.67%
Total revenue	6,946.48	100.00%	8,066.52	100.00%	10,674.64	100.00%
Net profit	270.75	3.90%	368.96	4.57%	462.96	4.34%
Gross profit margin	13.19%		12.79%		12.70%	
Net profit margin	3.90%		4.57%		4.34%	

Revenue and net profit of PDITL has continuously increased since 2016 – 2018. Revenue from sales and services increased from Baht 6,721.76 million in 2016 to Baht 10,425.50 million in 2018 while net profit increased from Baht 270.75 million in 2016 to Baht 462.96 million in 2018. Such increase stems from policy of new management team which involve more in active marketing, by focusing more on revenue from sale of electrical cable for general use.

Gross profit margin and net profit margin slightly decrease as a result of an increase in proportion of sale of electrical cable for general use which has relatively lower gross profit margin when compared with that of electrical cable for electricity transmission and distribution.

From the summary table showing operating results during 2016 – 2018 based on separate financial statement of PDITL, revenue and net profit of PDITL has increased continuously, demonstrating the ability to generate revenue and profit to the shareholders.

PDITL's growth was a result of change in shareholding structure in 2015 which cause the changes in policies and management strategy to be more proactive such as (1) modify the sales policy to focus on sales through distribution channels, (2) focus on electrical cable for general use because it is a mass market and product can be manufactured and store as

inventories so PDITL can efficiently manage production, (3) cost saving policy such as a plan to reduce production loss and Lean Management in cooperation with the Massachusetts Institute of technology (MIT). As a result, PDITL has increasing capability to compete with domestic and foreign manufacturers and distributors of electrical cable.

However, gross profit margin dropped as PDITL had higher revenue from sales of electrical cable for general use which generate relatively lower margin than that of electrical cable for electricity transmission and distribution. Thus, gross profit margin and net profit margin slightly decreased.

The IFA considered that a significant increase in revenue and net profit was due to policy of new shareholders that focus on penetrating domestic and international market for electrical cable for transmission and distribution as well as electrical cable for general use by increasing numbers of distributors and selling agents so that PDITL can reach the Economy of Scale. Besides, PDITL has manufactured electrical cable for general use as inventories in order to manage its production lead time. Such management is differ from the period when PDITL was under General Cable (shareholders of PDITL prior to current group of shareholders) who has policy for PDITL to focus on export of electrical cable for electricity transmission and distribution while marketing for electrical cable for general use is not focused.

- Strong growth potential of electrical cable manufacturing industry.

There is strong growth potential for electrical cable manufacturing industry as it will grow along with growing demand for electric power and the amount of investment in the power system, transmission systems, and related systems. Domestic investments would be from the 3 state enterprises, namely, the Electricity Generating Authority of Thailand, Provincial Electricity Authority, and Metropolitan Electricity Authority. Such enterprises have investment budget for several project under operations and future projects such as transmission line, sub-station, and switching stations construction projects, change of distribution system from 115kV transmission line voltage to high-voltage transmission line (500kV) project, underground cable and power cable projects in Bangkok and the provinces. The investment of state enterprises will lead to high demand of electrical cable in the future.

The demand for electric power will continue to grow as well. According to the International Energy Agency (IEA), it is predicted that the demand for electricity in the Southeast Asian countries will grow at 3.7% per year (during 2016 – 2040), equivalent to twice the global average. Rising electricity demand stems mainly from expansion of the city, an increase of population, and per capita demand for electricity. Per capita demand for electricity in South

East Asia is also expected to increase by 2 times in 2040. Please refer to more details about the electrical cable industry in Attachment 6 of this report.

- Solution for operating performance and financial position setback.

The transfer of business from TAH2 shall solve operating performance and financial position setback of SMM as follow:

Historical performance of SMM

(Unit : Baht million)	2015	2016	2017	2018
Total revenue from sales	505.68	377.02	439.04	341.05
Profit (loss)	(36.80)	(158.55)	(78.75)	(183.65)
Profit (loss) - unappropriated	24.01	(127.46)	(78.75)	(262.40)
Shareholders' equity	462.47	361.61	282.28	99.73
Debt to equity ratio	1.32	1.49	2.45	6.83

SMM had decreasing revenue from Baht 505.68 million in 2015 to Baht 341.05 million in 2018, and generated loss continuously leading to retained loss of Baht 262.40 million at the end of 2018. Its operating performance is unlikely to recover due to significant drop of revenue from book publishing business as a result of change in consumer behavior. Revenue from multimedia business also suffered from a relatively high competition as there are variety and ever-changing of current media channel to watch the contents, while TV broadcast and satellite program licensing business deteriorates. Therefore, if SMM had no business restructuring plan, it will incur continuous loss, and eventually create negative shareholders' equity, which would affect its listing qualification on the SET. As at December 31, 2018, SMM's shareholders' equity was at Baht 99.73 million, lower than 50% of paid-up capital of SMM which was Baht 161.52 million (50% of paid-up capital is Baht 161.62 million) (Please refer to details in the following table). Thus, the SET has posted "C" (Caution) sign on SMM's securities in order to remind investors to be aware of the investment in the group of companies with financial position, financial statements or business type risk. As a result, the investors have to purchase SMM securities with Cash Balance account only. In order to lift the C sign, SMM has to increase its shareholders' equity to be at least 50% of paid-up capital deducted by discount on share capital (if any). Profits from electrical cable manufacturing and distribution business should help increase SMM's shareholders' equity.

The Entire Business Transfer from TAH2 shall make SMM becomes a Holding Company. Consolidated financial statements of the SMM will record revenue and profit from manufacturing and distribution of electrical cable. SMM shall also receive dividend from PDITL in each year which makes SMM's separate financial statements record operating profit and clear the retained

loss so that it can make a dividend payment to shareholders. Additionally, it will help strengthen financial position of SMM as shown in the following table.

Financial Highlights from Pro Forma Consolidate Financial Statements of SMM and TAH2

(Please refer to additional details in Attachment 9: Pro Forma Financial Statements of SMM and TAH2)

Unit: Baht million	2018
Total revenue	10,514
Profit (loss) for the year	309.48
Retained earnings (loss)	782.61
Total shareholders' equity	1,571.91
Total debt to equity ratio (time)	6.89

Remark: 1. Based on pro forma financial statements after business restructuring prepared by management of TAH2 and subsidiaries. Pro forma financial statements confirmed by the certified public accountant shall be completed prior to the filing of application for relisting to the SET.

2. Profit and shareholders' equity are based on assumption that fair value used in the preparation of pro forma financial statements of TAH2 are the same as value determined by the IFA of Baht 10,258.42 million, in which the auditor who prepare pro forma financial statements viewed appropriate.

From the table, SMM shall have an increase in revenue to Baht 10,514 million, profit of Baht 309.48 million, and shareholders' equity of Baht 1,571.91 million. After the transfer of business, SMM shall generate profit and positive retained earnings, while its debt to equity ratio may remain unchanged since it has high borrowing for business expansion.

- No cash required for the Transaction.

SMM shall issue new ordinary shares as considerations for assets and liabilities transferred from TAH2 under the Entire Business Transfer Transaction. Thus, no cash, loan, or capital fund from SMM's shareholders is required. SMM, therefore, has no burden to repay loan and interest expenses on this Transaction.

- Price condition benefits shareholders.

SMM shall issue 21,500,000,000 shares as considerations for the Entire Business Transfer from TAH2. The IFA has evaluated fair value of TAH2's business in which SMM shall receive the transfer and value of SMM as follow:

Fair value of entire business of TAH2 to be transferred to SMM determined by the IFA	Baht 10,258.42 million	(1)
Number of SMM shares issued as considerations for the Entire Business Transfer from TAH2 to SMM	21,500 million shares	(2)
Total value of entire business of TAH2 per 1 SMM share issued	Baht 0.48 per share	(1) / (2)
Fair value of SMM determined by the IFA using the Adjusted Book Value Approach	Baht 0.45 per share	

From the above table, fair value of SMM shares determined by the IFA (Baht 0.45 per share) is lower than value of entire business of TAH2 per 1 SMM share issued (Baht 0.48 per share). Thus, entering into this Transaction benefits shareholders of SMM.

- Offering price of share to shareholders of TAH2 is higher than fair value of SMM shares.

The IFA has derived fair value of SMM using the Adjusted Book Value Approach at Baht 0.45 per share (details as shown in share valuation in Clause 1.4.1 of this report). The IFA considered that such value represent fair value of SMM which is lower than the offering price of shares to TAH2 Shareholders of Baht 0.60 per share, equivalent to the discount of 25%. Thus, the offering of shares at higher price than fair value shall benefit existing shareholders of SMM.

- SMM receives capital to repay its loan

In this business transfer from TAH2, SMM shall receive capital from Investor PP2 in the amount equal to Baht 600 million. If Investor PP2 does not see any potential from business restructuring, in which core business will change to electrical cable distribution business, Investor PP2 shall not invest in SMM shares that generate loss and has negative outlook.

Capital proceeds from Investor PP2 shall be used to repay SMM's current debt which is at Baht 450 million as follow:

Description	Outstanding Balance as at December 31, 2018
Current Liabilities	
1. Bank overdraft and short-term loans from financial institution <ul style="list-style-type: none"> - Bill of exchange of Baht 120 million, due in February 2019, of which SMM has extended the due date to July 2019. - Bank overdraft of Baht 29 million - Short-term loans from financial institutions in form of 30-day and 1-182 day promissory notes of Baht 31 million 	Approximately Baht 180 million
2. Short-term loans from others <ul style="list-style-type: none"> - Short-term loans in form of promissory notes, due at call to 365 days, of approximately Baht 26 million. (not related persons or parties) 	Approximately Baht 26 million
3. Short-term portion of long-term loans	Approximately Baht 18 million
Total	Approximately Baht 224 million
Non-Current Liabilities	
4. Long-term loans from other parties (not related persons or parties)	Approximately Baht 7 million
5. Long-term loans from financial institutions - net	Approximately Baht 219 million
Total	Approximately Baht 226 million
Total outstanding liabilities to be repaid by SMM	Approximately Baht 450 million

Remark: Outstanding liabilities as at December 31, 2018. Actual outstanding liabilities as at the transaction date may differ from the above figures as the normal operation of SMM may generate increasing liabilities from loans used as working capital and/or interest expenses.

Disadvantages of the Transaction

1. Dilution effect on shareholders

SMM shall issue 21,500,000,000 new ordinary shares at offering price of Baht 0.60 per share as considerations for the Entire Business Transfer from TAH2. In addition, SMM shall offer 1,000,000,000 new ordinary shares to Investor PP2 at the offering price of Baht 0.60 per share.

Total shares to be issued equal to 22,500,000,000 shares at the offering price of Baht 0.60 per share. The said offering affect shareholders in terms of voting rights and price dilution as follow:

Price Dilution

Price Dilution can be calculated in 2 scenarios as follow:

Scenario 1: The offering of 21,500,000,000 new ordinary shares to TAH2 Shareholders

Formula for price dilution calculation

$$\begin{aligned} &= \frac{\text{market price prior to the offering (P0)} - \text{market price after the offering (P1)}}{\text{market price prior to the offering (P0)}} \\ &= \frac{0.91 - 0.60}{0.91} \\ &= 34.07\% \end{aligned}$$

Market price prior to the offering (P0) is calculated from weighted average price of SMM shares traded in the SET during 15 consecutive days prior to the date the Board of Directors resolved to propose the agenda to the Extraordinary General Meeting of Shareholders (during November 28, 2018 to December 20, 2018) which is equal to Baht 0.91 per share.

Formula for calculation of market price after the offering (P1)

$$\begin{aligned} &= \frac{(\text{existing shares} \times \text{market price}) + (\text{new ordinary shares} \times \text{offering price})}{(\text{existing shares} + \text{new ordinary shares})} \\ &= \frac{(323,211,005 \times 0.91) + (21,500,000,000 \times 0.60)}{(323,211,005 + 21,500,000,000)} \\ &= \text{Baht 0.60 per share} \end{aligned}$$

Scenario 2: The offering of 22,500,000,000 new ordinary shares to (1) TAH2 Shareholders for the amount of 21,500,000,000 shares and (2) Investor PP2 for the amount of 1,000,000,000 shares

Formula for price dilution calculation

$$\begin{aligned} &= \frac{\text{market price prior to the offering (P0)} - \text{market price after the offering (P1)}}{\text{market price prior to the offering (P0)}} \end{aligned}$$

$$= \frac{0.91 - 0.60}{0.91}$$

$$= 34.07\%$$

Market price prior to the offering (P0) is equal to Baht 0.91 per share as mentioned earlier.

Formula for calculation of market price after the offering (P1)

$$= \frac{(\text{existing shares} \times \text{market price}) + (\text{new ordinary shares} \times \text{offering price})}{(\text{existing shares} + \text{new ordinary shares})}$$
$$= \frac{(323,211,005 \times 0.91) + (21,500,000,000 \times 0.60) + (1,000,000,000 \times 0.60)}{(323,211,005 + 21,500,000,000 + 1,000,000,000)}$$
$$= \text{Baht 0.60 per share}$$

Control Dilution and Voting Rights

Scenario 1: The offering of 21,500,000,000 new ordinary shares to TAH2 Shareholders

$$= \text{number of new ordinary shares} / (\text{number of paid-up shares} + \text{number of new ordinary shares})$$
$$= 21,500,000,000 / (323,211,005 + 21,500,000,000)$$
$$= 98.52\%$$

Scenario 2: The offering of 22,500,000,000 new ordinary shares to (1) TAH2 Shareholders for the amount of 21,500,000,000 shares and (2) Investor PP2 for the amount of 1,000,000,000 shares

$$= \text{number of new ordinary shares} / (\text{number of paid-up shares} + \text{number of new ordinary shares})$$
$$= 22,500,000,000 / (323,211,005 + 21,500,000,000 + 1,000,000,000)$$
$$= 94.20\%$$

Despite the above effect, there shall be effect from earning dilution which currently cannot be calculated as SMM generated loss.

Control dilution and price dilution is relatively high. Anyhow, considering such dilution effect and necessity to offer new shares as considerations for transfer of electrical cable manufacturing and distribution business which has great potential, the issue of new ordinary shares enable SMM to turn its losses to net profit (as described in the following table) as well as create benefits as mentioned earlier. The IFA opines that though

the effect to shareholders resulting from the issuance of new ordinary shares is relatively high but operating results from SMM's pro forma financial statements shall turn to profit.

(Unit: Baht million)	SMM's Financial Statements			Pro Forma Financial Statements of TAH2 and SMM (SMM accepts transfer of business from TAH2)
	2016	2017	2018	
Total revenue	389.71	451.06	361.65	10,514
Net profit	(152.21)	(78.75)	(183.65)	309.48

2. Risk concerning balance of shareholding

After the business transfer from TAH2 and the issuance of new ordinary shares via Private Placement, shareholding structure shall be as follow:

Prior to Restructuring			After Restructuring		
Name	No. of Shares	%	Name	No. of Shares	%
Mr. Apinun Horsangchai	69,157,800	21.40	TAH2 Shareholders ¹	21,500,000,000	94.20
Mr. Vitoon Niruntarai	51,853,993	16.04	Mr. Rewin Petaibunlue ²	666,666,666	2.92
Miss Anchaleeporn Teerasinthu	42,387,023	13.11	Mr. Nattapong Sitaworarat ²	333,333,334	1.46
Mrs. Passom Teerasinthu	7,250,000	2.24	Mr. Apinun Horsangchai	69,157,800	0.30
Mr. Paitoon Chutimakornkul	6,933,333	2.15	Mr. Vitoon Niruntarai	51,853,993	0.23
Mr. Kosol Niruntarai	5,493,812	1.70	Miss Anchaleeporn Teerasinthu	42,387,023	0.19
Miss Usa Silpruengwilai	5,389,358	1.67	Mrs. Passom Teerasinthu	7,250,000	0.03
Mr. Kudun Sukumanon	5,085,300	1.57	Mr. Paitoon Chutimakornkul	6,933,333	0.03
Mr. Sataporn Pothong	4,922,600	1.52	Mr. Kosol Niruntarai	5,493,812	0.02
Mr. Ardam Insawang	4,550,000	1.41	Miss Usa Silpruengwilai	5,389,358	0.02
Others	120,187,786	37.19	Others	134,745,686	0.59
Total	323,211,005	100.00	Total	22,823, 211,005	100.00

Remark: 1. Details of TAH2 Shareholders as stated in Attachment 2.

2. Investor PP2 who will be offered SMM shares via Private Placement at the amount of 1,000 million shares, as describe in Background of the Transaction.

From the table, TAH2 Shareholders shall become major shareholder of SMM with 94.20% shareholding. As a result, they will be able to control the vote in every category of agenda to be

approved by shareholders' meeting (except agenda related or connected to TAH2 Shareholders) including capital increase, capital decrease, whitewash, asset acquisition or disposition, connected transaction according to the notifications of the SET, and debenture issuance.

However, before any agenda is proposed to the shareholders' meeting, they must be approved by the audit committee who are independent directors of SMM especially transaction that may lead to conflict of interest between shareholders and SMM. Additionally, shareholders who have conflict of interest in connected transaction is unable to vote in such agenda.

- The offering price is lower than par value of SMM.

As considerations for business transfer of TAH2, SMM must offer new ordinary shares via Private Placement to TAH2 Shareholders as considerations for business transfer and offer shares to Investor PP2 at the offering price of Baht 0.60 per share which is lower than its par value of Baht 1 per share. The offering, then, leads to discount on share capital as follow:

Discount on share capital from the issuance of SMM shares to TAH2 Shareholders	(Baht million)	
Value of 21,500 million shares x par value of Baht 1 per share	21,500	(1)
Value of TAH2 determined by the IFA	10,258.42	(2)
Discount on share capital	11,241.58	(1) – (2)
Discount on share capital from the issuance of SMM shares to Investor PP2		
Value of 1,000 million shares x par value of Baht 1 per share	1,000	(3)
Value of 1,000 million shares x offering price of Baht 0.60 per share	600	(4)
Discount on share capital	400	(3) – (4)
Total discount on share capital	11,641.58	(5)

Remark: Calculation of discount on share capital is based on fair value determined by the IFA which is equal to Baht 10,258.42 million in the pro forma financial statements.

The discount on share capital of Baht 11,641.58 million shall be recorded in shareholders' equity in SMM's financial statements. Though the discount on share capital significantly lower total shareholders' equity, total shareholders' equity as stated in pro forma financial statements (details as described in Section 9) of Baht 1,571.91 million still meet listing qualification required by the SET.

- The offering of shares may be considered as share-based payment according to accounting standard.

The issuance and allotment of new ordinary shares via Private Placement to TAH2 Shareholders and Investor PP2 at the offering price of Baht 0.60 per share may be considered as share-based payment according to the accounting standard stating that the company issues and offers shares at a price lower than fair value must record the difference between offering price and fair value. Fair value can be determined as:

1. Market price of shares at a certain period prior to the date the Board of Directors approved capital increase via Private Placement, in this case is on December 21, 2018.
2. Price based on the Adjusted Book Value Approach in which the Board of Directors' Meeting No. 5/2018 used in the determination of an offering price.
3. Fair value of SMM evaluated by the IFA.
4. Market price of SMM in a future period when SMM shall offer its share via Private Placement after the Extraordinary General Meeting of Shareholders No. 1/2019.
5. Fair value of considerations which is value of TAH2 determined by the IFA.

The difference between offering price and fair value is then multiplied by number of offering shares and recored as expense in income statement.

Considering fair value of shares and the recognition of difference between offering price and fair value of shares according to the accounting standard, the IFA has calculated expenses based on 5 fair values as follow:

Criteria Calculation of Fair Value of SMM Share	Fair Value (Baht/share)	Offering Price (Baht/share)	Offering Price is lower than Fair Value (Baht/share)
1. Weighted average market price during 15 business days prior to the Board of Directors' meeting date (December 21, 2018)	0.91	0.60	0.31
2. Price based on the Adjusted Book Value Approach in which the Board of Directors' Meeting No. 5/2018 used in the determination of an offering price	0.59	0.60	Offering price is not lower than fair value
3. Value determined by the IFA based on the Adjusted Book Value Approach	0.45	0.60	Offering price is not lower than fair value

Criteria Calculation of Fair Value of SMM Share	Fair Value (Baht/share)	Offering Price (Baht/share)	Offering Price is lower than Fair Value (Baht/share)
4. Market price of SMM shares in a future period when SMM shall offer its share via Private Placement after the Extraordinary General Meeting of Shareholders No. 1/2019*	N/A	0.60	N/A
5. Fair value of considerations which is value of TAH2 determined by the IFA	0.48	0.60	Offering price is not lower than fair value

Remark: * Unable to determine at as it is price in the future

Effect on SMM's financial statements from the share-based payment: If fair value is determined based on weighted average market price (Criteria 1), effect of the offering of 22,500 million shares is equal to Baht 0.31 per share, totalling Baht 6,975 million. SMM may have to record such amount as expense of share-based payment, resulting in higher net operating loss in 2019 increases. resulting in a net loss of 6,594.86 million baht under a pro forma, and show accumulated loss of 6,192.40 million Baht which this loss might prohibit SMM to pay a dividend. Under a pro-forma financial statements, the total equity shareholders will be 1,571.91 million Baht; equivalent to a total equity shareholders in a pro-forma financial statements (Detail in appendix 9).

The IFA is of an opinion that market price in criteria 1 is inappropriate to determine value of SMM since SMM shares has low liquidity, therefore, market price does not reflect fair value of the shares. The IFA views that the most appropriate valuation approach to determine SMM share value is the Adjusted Book Value Approach. Shareholders can review details of share valuation in Clause 1.4.1 SMM Share Valuation.

If fair value is determined based on the Adjusted Book Value Approach in accordance with the Board of Directors' resolution (Criteria 2), or value determined by the IFA based on the Adjusted Book Value Approach (Criteria 3), or fair value of TAH2 in which SMM receives (Criteria 5) determined by the IFA, considered by the IFA as the most appropriate criteria, which is equal to Baht 0.59 per share, Baht 0.45 per share, and Baht 0.48 per share respectively. Such values are lower than the offering price of Baht 0.60 per share, as a result, SMM incurs no expense from share-based payment.

If fair value is determined based on market price of SMM shares in a future period when SMM shall offer its share via Private Placement (Criteria 4), accounting effect may vary depending on

the difference between market price during such period and the offering price of Baht 0.60 per share.

Management together with the auditor of SMM shall jointly determine the criteria used in calculation of fair value in order to consider expenses.

The IFA noticed that if SMM is required to record expense from share-based payment, its operating performance shall be inevitably affected. However, the share offering via Private Placement enable SMM to expand its business to electrical cable manufacturing and distribution. Moreover, the recognition of expense from share-based payment is only accounting expense, no actual cash payment is made.

- Risk from increase in market competition in electrical cable manufacturing and distribution business.

Presently, government, state enterprises, and private sector realize the importance of electrical utilities in which demand is predicted to rise in the future according to expected continuous economic growth. Power consumption in various types of vehicles is also expected to dramatically increase. An increase in electrical demand leads to high investment by government and private sector to develop electricity transmission system. As a result, small or mid-sized electrical cable operators, direct competitors of PDITL, may enter and try to engage in the industry. Presently, major competitors of PDITL are (1) Bangkok Cable Company Limited and (2) Thai-Yazaki Electric Wire Company Limited who can manufacture High Voltage Electrical Cable as PDITL while the foreign competitors of PDITL comprises of (1) Prysmian Group, (2) Nexans, and (3) LS Cable & System.

However, the IFA views that the opportunity to participate in the bidding in government, state enterprise, and private sector projects is still limited because the bidder must be in their approved vendor list. Such list helps limit numbers of competitors in the bidding as unqualified company with no capability to operate in huge and complicated projects cannot attend the bidding. Presently, PDITL is in the approved vendor list, allowing it to participate in bidding of government and state enterprise projects including infrastructure and general projects as well as mega project of private sector. In addition, electrical cable manufacturing and distribution industry is an oligopoly market in which growth direction relies mainly on government's investment budget. The top 3 major operators' combined market share exceeds 50% and the rest are from approximately 20 medium and small electrical cable manufacturers currently in production. The industry has high barrier of entry because electrical cable manufacturer must have expertise and experience, track record, and high amount of investment capital. Manufacturers who are unable to control costs and expenses shall face competition difficulty as the import of products bear high transportation

cost. The manufacturing and distribution of electrical cable in domestic market must be accredited by the Thai Industrial Standards Institute, Ministry of Industry. As for competition in private sector, PDITL is considered a trusted electrical cable manufacturer (Please refer to details of customers in Attachment 2, Clause 2.2 Phelps Dodge International (Thailand) Limited (“PDITL”). Moreover, during the past 3 years, PDITL generated revenue from sales of electrical cable for general use continuously as mentioned earlier, reflecting its competitive capability in the market.

PDITL is also in the approved vendor list of foreign contractors such as Dubai Electricity & Water Authority (United Arab Emirates), Singapore Power (Singapore) and Jordanian Electric Power Company (Jordan), resulting in an opportunity to participate in foreign projects in case that domestic competition is tense. Currently, PDITL has customers in various continents such as America, Asia, and Africa.

Moreover, in order to maintain the sustainable competitiveness, PDITL focuses on policies to continuously improve its quality. It must be able to deliver product on time and provide quality service. The building of good relationship with customers and its partners as well as development of personnel who have profound understanding of products and technology are also emphasized. Besides, since 2015, PDITL has focused on expansion of distribution channel and selling strategies which are part of proactive policy of new management. PDITL also invests in organization development in various forms, such as investment in technology and information systems for efficient project management, the use of internal control system to monitor and ensure work processes transparency, resulting in customers’ and partners’ trust, and eventually, consistent growth of PDITL’s operating performance during the past 3 years.

- Risk of material price fluctuation

Core raw materials in the production of electrical cables are copper and aluminum which are considered as commodities. Prices of copper and aluminum base on trading price in the London Metal Exchange. Trading prices vary according to quantity and demand for raw materials. These changes cause a fluctuation of raw material prices in each period, which may significantly affect production costs and may affect the operating performance of PDITL.

Figure showing Copper Price during January 2018 – February 2019

USD

LME COPPER HISTORICAL PRICE GRAPH

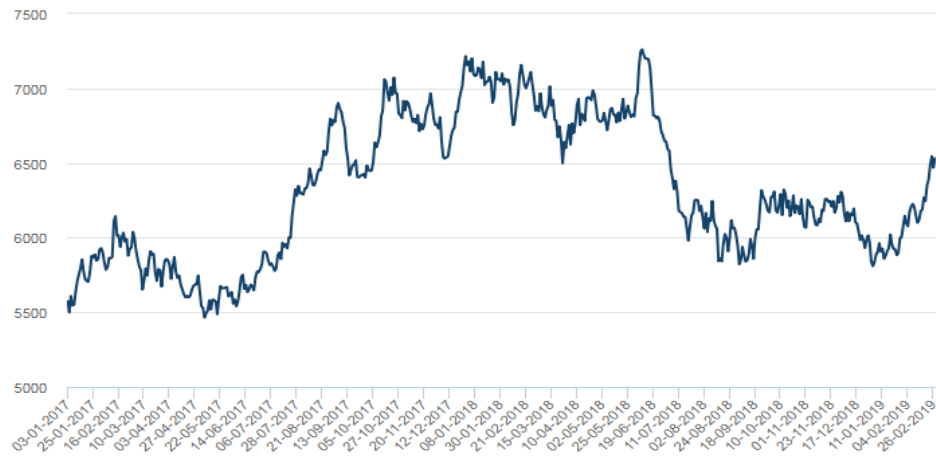


Figure showing Aluminum Price during January 2018 – February 2019

USD

LME ALUMINIUM HISTORICAL PRICE GRAPH



From the above figures, price of copper and aluminum in the world market fluctuated over the period of time. Copper price has increased from approximately USD 5,500 in early 2017 and reached the maximum of USD 7,200 during June 2017 before dropped to approximately USD 5,800 in late 2018. Presently, copper price began to rise again.

Aluminum price tends to volatile continuously as it rose to USD 2,597 in April 2018 and dropped to USD 1,775 in January 2019.

PDITL is aware of such risks and has monitored trends in the price of core raw materials used in production consistently by using financial tools to help reduce the risk of fluctuations in the price of copper and aluminum, including implementing policy to maintain good relationships with partners and suppliers of raw materials. PDITL has cooperatively plan with the vendor of the copper and aluminum to ensure that it will have sufficient raw material to meet the planned production. In addition, PDITL has analyzed and manage the supply chain in order to maximize benefit to PDITL such as comparison of rates from multiple suppliers to get the best price and conditions, and planning of raw material order based on the quantity of raw materials that are appropriate for each project and for the backup in the warehouse.

- Exchange rate risk

The purchase of raw material of PDITL is in USD nomination while its revenue from manufacturing and distribution is in Thai Baht nomination. Therefore, PDITL incurs risk from unmatched currency of revenue and cost. Fluctuation of exchange rate then may lower profit of PDITL if Thai Baht depreciate consistently. Risk level from exchange rate fluctuation depends of value of raw materials purchased in each contract. Moreover, PDITL received credit terms of 270 days for the procurement of raw materials at interest rate of LIBOR + 1.25%, resulting in higher interest expenses relating to the procurement of such raw materials.

PDITL implements various financial tools to reduce foreign exchange rate risk such as forward and option contracts. PDITL shall consider volume and timing of use of such financial tools in each period and has working team to monitor exchange rate trend continuously, thus, it recorded gain on exchange rate of Baht 67.58 million in 2018. As at the end of 2018, PDITL had value of forward contract of Baht 4,610.21 million. Moreover, PDITL has policy to encourage the export of products in order to increase its USD-nominated revenue which will create natural hedge and reduce exchange rate risk. The IFA views that PDITL has policy to prevent the risk of exchange rate fluctuation by using forward contract and options. Though some items are not protected from exchange rate risk such as raw materials for wrapping, such risk is considered relatively low when compare to production cost structure of PDITL.

- Risk of incapability to rectify Free Float portion of shareholding

By entering into this Transaction, SMM must increase its registered capital and allot new ordinary shares to TAH2 via Private Placement as considerations for the business transfer from TAH2. Free Float portion (including new ordinary shares offered to Investor PP2 which, according to the definition set by the SET, is counted as minority shareholders or Free Float) is equal to 5.80% of registered and paid-up capital after the capital increase, lower than 15%. Additionally, after new ordinary shares are allotted to TAH2 Shareholders, TAH2 Shareholders are required to

make tender offer from minority shareholders, resulting in even lower percentage of Free Float. Thus, SMM shall have lower Free Float portion than required ratio to maintain its listing qualification. SMM then has to rectify such qualification by proceed with further distribution of shareholdings to have minority shareholders hold at least 15% of registered capital.

In addition, the issuance and offering of new ordinary shares to Investor PP2 is the Private Placement of shares at the offering price lower than 90% of market price. Therefore, Investor PP2 are prohibited to sell all newly issued ordinary shares within 1 year from the date on which SMM's newly issued ordinary shares start trading on the SET (Silent Period). Upon a lapse of six months after the Company's newly issued ordinary shares have started trading on the SET, Investor PP2 may gradually sell up to 25% of all such shares subject to the Silent Period according to the Regulation of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 dated May 11, 2015 (and its amendments). From such requirement, as at the date of relisting of SMM, Free Float portion is equal to only 1.4% of registered and paid-up capital of SMM after business restructuring.

SMM has plan to distribute shares to minority shareholders in order to increase share liquidity in the SET by offer shares to its existing shareholders via Rights Offering. SMM shall offer such shares after the Entire Business Transfer from TAH2 and business restructuring is completed. SMM expects to offer 1,323,211,005 shares via the Rights Offering in July - August 2019 with the rights offering ratio of 17.2484 existing shares to 1 new share. TAH2 and Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of shares has informed SMM that they will waive their rights to subscribe the Rights Offering shares. However, shareholding of each shareholder shall not exceed 5% of registered capital of SMM. In addition to the Rights Offering, SMM has plan to issue and offer 480,000,000 new ordinary shares together with the offering of 1,320,000,000 shares of existing shareholders, namely Mr. Vonnarat or a legal entity in which Mr. Vonnarat holds more than 99% of shares, totaling 1,800,000,000 shares via Public Offering (shareholders can review details of capital increase via Rights Offering and Public Offering in the notice of the Extraordinary General Meeting of Shareholders No. 1/2019 enclosed with the IFA's report).

- Risk that TAH2 Shareholders and Investor PP2 may sell ordinary shares of the Company after the Silent Period.

TAH2 Shareholders and Investor PP2 shall receive the allotment of new ordinary shares at the offering price of Baht 0.60 per share which is lower than market price at the time that the IFA prepares this report. Such offering price is significantly lower than market price. The Regulation of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed

Securities B.E. 2558 dated May 11, 2015 (and its amendments) stated that if the offering price of new ordinary shares of SMM via Private Placement is lower than 90% of market price during 7 – 15 business day prior to the date the SET announce the listing of shares, those who receive share allotment are prohibited to sell all newly issued ordinary shares within 1 year from the date on which SMM’s newly issued ordinary shares start trading on the SET (Silent Period). In the event that trading price of SMM shares on the share issuance date is higher than the offering price, TAH2 Shareholders are unable to sell such allotted shares.

However, upon a lapse of six months after the Company’s newly issued ordinary shares have started trading on the SET, TAH2 Shareholders and Investor PP2 may gradually sell up to 25% of all such shares subject to the Silent Period. Sale of a large amount of shares may affect market price of SMM at that period of time.

- Risk relating to fee (interest) on raw material procurement.

PDITL procures copper and aluminum from suppliers who charge fee at general interest rate of LIBOR + 1.25% (approximately 4.25%). During 2016 – 2018, PDITL paid interest on credit line for raw material procurement as follow:

(Unit: Baht million)	2016	2017	2018	Average (2016 – 2018)
Total revenues	6,948.25	8,066.52	10,674.74	8,563.17
Total costs and expenses	6,331.09	7,412.25	9,715.98	7,819.77
Fee (interest) on credit line used for raw material procurement (Baht million)	60.78	90.48	143.75	98.34
Fee (interest) on credit line used for raw material procurement / Total revenues	0.87%	1.12%	1.35%	1.11%
Fee (interest) on credit line used for raw material procurement / Total costs and expenses	0.96%	1.22%	1.48%	1.22%

Such interest is recorded as financial cost in financial statements. Average ratios of such interest were relatively low at 1.11% and 1.22% of total revenue and total cost and expense respectively.

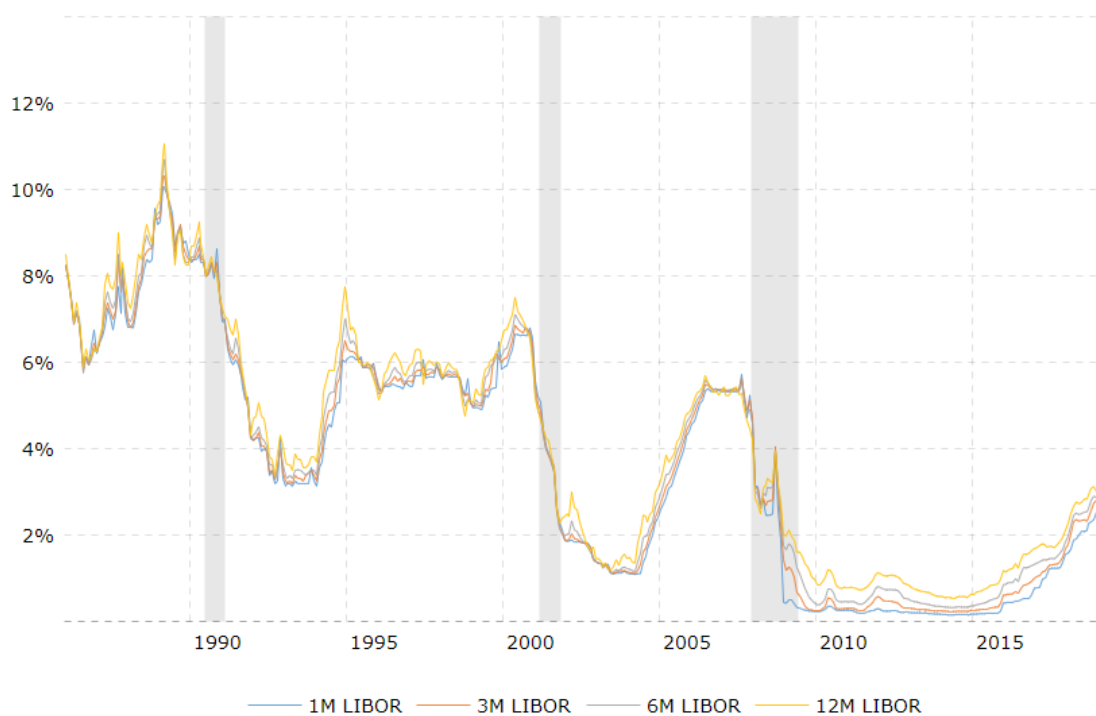


Figure showing LIBOR movement

Though interest paid is considered low when compared with total revenue and costs of PDITL, but an increasing LIBOR trend may slightly affect PDITL's operating performance. If interest rate materially change, PDITL can propose higher selling price of electrical cable to compensate with increasing financial cost. Thus, proposed price already reflect an increase in interest expenses. However, the capability to compensate for rising interest depends on price competition situation in the market. PDITL has considered such factor by manage its raw material procurement according to market situation in each period in order to receive discount to compensate for rising interest. In addition, the Trust Receipt from domestic financial institution has interest rate of approximately 5%, higher than LIBOR + 1.25% that PDITL currently paid.

Advantages of Not Entering into the Transaction

- If SMM does not increase its capital and offering of shares via Private Placement, SMM's existing shareholders shall not affect from control dilution, price dilution and earning dilution.
- SMM shall incur no risk relating to expense from share-based payment.
- Existing shareholders of SMM shall incur no risk of control voting in shareholders' meeting in which minority shareholders are unable to exercise their rights to balance the vote in agenda of the shareholders' meeting.

- There shall be no risk relating to electrical cable manufacturing and distribution business such as Risk from increase in market competition in electrical cable manufacturing and distribution business, risk of material price fluctuation, and risk of exchange rate fluctuation.
- There shall be no risk of incapability to change Free Float portion of shareholding.
- There shall be no risk relating to fee (interest) on raw material procurement.

Disadvantages of Not Entering into the Transaction

- SMM shall incur continuous operating loss as a result of deteriorated business affecting financial performance, equity value, and listing qualification of SMM.
- SMM loss opportunity to hold shares in PDITL which is a company with good operating performance, internationally accepted products, and in an industry with high potential growth.
- SMM shall not receive capital fund of Baht 600 million from Investor PP2 to repay its Baht 450 million debt. From its operating performance, SMM is unable to repay such debt as it incurs continuous loss. Part of such debt is the bill of exchange which is due on February 2019 but is extended to July 2019. If SMM does not receive additional capital, it may default on such amount again.

1.3.3. Comparison of advantages and disadvantages of entering into the Transaction with connected person and other parties, necessity of entering into the Transaction with connected person, and reasons for not entering into the Transaction with other parties.

SMM shall offer its new ordinary shares via Private Placement to TAH2 Shareholders as considerations for the Entire Business Transfer from TAH2. At present, TAH2 Shareholders do not have any relationship with SMM, executives, controlling persons, or major shareholder of SMM. However, after the issuance of new ordinary shares and the receive of business transfer from TAH2, TAH2 Shareholders shall become major shareholders of SMM and shall be nominated as directors of SMM. As a result, the entering into the Transaction is considered as Connected Transaction according to the Notification on Connected Transaction.

The objective of entering into the Transaction with TAH2 Shareholders (who become connected persons after the Transaction completes) due to the fact that TAH2 Shareholders are shareholders in the business to be transferred to SMM and the transaction is for the transfer of electrical cable manufacturing and distribution business from TAH2 with reasons and necessity to turn operating loss into profit. The transfer of business also leads to the issuance of shares to Investor PP2 which enable SMM to gain more liquidity to repay its debts. Since SMM does not

receive any other proposal or condition for business restructuring similar to the one received from TAH2, it is unable to compare the Transaction with the one entering with other parties. If SMM enters into the Transaction with other parties, it may lose opportunity to own high potential business as PDITL and it may not receive additional capital from shares offering to Investor PP2 if Investor PP2 considers that SMM is unable to generate positive operating result.

Though the appointment of TAH2 Shareholders as directors of SMM make this Transaction considered as a Connected Transaction, it provides advantage to SMM as TAH2 Shareholders, who have experience and expertise in management of electrical cable business, can set policy and business guideline through the Board of Directors that benefit electrical cable manufacturing business which shall be come core business of SMM in the long run.

However, in entering into Connected Transaction, SMM is required to seek for an approval from shareholders' meeting, appoint the independent financial advisor to give an opinion on the Transaction. SMM, therefore, incurs increasing expenses in execution of the Transaction.

1.3.4. Significant condition precedent for the Entire Business Transfer from TAH2 in which SMM must fulfill after it receives an approval from the shareholders' meeting

- Submit the Private Placement of shares to TAH2 and Investor PP2 to the SEC.

After the SEC approves the Private Placement of shares, according to the Notification of Market Supervisory Board TorJor. 72/2558 Re: Approval of Private Placement of New Ordinary Shares of the Listed Company, SMM is required to offer new ordinary shares within 3 months from the date that shareholders' meeting approve the share offering. In case that SMM is unable to receive the transfer of business from TAH2 and issue and offer new ordinary shares to Investor PP2 within 3 months, SMM cannot offer such shares (approved by shareholders' meeting as considerations for the business transfer). It may have to convene another shareholders' meeting to consider and approve share offering. However, SMM and TAH2 already prepare for the execution of the Entire Business Transfer and expects the transfer to complete within 3 months of the date of shareholders' meeting with help from financial advisor, legal advisor, and tax advisor.

- Submit relisting application to the SET.

The highest transaction size of asset acquisition from TAH2 is 6,652.00%, therefore, it is considered as a Class 4 Asset Acquisition Transaction or a Backdoor Listing. SMM is required to submit an application for the relisting to the SET according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of

Listed Companies concerning the Acquisition and Disposition of Assets B.E. 2547. SMM has appointed Maybank Kim Eng Securities (Thailand) Public Company Limited as its financial advisor for the relisting with the SET. Presently, the financial advisor is under the process of document preparation for the filing of relisting application. Prior to the Extraordinary General Meeting of Shareholders No. 1/2019, SMM may not know the result of the consideration of listing application. Thus, in approving the Transaction, shareholders still encounter risk relating to the result of the consideration of the SET.

The IFA has preliminary evaluated SMM's qualifications after the business restructuring to consider whether it meets listing qualification criteria, details as shown in Attachment 5 Re: Checklist of Qualifications of SMM and SMM's Securities according to the Regulation of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities.

From the table in Attachment 5, the IFA has preliminary considered that Free Float is the only qualification that SMM is unable to rectify before the submission of relisting application. SMM and its new major shareholders (TAH2 Shareholders) has plan to rectify such problem by offering 1,323,211,005 shares via Rights Offering and not more than 480,000,000 shares via Public Offering as mentioned in clause regarding risk of incapability to rectify Free Float portion of shareholding.

The IFA has preliminary reviewed SMM's qualification, however, consideration of detailed qualification rest on financial advisor for the relisting with the SET.

The IFA has summarized related party transactions of TAH2 Group as shown in Attachment 2 Information on TAH2 and TAH2's subsidiaries.

1.4 Fairness of the Transaction Price and Conditions

1.4.1. SMM Shares Valuation

To indicate the value of the ordinary shares, the IFA uses the information from executive interviews and reviewed financial projections, including also information available to public. However, the opinion of the IFA is based on the assumption that such information and important documents are complete and accurate. In addition, it considers current situations and information under competitive and management conditions same as that in the past without taking into consideration any effect from business transfer from TAH2 in determining the valuation. To determine the fair value, the IFA performed the valuation of SMM shares at 31 December 2018 by using the 5 following approaches.

1. Book Value Approach

2. Adjusted Book Value Approach
3. Market Value Approach
4. Market Comparable Approach
5. Discounted of Free Cash Flow Approach

1 Book Value Approach

This approach calculates the value of shareholders' equities of SMM based on the book value at any point in time from the financial statements audited by the auditor approved by the SEC or AMT Associates.

As at 31 December 2018	(Unit: Million Baht)
Registered Paid-up Capital	323.21
Share Premium	33.85
Allocated Retained Earnings	
Reserved	5.07
Unallocated Retained Earnings (Loss)	(262.40)
Shareholders' Equity	99.73
Number of SMM Shares (Million Shares)	323.21
Book Value (Baht per Share)	0.31

The book value of SMM based on the financial statements as at 31 December 2018 is equivalent to 0.31 Baht per share.

The book value approach reflects the financial position of the Company at any point in time and value as recorded. It reflects neither the current market value of the assets and the Company's profit generating ability in the future. Therefore, the IFA opines that the book value approach does not reflect the true value of SMM; hence, not a suitable approach for this valuation.

2 Adjusted Book Value Approach

This approach is calculated from deducting the Company's total assets by the Company's total liabilities at any point in time, adjusted by items which may have significant impacts to the share value of SMM. The aforementioned then is further divided by the total number of shares of SMM. The IFA has taken the book value of shareholders' equities of SMM as appeared in the financial statements audited by the auditor approved by the SEC as aforementioned and adjusted by additions or discounts to the assets and liabilities. The details of the adjustments are as follows.

Balance Sheet	As at 31	Adjustment	Book Value
	December 2018		After
	Million Baht		Adjustment
Current Asset			
Cash and Cash Equivalents	10.00		10.00
Accounts Receivable and Other Receivables - Net	165.59		165.59
Inventories - Net	455.42		455.42
Other Current Assets	1.97		1.97
Total Current Assets	632.98		632.98
Non-Current Asset			
Pledged Bank Deposits	12.08		12.08
Investment Properties	1.71		1.71
Property, Plant and Equipment - Net	81.02	46.43	127.45
Deferred License Fees - Net	9.11		9.11
Deferred Leasehold Rights - Net	2.46		2.46
Other Non-Current Assets	41.60		41.60
Total Non-Current Assets	147.98		194.41
Total Assets	780.96		827.39
Current Liabilities			
Bank Overdraft	179.77		179.77
Accounts Payable and Other Payables	213.94		213.94
Current Portion of Long-term Loan from Financial Institutions	44.10		44.10
Other Current Liabilities	4.00		4.00
Total Current Liabilities	441.81		441.81
Non-Current Liabilities			
Loans from Directors and Related Persons	7.00		7.00
Long-term Loans from Financial Institutions	219.00		219.00
Employee Benefit Obligations	11.54		11.54
Other Non-Current Liabilities	1.88		1.88
Total Non-Current Liabilities	239.4175		239.4175

Balance Sheet	As at 31	Adjustment	Book Value
	December 2018		After
	Million Baht		Adjustment
Total Liabilities	681.23		681.23

2.1. Land, buildings and investment properties SMM has land and buildings for use in business operations of the Company and its subsidiaries. The head office with land is located at 459 Soi Ladprao 48, Ladprao Road, Samsen Nok, Huai Khwang, Bangkok and the commercial buildings with land is located near Sommanut temple. The investment properties is the same building as the aforementioned head office; however, since SMM rents out such area, a separate account is recorded as investment properties

Land, building and investment properties have a total book value as at 31 December 2018 of 58.30 million Baht. SMM arranged for an appraisal of market value of such assets by an independent property appraiser for the public purpose. The appraiser in this regards is Asian Engineering Valuation Company Limited. The appraisal was conducted on 21 and 23 January 2019 with the following details.

Appraisal Report	Date of Appraisal	Objective
1. Land with building (13-storey head office building)	21 January 2019	For public purpose
2. Land with building (2-storey building with deck)	23 January 2019	For public purpose

SMM engaged an independent property appraiser to appraise the market value of such assets for public purpose. The appraiser in this regards is Asian Engineering Valuation Company Limited, an appraisal company approved by the Securities and Exchange Commission. The appraisal was conducted on 21 and 23 January 2019 (details as shown in attachment 3) with the following details.

Unit : Million Baht

Asset	Location and Land Size	Book Value At 31 Dec 2018	Appraisal Value at 25 May 2018	Appraisal Value at 21 and 23 Jan 2019	Appraised Value in Excess of Book Value	Appraisal Method
13-storey head office building	459 Soi Ladprao 48, Ladprao Road, Samsen Nok, Huai Khwang, Bangkok 459	2.50	39.89	35.46	32.96	Cost/replacement approach
Land at the head office	1 – 0 – 29.0 rai	45.61	55.77	55.77	10.16	Market comparable approach
Land with 2-stoey building with deck (Sommanut Temple) (Wholesale Store)	160, 162 Nakhon Sawan Road, Wat Sommanatvihan, Pomprabsatrupai, Bangkok (Land size 0 – 0 – 20.0 rai)	10.19	13.50	13.50	3.31	Market comparable approach
Total		58.30	109.16	104.73	46.43	

The appraisal of value of asset item no. 1 – a 23-year-old head office building by cost/replacement approach is considered appropriate as the method appraise cost to build a new replacement building at the current cost and deducting with depreciation, which can best reflect the true value of building type of asset. The value is reduced from the appraisal value at 25 May 2018 by 4.43 million Baht due to the decrease in value of head office building from the two different periods of remaining life assumptions. The useful life of the building for both periods is 30 years.

The appraisal at 25 May 2018 – building is 22 years, use depreciation of 73%.

The appraisal at 21 and 23 January 2019 – building is 23 years, use depreciation of 76%.

For the appraisal of value of land item no. 2, the IFA opines that the land plots that the appraiser has selected for comparison is located near the location of SMM's assets. In addition, the appraiser has compared the quality of various factors of the assets with that of comparative data to score and weight in order to obtain the appraisal value of SMM's land in accordance with market

comparable approach. In this regards, the appraiser opines that the asset's best use if for commercial purpose.

For the appraisal of value of asset item no. 3, land with 59-year-old 2-storey commercial building with deck (Sommanat Temple), the appraiser used market comparable approach by selecting assets with similar locations, environments, including similar sizes to compare for appraisal value.

Therefore, the IFA is of the opinion that the appraiser has correctly performed appraisal in accordance with the principles of the appraiser.

The appraisal value is higher than the book value by 46.43 million baht. Therefore, the IFA has adjusted the value of land and building assets up by the aforementioned amount to reflect the true value.

2.2. Accounts receivable and other receivables Account receivable can be classified by the type of business, with publishing business accounting for more than 85% of total receivables. In this regards, SMM will have allowance for return products and allowance for doubtful debt. The allowance for return products will be set in accordance with the statistics of return per sales during the past 6 months before the closing of accounts for each quarter. The percentage is calculated and multiplied by the sales of books sold on credits in the said past 6 months. While the allowance for doubtful debt will be set as a percentage of outstanding receivables. For receivables overdue by more than 300 days, an allowance for the full amount of debt will be set. At year-end 2018, SMM's publishing business has receivables with more than 300 days overdue of 18.68 million baht. In addition, the multimedia business has receivables with more than 1 year overdue of 0.26 million baht, of which its full amount was set to be an allowance by SMM. Therefore, the IFA is of the opinion that SMM's auditor has appropriately set allowance; hence, no further adjustment is made.

2.3. Inventories SMM has 3 warehouses – head office and wholesale store at Phanfa owned by SMM and warehouse at Soi Ladprao 80 rented by SMM. Books that are less than 3 years old account for more than 35% of the total book value. The impairment policy is set in accordance with the age of the book as a percentage of total books. Moreover, SMM has set allowance to reduce inventory to net realizable value which would occur when the product is sold at a price lower than its cost in the case that the product remained in a stock for too long and must be sold at a discount.

Information from SMM's financial statements as of December 31, 2018

Unit: Baht	31 December 2018
Finished goods	
Finished goods at warehouse	444,361,419.39

Unit: Baht	31 December 2018
Finished goods at distribution center	2,533,742.13
Estimated returns	8,577,899.40
Total finished goods	455,473,060.92
(-) Provision for slow moving	(80,738,216.24)
(-) Net realizable value adjustment	(1,723,763.49)
Finished goods - net	373,011,081.19
Consignments	73,936,528.70
Raw materials	6,014,416.21
Work in process	2,456,993.55
Inventories - net	455,419,019.65

Unit : Baht

At 31 December 2018	Inventories			Provision	
Age of Inventory for book product	Inventories	Reserved Inventories (1)	Unreserved Inventories (2)	% Provision	Provision
0 – 3 years	208,476,846.98	0.00	208,476,846.98	0	0.00
3 – 4 years	69,421,761.06	32,234,329.09	37,187,431.97	30	9,670,298.73
4 – 5 years	64,222,941.01	24,177,977.56	40,044,963.45	40	9,671,191.02
5 – 6 years	53,219,554.24	8,098,844.68	45,120,709.56	70	5,669,191.28
6 – 7 years	39,265,487.18	3,255,936.66	36,009,550.52	80	2,604,749.33
More than 7 years	86,225,099.75	53,122,785.88	33,102,313.87	100	53,122,785.88
Total	520,831,690.22	120,889,873.87	399,941,816.35		80,738,216.24

Inventories used by SMM in analysis to set reserves totaling 520,831,690.22 Baht is a combination of finished products at the warehouse totaling 444,361,419.39 Baht, finished products at the distribution center totaling 2,533,742.13 Baht, and consignment products totaling 73,936,528.70 Baht. This does not take into account raw materials and work in progress. IFA has reviewed and concluded that this is the right principle. The reserve will only be set for finished products that might

not sell, which might result in a significant decrease in value to be less than the cost of raw materials cost used in production and eventually affect the value in SMM financials.

SMM has policy to set reserves based on sales of the products. For the best-selling products with sales exceeding 60% of the production amount will be classified as unreserved. Products that do not have the sales at that level will be classified as reserved. As for products that are older than 7 years old and completed (last book published), if they have sales of less than 90% will be classified as reserved. After that, the consideration for reserves will be based on the age of products as follows:

1. 3-year-old products will be subject to 30% provision
2. 4-year-old products will be subject to 40% provision
3. 5-year-old products will be subject to 70% provision
4. 6-year-old products will be subject to 80% provision
5. 7-year-old products will be subject to 100% provision

The IFA is of the opinion that SMM has set an allowance based on appropriate principles; hence, no further adjustment is made to net inventories.

2.4. Intangible assets comprise 2 parts – deferred license fees and deferred leasehold rights for a total of 9.11 and 2.46 million Baht respectively as at 31 December 2018.

- Deferred license fees is the book license purchased with advance payment pending for production. SMM made its purchases through agencies in the form of agreement determining maximum production amount. After SMM publishes and sells that particular book, the deferred license fees will become license expense in the income statement. If SMM wishes to publish more than the amount agreed in the agreement, additional payments must be made to the rights owner. Therefore, the IFA has not made any additional adjustment to the deferred license fees.
- Deferred leasehold rights are 2 leasehold agreements which will expire in 2020 and 2024 respectively. This is recorded in accordance with the accounting standards.

2.5. Other non-current assets and liabilities is recorded in accordance with the accounting standards; hence, the IFA has not made any additional adjustments.

Unit: Baht	31 December 2018
Other non-current assets	
Insurance – net	5,141,704.16
Withholding tax – net	9,913,243.57

Unit: Baht	31 December 2018
Deferred tax assets	25,839,245.14
Others - net	705,988.16
Total other non-current assets	41,600,181.03
Other non-current liabilities	1,879,610.00

2.6. Accounts payable and other payables comprise book business payables including accrued expenses for rights to publish in excess of the minimum amount; and accrued expenses for rights to live broadcast and manage sports marketing activities. SMM has recorded such items in accordance with accounting standards; hence, no further adjustment has been made.

Unit: Baht	31 December 2018
Accounts payable	
Publishing business	31,334,182.15
Multimedia business	835,991.00
Others	1,579,858.65
Total accounts payable	33,750,031.80
(-) Refund of returned products	(3,621,368.67)
Net accounts payable	30,128,663.13
Accrued copyright	
Publishing business	109,228,028.68
Sale of live broadcast rights and management of sports marketing business	33,965,683.38
Total accrued copyright	143,193,712.06
Unearned income	27,260,579.45
Postdated check	13,353,651.47
Total accounts payable	213,936,606.11

Accrued copyright will be recorded when entering into a copyright purchase agreement. The copyright expense will be accrued in accordance with the minimum amount indicated in the agreement and will be amortized in accordance with conditions in the agreement. The expense will be realized monthly for a total of 12 months to be consistent with income recognition indicated in the agreement that states the amount of income to be received each year. Revenue from unearned income comes from the sale of volleyball rights totaling 23.26 million Baht and the sale of online book totaling 4 million Baht.

SMM has recorded items in accordance with accounting standards. Therefore, the IFA does not make any additional adjustments.

2.7. Retained loss SMM has a retained loss of 262.40 million baht at year-end 2018. Some of the aforementioned losses that have not expired and can still be used to reduce taxable income will have value if SMM has positive profit before tax from operations. However, the IFA has assessed and concluded that SMM is likely to have continuous loss. Therefore, the aforementioned retained loss has no value to SMM.

In conclusion, the IFA has adjusted only land, building and investment property as follows.

At 31 December 2018	(Unit : Million Baht)
Registered paid-up capital	323.21
Share premium	33.85
Allocated retained earnings	
Reserved	5.07
Unallocated retained earnings	(262.40)
Total shareholders' equities	99.73
<u>Adjustment</u>	
Land, buildings and investment properties	46.43
Shareholder's equity after adjustment	146.16
SMM's number of shares	323.21
Value per share (Baht per share)	0.45

Using adjusted book value approach, the share is valued at 0.45 baht per share. Although the approach might not be reflective of SMM's performance that is likely to continue to make loss in the future, it can reflect the value of current assets and liabilities; hence the best approach for SMM. Therefore, the IFA is of the opinion that the adjusted book value approach is appropriate for valuing share this time.

3 Historical Market Price Approach

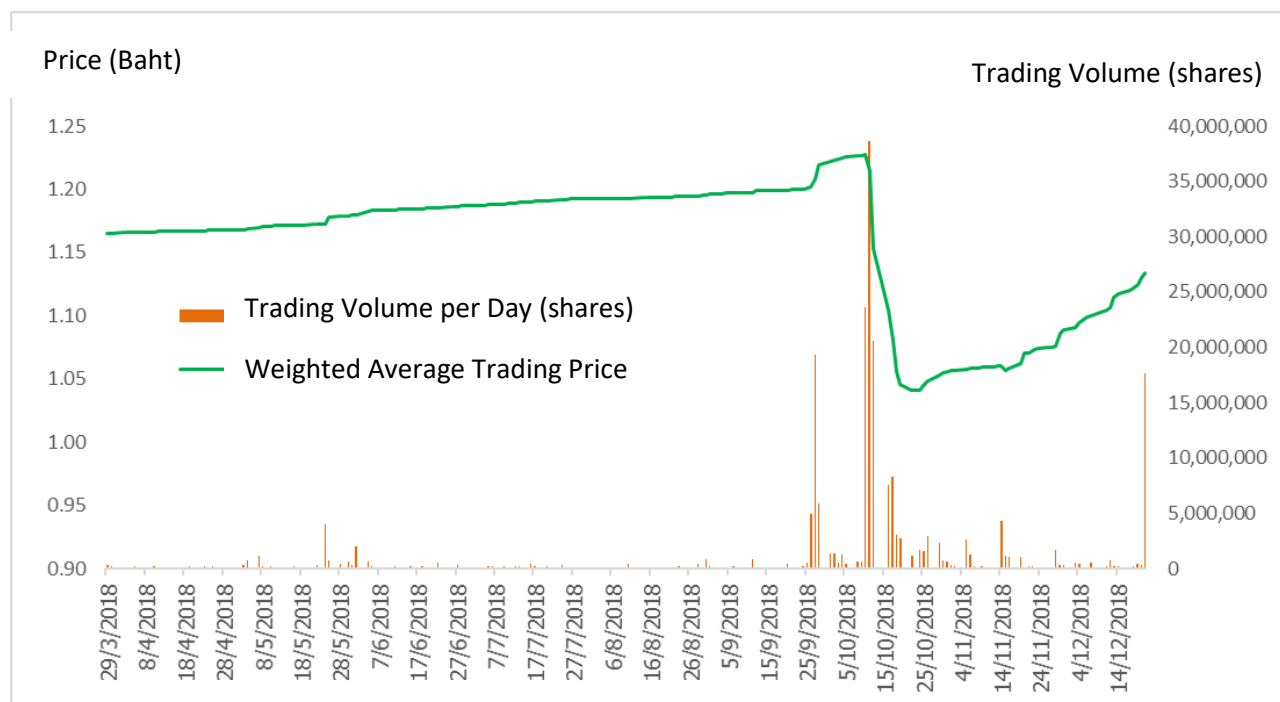
This approach of valuation takes into account the closing price and the trading volume of SMM's ordinary shares on the Stock Exchange of Thailand. The IFA has calculated the weighted average closing price for the past 15 – 180 days from 21 December 2018, which is the last business day before

SMM announced the resolution of the board of directors to approve the restructuring of SMM by entering into the transaction of purchasing business from TAH2 as can be summarized below.

Trading Period (Business Days)	Weighted Average Trading Price (Baht per Share)	Average Daily Trading Volume (Shares)	Proportion of Total Shares	Average Daily Trading Value (Baht)
15 days	1.09	1,484,644.47	0.46%	1,612,488
30 days	1.06	1,090,765.53	0.34%	1,155,047
60 days	1.20	3,165,977.43	0.98%	3,801,189
90 days	1.19	2,163,379.40	0.67%	2,581,700
120 days	1.19	1,653,380.26	0.51%	1,962,341
180 days	1.16	1,197,911.90	0.37%	1,395,496
SMM's ordinary shares value range	1.06 – 1.20			
Shareholder's equity value based on historical market price approach (million baht)	342.57 – 387.81			

IFA has considered that using the period of the past 180 days is appropriate since the turnover ratio is at 0.37 which is close to the turnover ratio derived from data from the past 270 days or 360 days which have turnover ratio of 0.39 and 0.36 respectively.

However, the IFA has not taken into account the latest market price after the board of directors resolution concerning the purchase of business from TAH2, the restructuring of business, and the increase of capital and offering of newly issued shares to the buyer has been announced. Because during this period, SMM's share price may be affected by the aforementioned news concerning the board of directors resolution.



From the table and chart above, it could be noticed that SMM trading price is quite stable in 2018. However, the trading price abruptly decreased during 11 – 19 October 2018 because of the high quantity of shares sold. From the management interview, this is likely the result of business restructuring rumor and poor performance, causing the trading price to be in the range of 1.06 – 1.20 Baht per share.

Table showing the trading volume and trading value of companies in the media and publishing business that operate similar businesses to SMM (last 180 business days (29 March – 21 December 2018))

Ticker	Average Daily Trading Volume (Shares)	Turnover Ratio	Average Daily Trading Value (Baht)	Average Daily Trading Volume Rank in Comparison to SET and MAI *	Turnover Ratio Rank in Comparison to SET and MAI	Average Daily Trading Value Rank in Comparison to SET and MAI
SE-ED	33,231.56	0.01%	103,701.00	640	675	689
AMARIN	189,464.03	0.02%	1,016,871.72	539	607	493
MATI	25,301.82	0.01%	153,436.63	651	641	672
SPORT	540,298.41	0.08%	169,078.74	418	419	666
NINE	3,271,741.99	1.92%	7,712,258.28	193	5	261
POST	195,091.39	0.04%	696,479.60	537	519	544
SMM	1,197,911.90	0.37%	1,395,495.85	321	129	460

* Ranks from highest value to lowest value from the total 763 securities (including SET and mai markets, excluding warrants and prohibited securities)

IFA analyzed trading data of SMM during 180 business days (29 March – 21 December 2018) as follows.

1. The average daily trading value of approximately 1.39 million Baht is ranked at 460th place when compared with both the Stock Exchange of Thailand (“SET”) and the Market for Alternative Investment (“mai”) combined.
2. The daily trading volume is between 1.09 – 3.16 million shares per day or an average of approximately 1.19 million shares per day which is ranked at 321st place when compared to both SET and mai markets combined.
3. Turnover ratio is at 0.34% - 0.98% of the number of registered shares, or 0.37% for the average of the past 180 working days which is ranked at 129th place when compared to both SET and mai markets combined.

Based on the aforementioned information, SMM has relatively low trading volume and average daily trading value, not in the top 300 place but in the same level as similar businesses. However, when compared with data from all markets its rank is very low. This shows low liquidity; hence, resulting in the past trading price in the range of 1.06 – 1.20 Baht per share which does not reflect SMM shares value. This only reflects the demand of buyers and sellers and does not necessarily reflect an appropriate value of such securities and does not reflect future performance of SMM. Therefore, the historical market price approach does not reflect the actual value and is not appropriate for determining the fair price.

4 Market Comparable Approach

The method of valuation takes financial ratios of the listed companies that operate similar businesses to SMM to compare to determine the appropriate value. The criteria for choosing comparable companies is for the companies to have revenues from publishing business including revenues from television and multimedia business more than 75% of total revenues. This is similar to SMM which has 89.33% of revenues from the aforementioned businesses.

IFA selected companies listed in the Stock Exchange of Thailand in the service industry, media and publishing business that operate similar business to SMM for a total of 6 companies to compare such as SE-ED, AMARIN, MATI, SPORT, NINE and POST with details as follows.

Company	Business Characteristics	Main Products	Revenue Structure
SE-EDUCATION PCL (SE-ED)	<p>The company has 6 main businesses including:</p> <ol style="list-style-type: none"> 1. Bookstore business operating SE-ED Book Center and network stores. 2. Book distribution business by distributing both books produced by the company and by other publishers to general bookstores, including other sale channels which has 1,600 titles for books produced by the company and 4,500 titles for books produced by others. 3. Publishing business publishing academic journals and knowledge books, advertisement for publication in monthly journals that the company publishes and book printing. 4. Learning center business and learning centers including SE-ED Kiddy Camp Youth Club, learning activities for youth training course, training and seminars 5. Plernpattana School business is an alternative private school focuses on flexible teaching and learning to develop students' potential. 6. Other businesses including Best Lab Company Limited, a subsidiary that provides consultancy on procurement and sale of software and on sale of hardware. 	<ul style="list-style-type: none"> ▪ SE-ED Book Center and network stores of 394 branches and many university book centers in Bangkok and other provinces ▪ Academic journals such as Semiconductors Electronic Plus journal, Industrial Technology Review and The Absolute Sound & Stage ▪ Annual organizer of Thailand Electronics & Industrial Technology ▪ FAN Math learning centers of 8 branches and ACTIVE English learning center of 2 branches ▪ Plernpattana School ▪ www.se-ed.com 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Bookstore business 65.99% ● Book distribution business 18.71% ● Publishing business 8.45% ● Learning center business and learning centers 0.20% ● Plernpattana School business 4.86% ● Other businesses 1.79%
Amarin Printing and Publishing PCL (AMARIN)	<p>The company has 3 main businesses including:</p> <ol style="list-style-type: none"> 1. Publishing and distribution of books comprises full-service printing house and magazine and books by Amarin group which publishes and sells 10 titles of 	<ul style="list-style-type: none"> ▪ Magazines including Cheewajit Secret, Praew Praew Wedding, Soodsubda, Baanlaesuan, Room, My home, National Geographic (Thai Version), Amarin Baby & Kid ▪ www.baanlaesuan.com, www.roommag.com, www.myhome- 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Publishing and distribution of books business 54.77% ● TV production business 22.00%

Company	Business Characteristics	Main Products	Revenue Structure
	<p>magazines including books with 15 subsidiary publishing houses. Additionally, receive orders for printing from external sources.</p> <p>2. TV production business: Amarin TV</p> <p>3. Creative and event business provides services in marketing and communication in the form of event and fair to magazine and books by external clients including new business business that develop media and content for Amazon and electronic books</p>	<p>mag.com www.livingasean.com www.goodlifeupdate.com</p> <ul style="list-style-type: none"> ▪ Organize Amarin Baby & Kids Fair 2 times/ year and Baanlaesuan fairs Soodsubda Shopping Market ▪ Various types of books such as Mahajanak, King Chat, Piyaporn Sakkasem and Chuthamrat including love novels by new generation writers in the Love and Warmth series and Love Square series ▪ Amarin TV Channel 	<ul style="list-style-type: none"> ● Creative and event business 23.23%
<p>Matichon Public PCL (MATI)</p>	<p>The company has 5 main businesses including:</p> <ol style="list-style-type: none"> 1. Advertising and publishing business by publishing various books and magazines and advertising 2. Professional training and printing business 3. Event organizing business such as Smart SMEs seminar 4. Electronic media business and data center such as new media and social media 5. Other businesses include selling leftover newspaper, waste materials and profits from temporary investments 	<ul style="list-style-type: none"> ▪ Daily newspaper such as Matichon, Khaosod ▪ 3-day newspaper such as Prachachat ▪ Weekly newspaper such as Matichon Weekly ▪ Biweekly magazine such as Technology Chaoban ▪ Monthly magazine such as Silapa Magazine and Sentandsedtee ▪ Pocket books and specific types of books such as The Forbidden Bty, America First, and Chinese novel ▪ Matichon TV, Matichon online ▪ Digital media online – website that links new generations for every newspaper and magazine including ▪ www.matichon.co.th www.khaosod.co.th www.khaosodenglish.com www.prachachat.net www.matichonweekly.com www.technologychaoban.com www.sentangsedtee.com www.silapa-mag.com 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Advertising and publishing business 78.60% ● Professional training and printing business 3.01% ● Event organizing business 6.32% ● Electronic media business and data center 0.66% ● Other businesses 11.41%

Company	Business Characteristics	Main Products	Revenue Structure
Siam Sport Syndicate PCL (SPORT)	<p>The company has 5 main businesses including:</p> <ol style="list-style-type: none"> 1. Publishing and advertising business consists 8 newspaper and magazines including printing 2. Event business, business management on event management 3. Digital media business such as website and various content production 4. TV business from subsidiary of associated company comprising satellite television stations, TV program, live signal production and TV program production 5. Other businesses such as ticket distribution services or tickets for all types of performance 	<ul style="list-style-type: none"> ▪ Newspaper including Siam Sports Daily, Boxing Daily, Star Soccer Daily, Sports Pool Daily, Sportsman Daily, and Siam Football Daily and Football Siam Daily, Siam Dara Daily ▪ Magazines including Star Soccer and Football Siam, Boxing Siam, and World Boxing, International Football Club Magazine Entertain ▪ Siam Sports News Channel (True693), Siam Sports Football (True 694) and T-Sports (True695) ▪ TV program such as SPORT JOURNEY SPORT ON FIVE, World soccer and sports etc. ▪ Miss Teen Thailand competition, Bangkok International Auto Salon, Option Fest, Thailand International Sport Expo etc. ▪ www.siam sport.co.th, www.siamdara.com www.fhm.in.th www.girldaily.com 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Publishing and advertising business 48.82% ● Event business 17.64% ● Digital media business 3.14% ● TV business 25.15% ● Other businesses 5.25%
Nation International Edutainment PCL (NINE)	<p>The company has 5 main businesses including:</p> <ol style="list-style-type: none"> 1. Publishing and distribution business for pocket books under Nation Books publication and publications for youth 2. Distributor and other service business relating to foreign publications 3. Digital business, produce and distribute print media and electronic books including various types of consumer products distribution business 	<ul style="list-style-type: none"> ▪ Over 1,000 pocket books and comics i.e. Doraemon, Crayon Shin-Chan, Dragon Ball, Naruto, Marketing 4.0, Strengths Finder, Blue Ocean Strategy ▪ Newspaper and magazines from foreign publishers totalling 236 titles including The Yomiuri Shimbun, Financial Times, Time, Fortune, Forbes, Economist, Bloomberg Businessweek, Business Traveller ▪ English medium program Hello English and English spelling competition of Thailand 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Publishing and distribution business 48.25% ● Distributor and other service business relating to foreign publications 31.31% ● Digital business 1.79% ● Education business 5.39% ● Other businesses 13.26%

Company	Business Characteristics	Main Products	Revenue Structure
	<p>4. Education business including English teaching materials</p> <p>5. Other businesses including common service fees, other service fees, income from sales of scrap and interest income</p>	<ul style="list-style-type: none"> ▪ Various electronic books ▪ Various consumer products including Mobile & Tablets, Computers & Laptops, Home Appliances etc. 	
Bangkok Post PCL (POST)	<p>The company has 3 main businesses including</p> <p>1. Publishing and distribution of newspaper, magazine and books business.</p> <p>2. TV production business including digital media.</p> <p>3. Other businesses including profit sharing from joint venture and others.</p>	<ul style="list-style-type: none"> ▪ Bangkok Post, Post Today, M2F and S WEEKLY ▪ Insert, weekly and monthly magazine - Smart Finance, Mag Z, GURU, LIFE, MUS, SPECTRUM, BRUNCH ▪ Job search website - M2F JOB ▪ Monthly magazine including ELLE, ELLE MEN, Forbes, Cycling Plus, CLEO etc. 	<p>Categorized by business</p> <ul style="list-style-type: none"> ● Publishing and distribution of newspaper, magazine and books business 68.50% ● Distributor for foreign publications 28.70% ● Other businesses 2.80%

4.1. Price to Book Value Ratio Approach : P/BV Ratio

The price to book value ratio approach multiplies the shareholders' equities from SMM's accounts on 31 December 2018 totaling 99.73 million baht with the average price to book value of the six listed companies in media and publishing sector on the Stock Exchange of Thailand that engage in business of production and distribution of books, radio and TV programs similar to the business of SMM. This includes companies with complete historical data of 180 business days. Details are as follow.

No.	Company	Ticker	Market Capitalization (Million Baht)	% of Revenue from Publishing Business and Television and Multimedia Business	Net Profit 2018
1	SE-EDUCATION PCL	SE-ED	1,199.35	93.15	14.61
2	Amarin Printing and Publishing PCL	AMARIN	4,991.41	76.77	172.68
3	Matchon PCL	MATI	904.50	79.26	19.00
4	Siam Sport Syndicate PCL	SPORT	99.34	77.11	(169.28)

No.	Company	Ticker	Market Capitalization (Million Baht)	% of Revenue from Publishing Business and Television and Multimedia Business	Net Profit 2018
5	Nation International Edutainment PCL	NINE	324.79	81.35	(168.91)
6	Bangkok Post PCL	POST	1,250.00	97.20	(167.65)
7	Siam Inter Multimedia PCL	SMM	840.35	89.33	(183.65)

The calculation formula for this method is as follows.

SMM Shareholder's equities = Average P/BV ratio of the 6 companies X Shareholder's equities based on SMM's accounts

No.	Ticker	Average Historical P/BV from 21 December 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	SE-ED	1.03	1.02	1.00	1.00	1.00	1.05
2	AMARIN	1.24	1.21	1.21	1.23	1.24	1.29
3	MATI	0.64	0.65	0.69	0.72	0.76	0.81
4	SPORT	9.77	10.74	14.68	19.28	23.39	28.87
5	NINE	2.44	2.19	2.06	2.05	1.82	1.55
6	POST	3.24	3.54	4.13	4.31	4.40	4.43
7	SMM	1.62	1.45	1.29	1.03	0.97	1.03
Average P/BV ratio (not including SMM)		3.06	3.23	3.96	4.77	5.44	6.33
Book value of shareholder's equity of SMM on 31 December 2018 (million baht)		99.73	99.73	99.73	99.73	99.73	99.73
Shareholder's equity value based on P/BV ratio approach (million Baht)		305.17	321.63	395.10	475.21	542.03	631.62
Value per share (baht per Share)		0.94	1.00	1.22	1.47	1.68	1.95

*Remarks: Data from SETSMART of the Stock Exchange of Thailand

In conclusion, the price to book value ratio approach will result in SMM's share value on 31 December 2018 in the range of 0.94 – 1.95 baht per share.

The IFA is of the opinion that the price to book value ratio approach despite comparing the market price with the book value of comparable businesses, it looks at the market price as times of book value. The price per book value cannot reflect future performance. If the comparable companies used for comparison are expected to grow and have continuous profitable operating results, the companies might not be good comparables for SMM who expects not-so-good operating results and continuous losses. Some companies used for comparison operate similar businesses but with profits. Additionally, some of the comparable companies are expected to have not-so-good performance but have high price to book value ratio of 3 – 4 times which does not reflect real performance. Therefore, the IFA is of the opinion that the price to book value ratio approach is not appropriate.

4.2. Price to Earnings per Share Ratio Approach : P/E Ratio

The price to earnings per share ratio multiplies SMM's net profit with the average price to earnings per share ratio of the listed companies in the similar business on the Stock Exchange of Thailand. There are 6 comparable listed companies as aforementioned; however, since SMM has operating loss in 2018, SMM's share value cannot be determined by this approach.

5 Discounted Cash Flow Approach

This method will reflect the firm value by calculating the net future Free Cash Flow to Firm then discount to present value with Weighted Average Cost of Capital to determine for the fair value of SMM. IFA has created financial forecasting by referring to the past operating performance and adjust some of the assumptions to reflect for the overall industry situation, net profit generating capability and business growth. However, the managements provide an unfavorable outlook on SMM businesses and IFA has not accounted for the impact of entering into the transaction in the financial projection

Moreover, the Media Agency Association of Thailand (MAAT) forecasted that an advertising budget in 2019 will grow continuously 4% YoY to 121,286 million Baht, after a slowdown in 2016-2017. Advertisement of In-store and Outdoor media expected to grow 16% and 6% respectively. While those of Cinema and Television (Digital TV, Cable TV and Satellite TV) will increase in the same rate at 4%, and Radio Ad will increase at 3%. The Transit Ad should be flat. In contrast, the Newspaper and Magazine advertisement budget should decline 21% and 34% respectively due to a shutdown of some publishers as well as a transformation to online platform.

IFA agreed with management's opinions and MATT that SMM's operating performance should be deteriorate resulting from a technology disruption. Besides, it showed a net loss in 2018 plus IFA estimated a loss continuously over next 5 years. This should be sufficient to support that SMM's operation should incur a loss forever.

Assumption underlying financial projection

1. Revenue from sales and services

SMM has 4 business units: publishing and book distribution, multimedia, broadcasting and sport event management, and other businesses. Therefore, IFA forecast revenue by business unit as follow:

1.1 Publishing and book distribution: SMM sells and distributes 6 categories of books which are Novel, International comic, Thai comic, Pocketbook, Magazine and Newspaper, Print Ads and others. The publishing revenue is calculated from No. of Book sold X Average selling price per book.

● Sales Quantity

IFA has estimated the sale quantity of each book type as follows.

Sale Volume (Unit: Book)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Novel	371,711	143,247	255,329	193,028	193,028	193,028	193,028	193,028	193,028
International Comic	4,387,440	2,313,612	1,225,950	1,413,472	1,413,472	1,413,472	1,413,472	1,413,472	1,413,472
Thai Comic	365,096	130,218	15,685	142,925	142,925	142,925	142,925	142,925	142,925
Pocketbook	813,849	560,113	486,427	1,256,457	1,256,457	1,256,457	1,256,457	1,256,457	1,256,457
Magazine and Newspaper	1,638,195	611,285	(232,130)	(11,648)	0	0	0	0	0
Print Ads and others	89,227	24,639	10,713	12,423	12,423	12,423	12,423	12,423	12,423
Total	7,665,518	3,783,114	1,761,974	3,006,657	3,018,305	3,018,305	3,018,305	3,018,305	3,018,305

Remark: In 2017-2018, Sale volume of magazine and newspaper had a negative figure because its sale revenue less than returned books.

In 2018, the sale quantity of Thai comic and pocketbook increased significantly because there were a lot of new best-selling title such as Quanzhigaoshou, Qing Yu Nian, Fights Break Sphere. Additional, several Chinese romantic novels also became popular among new generation for example, The Legend of Fuyao, Zan Zhonglu, The Legend of Zhen Huan. For Thai comic, the well-known titles were Executional (EXE) and Ogre King.

No	Growth of Sale Quantity	2016	2017	2018	2019	2020	2021	2022	2023
1	Novel	(61.5%)	78.2%	(24.4%)	0.0%	0.0%	0.0%	0.0%	0.0%
2	International Comic	(47.3%)	(47.0%)	15.3%	0.0%	0.0%	0.0%	0.0%	0.0%

No	Growth of Sale Quantity	2016	2017	2018	2019	2020	2021	2022	2023
		3	Thai Comic	(64.3%)	(88.0%)	811.2%	0.0%	0.0%	0.0%
4	Pocketbook	(31.2%)	(13.2%)	158.3%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Magazine and Newspaper	(62.7%)	(138.0%)	(94.9%)	0.0%	0.0%	0.0%	0.0%	0.0%
6	Print Ads and others	(72.4%)	(56.5%)	15.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Total		(50.6%)	(53.4%)	70.6%	0.0%	0.0%	0.0%	0.0%	0.0%

A slowdown of Book industry is mainly caused by the lower advertisement budget and a change in consumer's behavior that spend less on physical books; using Smartphones, Tablets and other online medias instead. This reflected on a closing of many Newspaper and Magazine publishers and also a declining trend in the SMM's book revenue between 2015-2018. However, SMM try to adapt to the reader's behavior and an economic fluctuation such as an online channel expansion, attending a National Book fair or other book-related events. As a result, IFA has expected no growth on sale volume during 2019-2023 and used a sale quantity of 2018 as a base as it reflected the most current business condition which had the lowest book revenue. If IFA has used the average growth in past 3 or 5 years, it might not reflect appropriately for a declining in the publishing/ book business.

- **Sale Price per Unit**

IFA has projected for sale price per unit of each book type as follows.

Average Sale Price / Book (Unit: THB)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Novel	180.97	147.81	153.4	159.52	159.52	159.52	159.52	159.52	159.52
International Comic	36.18	32.27	46.8	28.78	28.78	28.78	28.78	28.78	28.78
Thai Comic	37.96	37.34	34.75	48.42	48.42	48.42	48.42	48.42	48.42
Pocketbook	95.83	90.23	128.33	56.22	56.22	56.22	56.22	56.22	56.22
Magazine and Newspaper	27.2	19.23	30.47	26.06	26.06	26.06	26.06	26.06	26.06
Print Ads and others	110.06	83.51	125.52	132.72	132.72	132.72	132.72	132.72	132.72
Total	48.56	43.63	87.28	50.02	50.02	50.02	50.02	50.02	50.02

No	Growth of Average Sale Price per Book	Actual			Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023

Average Sale Price / Book (Unit: THB)		Actual				Forecast				
		2015	2016	2017	2018	2019	2020	2021	2022	2023
1	Novel	(18.3%)	3.8%	4.0%		0.0%	0.0%	0.0%	0.0%	0.0%
2	International Comic	(10.8%)	45.0%	(38.5%)		0.0%	0.0%	0.0%	0.0%	0.0%
3	Thai Comic	(1.6%)	(6.9%)	39.4%		0.0%	0.0%	0.0%	0.0%	0.0%
4	Pocketbook	(5.8%)	42.2%	(56.2%)		0.0%	0.0%	0.0%	0.0%	0.0%
5	Magazine and Newspaper	(29.3%)	58.5%	(14.5%)		0.0%	0.0%	0.0%	0.0%	0.0%
6	Print Ads and others	(24.1%)	50.3%	5.7%		0.0%	0.0%	0.0%	0.0%	0.0%
Total		(10.2%)	100.1%	(42.7%)		0.0%	0.0%	0.0%	0.0%	0.0%

In 2018, the average selling price (ASP) of all books fell 42.7% YoY because the portion of Novel and Pocketbook which has high selling price dropped offsetting with other types. Additional, SMM also adjusted a selling price on some categories reflecting an economic condition. Nevertheless, SMM's managements believed that the ASP can be increased slightly but unable to offset the higher cost. In contrast, IFA has a negative view on an industry trend and higher price adjustment might be difficult; therefore, IFA has forecasted no growth on ASP during 2019-2023.

IFA has estimated a revenue of the publishing and book distribution business as table below.

Publishing and Book Distribution Revenue (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Novel	67.27	21.17	39.17	30.79	30.79	30.79	30.79	30.79	30.79
International Comic	158.73	74.67	57.38	40.68	40.68	40.68	40.68	40.68	40.68
Thai Comic	13.86	4.86	0.54	6.92	6.92	6.92	6.92	6.92	6.92
Pocketbook	77.99	50.54	62.42	70.64	70.64	70.64	70.64	70.64	70.64
Magazine and Newspaper	44.56	11.75	(7.07)	-0.30	-	-	-	-	-
Print Ads and others	9.82	2.06	1.34	1.65	1.65	1.65	1.65	1.65	1.65
Total	372.23	165.05	153.79	150.38	150.69	150.69	150.69	150.69	150.69

No	Growth of Publishing and Book Distribution Revenue	Actual			Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023
1	Novel	(68.5%)	85.0%	(21.4%)	0.0%	0.0%	0.0%	0.0%	0.0%
2	International Comic	(53.0%)	(23.2%)	(29.1%)	0.0%	0.0%	0.0%	0.0%	0.0%
3	Thai Comic	(64.9%)	(88.8%)	1169.9%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Pocketbook	(35.2%)	23.5%	13.2%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Magazine and Newspaper	(73.6%)	(160.2%)	(95.7%)	0.0%	0.0%	0.0%	0.0%	0.0%
6	Print Ads and others	(79.0%)	(34.6%)	22.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Total		(55.66%)	(6.82%)	(2.21%)	0.2%	0.00%	0.00%	0.00%	0.00%

1.2 Multimedia business consists of radio, cable TV-satellite TV and internet business that have impacted from a decline in advertisement spending especially 3 segments past 2 years; due to an economic slowdown and the spending that media channel owners or content providers have received was lower. These reasons made consumers have a variety of channels to access contents both online and offline; and Ad spending was fragmented.

- Radio – a revenue trend was continuously declined given the lower listeners; from new-media entrance. However, an online listening via radio application in Smartphone have become more popular; the marketeers tend to use this channel more in order to communicate with a target group. As such, several brands and organizations have allocated higher advertise budget into an online radio channel. This convinced IFA that radio revenue can be sustain at the same level.
- Satellite TV – a revenue decreased but resumed growth trend in 2018 because customers bought more Ad via sport channels; due to a content improvement. Therefore, IFA foresee the better outlook and business continue to grow as TV channel remain a mainstream media in Thailand since people can accessed nationwide. This channel create excellent brand awareness for products and SMM produces only sport programs that have strong customer base with disciplined characteristic.
- Internet – a revenue dropped in 2017 and climbed back in 2018 because more customers interested in buying online Ad. However, IFA is expected Internet revenue should be stable as most of sport audiences are familiar with a traditional media like TV.

From information above, IFA has forecasted flat Radio and Internet revenue while the Satellite TV revenue should be increased slightly from an increasing of Ad rate/ minute in the Live Broadcasting and Sport News programs according to managements. Therefore, IFA has estimated a conservative growth for Satellite TV business using a long-term inflation rate at 1.88 per year (Source of Information; the 10 years trailing inflation rate of Thailand: Bank of Thailand).

IFA foresees a high likelihood that managements can increase Ad rate per minute since 2019 as mentioned; due to several upcoming sport events e.g. Euro 2020, Japan Olympic 2020 and FIFA World Cup 2022.

Multimedia Revenue (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Radio	45.94	32.64	35.53	19.21	19.21	19.21	19.21	19.21	19.21
Satellite TV	23.69	17.23	11.39	20.04	20.42	20.80	21.19	21.59	22.00
Internet	5.64	6.00	4.02	6.95	6.95	6.95	6.95	6.95	6.95
Total	74.73	54.87	50.95	46.20	46.58	46.96	47.35	47.75	48.16

No	Growth of Multimedia Revenue	Actual			Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023
1	Radio	(29.0%)	8.9%	(45.9%)	0.0%	0.0%	0.0%	0.0%	0.0%
2	Satellite TV	(27.3%)	(33.9%)	75.9%	1.88%	1.88%	1.88%	1.88%	1.88%
3	Internet	6.3%	(32.9%)	72.9%	0.0%	0.0%	0.0%	0.0%	0.0%
	Total	(26.6%)	(26.6%)	(7.2%)	(9.3%)	0.8%	0.8%	0.8%	0.8%

1.3 Broadcasting and Sport Event Management – a revenue is divided into two parts 1) a revenue from a resale of Live-broadcasting right and market management from the Asian Volleyball Confederation (AVC) about 11 matches per year between 2016-2019, and 2) a revenue on organizing competition match of the Thailand Volleyball Association; a total of 5 activities per year. Because of a stronger popularity in Volleyball sport, SMM has earned steady stream of income but a revenue dropped in 2018 because a piracy issue as well as a slowdown in television advertisement industry.

Currently, SMM is under a negotiation process to renew a broadcasting right with AVC after its contract will end in 2019, however SMM must bid to win over other bidders. SMM expected to

purchase only 6 most popular matches, because the rest have no buyer from any TV channel and unable to acquire sponsors as targeted. In contrast, the activities with the Thailand Volleyball Association will keep under the same condition because female Volleyball still has a lot of audiences/ followers.

The revenue from two parts are calculated by No. match/ activity per year X Average income per match/ activity (Million Baht). IFA has forecasted the average income per match/ activity by using 3-years average figure because a revenue per match of the AVC and Thailand Volleyball Association in 2018 were underearned from an impact of piracy problem and not had enough public relations. However, SMM has actively enforced a new policy to protect this problem and fix it, and a revenue per match should be improved. Hence, IFA will use the 3-years average as a forecast figure as shown in table.

Broadcasting and Sport Event Management Revenue (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Asian Volleyball Confederation (AVC)	-	120.26	186.21	104.54	137	74.73	74.73	74.73	74.73
No. of Match	-	11	11	11	11	6	6	6	6
Revenue per match (THB Million)	-	10.93	16.93	9.5	12.45	12.45	12.45	12.45	12.45
Thailand Volleyball Association	36.64	13.86	27.12	21.99	20.99	20.99	20.99	20.99	20.99
No. of activity	5	5	5	5	5	5	5	5	5
Revenue per activity (THB Million)	7.33	2.77	5.42	4.40	4.20	4.20	4.20	4.20	4.20
Total	36.64	134.12	213.33	126.53	158.00	95.72	95.72	95.72	95.72

No	Growth of Broadcasting and Sport Event Management Revenue	Actual			Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023
1	Asian Volleyball Confederation (AVC)	NA	54.84%	(43.86%)	31.05%	(45.45%)	0.00%	0.00%	0.00%
2	Thailand Volleyball Association	(62.17%)	95.66%	(18.91%)	(4.56%)	0.00%	0.00%	0.00%	0.00%
	Total	266.06%	266.06%	59.06%	(40.69%)	24.86%	(39.42%)	0.00%	0.00%

1.4 Other businesses

A revenue from other businesses comes from Book Printing and Production, Product Sale and Office Rental 1) Book Printing and Production is a publishing production business for 3rd-party such as Hug and All magazine 2) Product Sale is a direct-sale business through SMMTV channel such as health-related products, exclusive medicine for men and 3) Office Rental is a rental fee from customers that rent an office space in SMM building.

A revenue from publishing production is a percentage of total publishing and book distribution revenue which IFA has estimated a publishing production revenue at 8.29% of total book revenue derived from a percentage of 3-years average (2016-2018). While product sale and office rental revenue, IFA has forecasted no growth.

Other businesses Revenue (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Book Printing and Production	13.74	14.43	13.56	10.97	12.48*	12.48	12.48	12.48	12.48
Product Sale	0.49	1.42	2.47	1.72	1.72	1.72	1.72	1.72	1.72
Office Rental	7.3	7.12	4.95	5.24	5.24	5.24	5.24	5.24	5.24
Total	22.08	22.97	20.98	17.93	19.45	19.45	19.45	19.45	19.45

*Remark: In forecast period, Book Printing and Production revenue increased slightly because IFA use a percentage of 3-years average (2016-2018) of the publishing production revenue to total publishing and book distribution revenue; which the percentage of 2016-2017 are higher than a percentage of 2018. As a result, a percentage of 3-years average figure was above the 2018 figure. This made a revenue on the Book Printing and Production business in forecasting period shown a higher figure than 2018.

No	Growth of Other businesses Revenue	Actual			Forecast				
		2016	2017	2018	2019	2020	2021	2022	2023
1	Book Printing and Production	5.07%	(6.06%)	(19.12%)	13.83%	0.00%	0.00%	0.00%	0.00%
2	Product Sale	191.65%	73.48%	(30.23%)	0.00%	0.00%	0.00%	0.00%	0.00%
3	Office Rental	(2.55%)	(30.45%)	5.86%	0.00%	0.00%	0.00%	0.00%	0.00%
	Total	4.03%	(8.69%)	(14.53%)	8.46%	0.00%	0.00%	0.00%	0.00%

Therefore, SMM revenue forecast have summarized as follows.

(Unit: THB Million)	Actual				Forecast				
	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from Sale and Service									
Publishing and book distribution	372.23	165.05	153.79	150.38	150.69	150.69	150.69	150.69	150.69
Multimedia	74.73	54.87	50.95	46.20	46.58	46.96	47.35	47.75	48.16
Broadcasting and Sport									
Event Management	36.64	134.12	213.33	126.53	158.00	95.72	95.72	95.72	95.72
Other businesses	22.08	22.97	20.98	17.93	19.45	19.45	19.45	19.45	19.45
Total Sale and Service	505.68	377.02	439.04	341.05	374.71	312.82	313.21	313.60	314.01
Others revenue	8.36	12.69	12.02	20.59	12.92	10.79	10.80	10.82	10.83
Total	514.04	389.71	451.06	361.64	387.63	323.60	324.01	324.42	324.84

2. Cost of Sale

IFA has estimated a cost of sale by business unit according to SMM 4 main businesses which each business consists of variable and fixed cost as follows;

2.1 Publishing and book distribution

- Fixed cost is only a labor cost that an average 3-years figure was at 10.5% of total publishing and book distribution business. Due to a decline in a book business last year, IFA has estimated no growth on a fixed cost and use 2018 number from 2019 to 2023.
- Majority of variable costs consist of paper and raw material, printing, copyright, translation cost, writer wage and other production expenses. To estimate the variable cost, IFA has applied the ratio of variable cost to book revenue average for the period of 2016-2018. Moreover, IFA believed that using the most recent year ratio might not reflect appropriately as using the 3-year average ratio; because SMM has no significant business changes during those periods. As a result, IFA has used the 3-years average ratio for a forecasting period between 2019-2023 as table below:

Variable cost	% of revenue in book categories	Forecast Year (2019-2023) (%)
Copyright	Novel, International comic and Pocketbook	21.6
Translation cost	Novel, International comic and Pocketbook	8.9
Paper and raw materials	Total book	32.0
Printing	Total book	13.5

Variable cost	% of revenue in book categories	Forecast Year (2019-2023) (%)
Writer wage	Thai comic	35.5
Others production cost	Total book	43.0

Cost of Publishing and book distribution (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fixed Cost									
Labor	25.18	20.81	13.89	12.65	12.65	12.65	12.65	12.65	12.65
Total Fixed Cost	25.18	20.81	13.89	12.65	12.65	12.65	12.65	12.65	12.65
Variable Cost									
Copyright	36.26	30.06	26.06	39.66	30.72	30.72	30.72	30.72	30.72
Translation cost	58.46	48.03	39.39	62.36	48.31	48.31	48.31	48.31	48.31
Paper and raw materials	22.27	22.64	16.15	24.3	20.28	20.28	20.28	20.28	20.28
Printing	11.10	10.32	11.90	17.38	12.68	12.68	12.68	12.68	12.68
Writer wage	4.35	2.37	0.57	1.82	2.46	2.46	2.46	2.46	2.46
Others production cost	66.01	25.33	(0.33)	70.34	64.72	64.72	64.72	64.72	64.72
Total Variable Cost	198.47	138.76	93.74	215.86	179.16	179.16	179.16	179.16	179.16
Total	223.65	159.57	107.62	228.51	191.81	191.81	191.81	191.81	191.81

2.2 Multimedia

- Fixed costs consist of a labor cost in radio, television and internet business, radio and television broadcasting fee, an expenses for television broadcasting rights, and service fee which IFA has used the number from 2018, and estimated a zero growth on a forecast period given no significant revenue expansion in a multimedia business.
- Variable costs are divided into travel and overtime expenses, utilities expenses, rental cost and lastly production cost. To estimate the variable cost, IFA has applied the ratio of variable cost to multimedia revenue average for the period of 2016-2018 at 7.1%, 1.6%, 4.1% and 14.8% respectively; to forecast 2019-2023 as below.

Variable cost	% of revenue	Forecast Year (2019-2023) (%)
Travel and overtime	multimedia	7.1
Utilities	multimedia	1.6
Rental	multimedia	4.1
Production cost	multimedia	14.8

Cost of Multimedia (Unit: THB Million)	Actual				Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fixed Cost									
Labor cost	29.80	27.93	24.05	22.54	22.54	22.54	22.54	22.54	22.54
Radio Broadcasting fee	24.34	16.81	12.00	10.48	10.48	10.48	10.48	10.48	10.48
TV Broadcasting fee	9.39	10.44	8.78	7.75	7.75	7.75	7.75	7.75	7.75
TV Broadcasting rights	0.99	1.04	1.52	1.40	1.40	1.40	1.40	1.40	1.40
Service fee	19.17	11.77	9.69	6.27	6.27	6.27	6.27	6.27	6.27
Total Fixed Cost	83.68	67.99	56.04	48.43	48.43	48.43	48.43	48.43	48.43
Variable Cost									
Travel and overtime	5.52	4.43	3.45	2.92	3.29	3.31	3.34	3.37	3.40
Utilities	1.21	1.58	0.66	0.25	0.73	0.74	0.75	0.75	0.76
Rental	3.44	3.47	1.53	1.33	1.90	1.91	1.93	1.94	1.96
Production cost	9.92	11.34	6.44	5.09	6.88	6.94	7.00	7.06	7.12
Total Variable Cost	20.08	20.83	12.08	9.59	12.80	12.90	13.01	13.12	13.23
Total	103.76	88.82	68.12	58.03	61.23	61.34	61.45	61.56	61.67

2.3 Broadcasting and Sport Event Management

- Fixed costs consist of advisor and labor fee, communication circuit fee, and other fees which IFA has estimated a forecasting period (2019-2023) unchanged using 2018 figure. Most of these expenses are a contract-based which already agreed with partners, and SMM has to pay a fixed amount whether its multimedia revenue decrease or not.
- Variable cost consist of live broadcasting right fee, travel and overtime expense, and event organization fee which IFA has estimated using assumption as follow
 - I. Live broadcasting right fee is calculated from a fee per program paid to AVC x no. AVC program; which the right paid to AVC was at 4.81 million Baht in 2018. Therefore, IFA has forecasted live broadcasting right fee during 2019-2023; using a AVC fee per program in 2018 as a multiplier.
 - II. To estimate travel and overtime expense, and event organizer expense, IFA has applied the ratio of variable cost to a broadcasting and sport event management revenue average for the period of 2016-2018 at 0.8% and 11.7% respectively; to forecast 2019-2023 as below.

Cost of Broadcasting and Sport Event Management (Unit: THB Million)	Actual			Forecast					
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Fixed Cost									
Advisor and labor	-	20.32	22.76	20.41	20.41	20.41	20.41	20.41	20.41
Communication circuit fee	-	9.40	12.51	15.30	15.30	15.30	15.30	15.30	15.30
Other fees	16.65	16.16	15.68	13.82	13.82	13.82	13.82	13.82	13.82
Total Fixed Cost	16.65	45.87	50.96	49.53	49.53	49.53	49.53	49.53	49.53
Variable Cost									
Live broadcasting right	-	65.45	83.87	52.90	52.90	28.86	28.86	28.86	28.86
Travel and overtime	-	1.24	0.83	1.37	1.26	0.76	0.76	0.76	0.76
Event organizer	17.54	14.11	24.05	16.67	18.41	11.16	11.16	11.16	11.16
Total Variable Cost	17.54	80.79	108.74	70.93	72.57	40.77	40.77	40.77	40.77
Total	34.19	126.67	159.70	120.46	122.10	90.30	90.30	90.30	90.30

2.4 Other businesses

- Consist of a publishing production expenses, cost of products sold and office rental fee.
- Fixed cost consist of labor, rental and service, lastly e-book copyright which IFA has forecasted based on the 2018 number without growth.
- Variable costs consist of utilities, cost of trading product, and other service fee. To estimate utilities, cost of product sold and other service fee, IFA has applied the ratio of variable cost to other business revenue average for the period of 2016-2018 at 0.6%, 4.6% and 11.7% respectively; to forecast 2019-2023. For publishing production cost, IFA has applied the ratio of variable cost to a book printing and production revenue instead at 79.4% as below.

Variable cost	% of revenue	Forecast Year (2019-2023) (%)
Utilities	Other business	0.6
Publishing production	Book printing and production	79.4
Cost of trading product	Other business	4.6
Other service	Other business	1.7

Cost of Other business (Unit: THB Million)	Actual				Forecast				
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Fixed Cost									
Labor	0.11	0.05	-	-	-	-	-	-	-
Rental and service	0.6	0.58	0.6	0.6	0.6	0.6	0.6	0.6	0.6
e-Book copyright	-	-	0.45	0.2	0.2	0.2	0.2	0.2	0.2
Total Fixed Cost	0.71	0.63	1.05	0.81	0.81	0.81	0.81	0.81	0.81
Variable Cost									
Utilities	0.3	0.18	0.11	0.1	0.12	0.12	0.12	0.12	0.12
Publishing production	9.9	11.31	10.92	8.71	9.92	9.92	9.92	9.92	9.92
Cost of trading product	0.29	0.39	1.00	1.29	0.89	0.89	0.89	0.89	0.89
Other service	1.38	0.39	0.18	0.47	0.34	0.34	0.34	0.34	0.34
Total Variable Cost	11.87	12.26	12.21	10.58	11.26	11.26	11.26	11.26	11.26
Total	12.58	12.90	13.27	11.38	12.07	12.07	12.07	12.07	12.07

As a result, the summary of cost of sale based on SMM's business unit is shown in a table below. The cost of publishing and book distribution business will decrease in 2019 because the variable cost of book business in 2018 was much higher than in 2016 and 2017. The cost of multimedia business will increase according to higher multimedia revenue. The cost of broadcasting and sport event management business will decline in 2019 due to SMM is expected to buy only 6 volleyball program of the AVC, from 11 previously. Meanwhile, cost of other business stable given unchanged other business revenue.

(Unit: THB Million)	Actual				Forecast				
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Cost of Sale and service									
Publishing and book distribution	223.65	159.57	107.62	228.51	191.81	191.81	191.81	191.81	191.81
Fixed cost	25.18	20.81	13.89	12.65	12.65	12.65	12.65	12.65	12.65
Variable cost	198.47	138.76	93.74	215.86	179.16	179.16	179.16	179.16	179.16
Multimedia	104.24	89.44	68.12	58.03	61.23	61.34	61.45	61.56	61.67
Fixed cost	84.16	68.61	56.04	48.43	48.43	48.43	48.43	48.43	48.43
Variable cost	20.08	20.83	12.08	9.59	12.80	12.90	13.01	13.12	13.23
Broadcasting and Sport Event Management	34.19	126.67	159.7	120.46	122.10	90.30	90.30	90.30	90.30
Fixed cost	16.65	45.87	50.96	49.53	49.53	49.53	49.53	49.53	49.53
Variable cost	17.54	80.79	108.74	70.93	72.57	40.77	40.77	40.77	40.77
Other business	12.58	12.9	13.27	11.38	12.07	12.07	12.07	12.07	12.07
Fixed cost	0.71	0.63	1.05	0.81	0.81	0.81	0.81	0.81	0.81

(Unit: THB Million)	Actual				Forecast				
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Variable cost	11.87	12.26	12.21	10.58	11.26	11.26	11.26	11.26	11.26
Total	374.66	388.57	348.71	418.39	387.22	355.52	355.63	355.74	355.85

*Remark: A declining of the publishing and book distribution revenue in 2019 is caused by the lower ratio in a paper and raw material to total book revenue in 2016-2017 but the ratio increased significant higher in 2018; therefore the ratio in 2019 which is calculated from the 3-years average (2016-2018), has a lower value than 2018 ratio. Moreover, SMM has implemented a cost saving program on a raw material starting 2018 as well.

3. Selling and Administrative Expense

- Selling expense is a variable cost. IFA has applied the ratio of this variable cost to total revenue average for the period of 2016-2018 at 6.29%, to forecast in 2019-2023.
- Administrative expense is mainly a fixed cost. IFA has estimated it unchanged between 2019-2023 due to no significant revenue growth over the same period.
- Depreciation and amortization for existing assets. IFA has followed SMM accounting policy.

4. Assumption on corporate income tax of 20 percent

5. Assumption on additional investment:

SMM has no long-term investment plan between 2019-2023 given its business is in a downtrend.

6. Assumption on discount rate:

The discount rate used to estimate the net present value of the cash flow of SMM is calculated from the Weighted Average Cost of Capital which is formulated as follows:

$$WACC = Ke \times (E/V) + Kd \times (1-T) \times (D/V)$$

By

Ke = Cost of equity based on Capital Asset Pricing Model (CAPM) as shall be further

Kd = Average interest rate of SMM is 4.75%

IFA has calculated the Kd from the forecasted short term and long term debt and interest expense which will exist in each year in the future and calculating to be the average interest rate as follows.

(Unit: Million Baht)	2019	2020	2021	2022	2023	Average
Total Outstanding Short and Long Term Debt : Beginning of the Period	449.87	390.37	366.37	306.37	176.67	
Total Outstanding Short and Long Term Debt : End of the Period	390.37	366.37	306.37	176.67	176.67	
Average Outstanding Debt	420.12	378.37	336.37	241.52	176.67	
Total Interest Expense	18.26	16.9	15.37	11.92	9.56	
Calculated Interest Rate	4.35%	4.47%	4.57%	4.93%	5.41%	4.75%

Remark: SMM's debt will be decreased continuously in 2019-2023 according to a repayment schedule of the SMM. IFA has assumed that SMM is capable of all debt repayment on time, however the assumption should not impact DCF valuation because SMM eventually has a negative cash flow to firm.

T = Corporate income tax rate which is equal to 20%

E = Shareholders' equity

D = Interest-bearing debt

V = E+D

Capital Asset Pricing Model (CAPM) is formulated as below

$K_e = R_f + \text{Beta} \times (R_m - R_f)$

R_f = The risk free rate based on the 48 year Government Bond Yield as of 23 January 2019 equivalent to 3.73% (Source: www.thaibma.or.th) with the assumption that SMM can maintain their business for all over the forecasted period.

IFA has applied the period of Government Bond Yield to be consistent with the period that SMM still operates their business with the assumption that SMM will be able to operate their business endlessly.

R_f	3.73%
Government Bond Yield	48 year
References www.thaibma.or.th	23 Jan 19

R_m = The market return on equity expected from the SET since the Stock Exchange of Thailand was established. (The SETSMART system of the Stock Exchange of Thailand) from April 1975 to December 2018 was 14.24%

per annum, cover for all excessive fluctuation climate of stock market exchange

Rm	14.24%
Reference on the market return on equity expected from the SET during	April 1975 – December 2018

Beta = Beta co-efficient between the return of share price and the change in the SET index. Such Beta is considered a Leverage Beta, accounting for the impact of business' debts. Beta of SMM equaled to 1.27 derived from the 3-years data (Average number of days between December 22, 2015 – December 21, 2018). IFA has used the period mentioned above because SMM has started to recognize the revenue from Broadcasting and Sport Event Management business in 2015, and a live sport broadcasting remains under an operation as of today. Therefore, the beta in such period should reflect SMM's business operation precisely.

From above Beta, Ke and WACC can be calculated according to the same formula as follows;

Ke	Kd	Tax	E/V	D/V	WACC
17.06%	4.75%	20%	27.80%	72.20%	7.48%

7. Terminal Value

IFA estimated SMM's free cash flow after the forecasting period (5th year) by assuming no terminal growth rate based on fact that SMM's operation is deteriorate and under a downturn similar to book and publishing industry. SMM's revenue continue to decline from 514.04 million Baht in 2017, to 361.64 million Baht in 2018.

Nevertheless, a terminal growth value should not impact on a valuation because IFA has estimated a negative free cash flow to firm in total.

Profit and Loss Forecast

Income Statement (Unit: THB Million)	Actual				Forecast				
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Revenue from Sale and Service									
Publishing and book distribution	372.23	165.05	153.79	150.38	150.69	150.69	150.69	150.69	150.69
Multimedia	74.73	54.87	50.95	46.20	46.58	46.96	47.35	47.75	48.16
Broadcasting and Sport									
Event Management	36.64	134.12	213.33	126.53	158.00	95.72	95.72	95.72	95.72
Other businesses	22.08	22.97	20.98	17.93	19.45	19.45	19.45	19.45	19.45
Total revenue from Sale and Service	505.68	377.02	439.04	341.05	374.71	312.82	313.21	313.60	314.01
Other income	8.36	12.69	12.02	20.59	12.92	10.79	10.80	10.82	10.83
Total revenue	514.04	389.71	451.06	361.64	387.63	323.60	324.01	324.42	324.84
Expenses									
Cost of Sale and service									
Publishing and book distribution	223.65	159.57	107.62	228.51	191.81	191.81	191.81	191.81	191.81
Multimedia	104.24	89.44	68.12	58.03	61.23	61.34	61.45	61.56	61.67
Broadcasting and Sport									
Event Management	34.19	126.67	159.70	120.46	122.10	90.30	90.30	90.30	90.30
Other businesses	12.58	12.90	13.27	11.38	12.07	12.07	12.07	12.07	12.07
Total cost of sale and service	374.66	388.57	348.71	418.39	387.22	355.52	355.63	355.74	355.85
Gross profit (excl. other income)	131.02	(11.55)	90.33	(77.34)	(12.51)	(42.71)	(42.42)	(42.13)	(41.84)
Selling expenses	37.84	27.27	31.28	17.81	24.37	20.34	20.37	20.39	20.42
Administrative expenses	100.16	88.06	84.88	83.58	83.58	83.58	83.58	83.58	83.58
Total Expenses	512.66	503.9	464.87	519.78	495.17	459.45	459.58	459.72	459.85
Operating Income (EBITDA)	1.37	(114.19)	(13.8)	(158.14)	(107.54)	(135.84)	(135.57)	(135.29)	(135.01)
Depreciation and Amortization	23.12	21.89	20.11	9.70	2.93	2.93	2.93	2.93	2.93
Financial cost	27.74	31.57	30.67	25.39	18.26	16.90	15.37	11.92	9.56
Profit before Tax	(49.49)	(167.65)	(64.58)	(193.23)	(128.72)	(155.67)	(153.87)	(150.14)	(147.50)
Corporate Income Tax	(12.69)	(9.10)	14.17	(9.59)	-	-	-	-	-
Net Profit	(36.79)	(158.55)	(78.75)	(183.65)	(128.72)	(155.67)	(153.87)	(150.14)	(147.50)
Financial Ratio									

Income Statement (Unit: THB Million)	Actual				Forecast				
	2015	2016	2560	2015	2016	2563	2015	2016	2566
Sale and service revenue growth	-	(25.44%)	16.45%	0.00%	0.00%	(22.32%)	9.87%	(16.52%)	0.13%
Total revenue growth	-	(24.19%)	15.74%	0.00%	0.00%	(19.82%)	7.19%	(16.52%)	0.13%
Publishing and book distribution revenue growth	-	(55.66%)	(6.82%)	0.00%	0.00%	(2.21%)	0.20%	0.00%	0.00%
Multimedia revenue growth	-	(26.56%)	(7.16%)	0.00%	0.00%	(9.31%)	0.82%	0.82%	0.83%
Broadcasting and Sport Event Management revenue growth	-	266.06%	59.06%	0.00%	0.00%	(40.69%)	24.86%	(39.42%)	0.00%
Other businesses revenue growth	-	4.03%	(8.69%)	0.00%	0.00%	(14.53%)	8.46%	0.00%	0.00%
Net profit growth	-	-	-	-	-	-	-	-	-
Gross profit margin	25.91%	(3.06%)	20.57%	(5.27%)	(72.75%)	(22.68%)	(3.34%)	(13.65%)	(13.54%)
Net profit margin	-	-	-	-	-	-	-	-	-

Equity Valuation Based on Discounted Cash Flow Method

(Unit: THB Million)	2019	2020	2021	2022	2023
Net profit	(128.72)	(155.67)	(153.87)	(150.14)	(147.50)
Depreciation and amortization expense.	2.93	2.93	2.93	2.93	2.93
Change in working capital	(264.00)	75.63	(0.38)	(0.38)	(0.39)
Interest Rate x (1 - corporate Income Tax)	14.60	13.52	12.29	9.53	7.65
Investments	-	-	-	-	-
Free Cash Flow	(375.19)	(63.59)	(139.02)	(138.06)	(137.32)
Terminal Value					(1,834.68)
Total Cash Flow to Firm	(375.19)	(63.59)	(139.02)	(138.06)	(1,972.00)
Present Value of Cash Flow to Firm	(349.07)	(55.05)	(111.96)	(103.44)	(1,374.60)
Total Present Value of Cash Flow to Firm	(1,994.11)	*Terminal Value is calculated as shown below = Free Cash Flow in 2023 X (1+TG Rate) / (WACC – TG Rate) = (137.32) * (1 + 0%) / (7.48% - 0%) = (1,834.68) million Baht			
Cash amount as December 31, 2018	10.00				
Interest bearing debt amount as December 31, 2018	(449.87)				
Shareholder's Equity Value	(2,433.99)				

Summary of Equity Valuation Using the Discounted Cash Flow Approach

The equity value of SMM can't be appraised with a discounted cash flow approach because a negative operating cash flow which resulting in a negative free cash flow to firm. Therefore, the IFA believes that the discount cash flow approach is not an appropriate valuation method since it does not reflect a real value of SMM.

1.4.2. Summary of IFA Opinion on an appropriate fair value of SMM

IFA has studied and analyzed SMM information as mentioned above and summarized a fair value for each valuation approach as below:

Table of SMM Valuation

Valuation Approaches	Valuation of SMM THB per share	Opinion of IFA
1. Book Value	0.31	Not appropriate for a valuation
2. Adjusted Book	0.45	Appropriate for a valuation
3. Historical Market Price Approach	1.06 – 1.20	Not appropriate for a valuation
4. Market Comparable 4.1. Price to Book Value 4.2. Price to Earnings Per Share Ratio	0.94 – 1.95 SMM had a net loss; therefore, unable to find value under this method	Not appropriate for a valuation
5. Present Value of Free Cash Flow Approach	Negative Free Cash Flow; therefore, unable to find value under this method	Not appropriate for a valuation

Each valuation approach has its own points of consideration, hence, resulting in an appropriateness of share value derived from each approach as described below:

Book Value Approach - Not Appropriate: The book Value Approach takes into consideration only the book value of shareholders' equity at only a certain point in time, without taken into consideration the market adjustment value of assets, liabilities, equities as well as an operating performance. Therefore, the IFA believes it does not take into account SMM's profit generating capability in the future.

Adjusted Book Value Approach – Appropriate: IFA has adjusted assets and liabilities according to an accounting auditor and independent appraiser, to reflect the most recent value which higher than a book value approach. As of 31 December 2018, the adjusted book value of SMM is 146.16 million Baht. Hence, IFA views that the adjusted book value approach is an appropriate valuation method for this case.

Historical Market Price Approach - Not Appropriate: Historical market price approach evaluates the fair value of shares by taking into account the trading price of shares in the Stock Exchange in the past. However, the average daily trading volume/ value and turnover ratio of SMM is considered relatively low compared to total stock in the SET and mai market. Therefore, this can be considered that the average trading is a low liquidity. The past trading value cannot reflect the real value of SMM. Therefore, the IFA believes that the Historical market price is not an appropriate valuation method in this case.

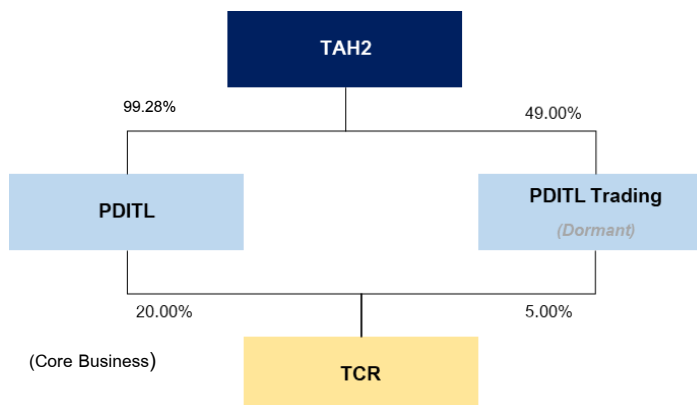
Price to Book Value Approach - Not Appropriate: The price to book value ratio approach evaluates share value by comparing market price to book value of comparable companies. This approach, although, suggests only the multiples of market price over book value but is suitable for profitable companies. SMM business is in downtrend and has a net loss over past few years. Moreover, some comparable peers had a net loss but has very high P/BV at 3-4 times which not reflect the real value. The IFA, therefore, views that the P/BV ratio is not an appropriate valuation method in this case.

Price to Earnings Ratio Approach - Not Appropriate: Most of investors consider the future earnings or projected growth of the business. The price to earnings ratio approach evaluates share value by considering short-term financial performance of the business, without taking into consideration future capability. SMM also had a net loss so IFA are unable to evaluate a fair value using this approach.

Discounted Cash Flow Approach - Not Appropriate: The discounted cash flow approach takes into consideration business operation and future performance of the business. The approach evaluates share value by considering present value of free cash flow expected to receive in the future based on past performance and future capability of the business. However, IFA has forecasted a negative cash flow of SMM because its business operation is in downtrend. Therefore, the equity value, derived from this approach does not reflect a fair value of SMM. The IFA views that the Discounted Cash Flow Approach not an appropriate valuation method in this case.

To summarize, IFA viewed that the appropriate valuation approach for a fair value of SMM, is the Adjusted Book Value approach which derived a value of 0.45 Baht per share.

1.4.3. Financial Valuation of TAH2



Type of TAH2 Business

TAH2 does not have any operating business but only operates as a holding company in which holds 99 percentage of PDITL (TAH2's Core Operating Business) and holds 49.00 percentage of PDITL Trading. The detail of associate and subsidiary business is below.

Associate and Subsidiary of TAH2	Nature of Business
Phelps Dodge International (Thailand) Co., Ltd. (PDITL)	Manufacture and distribute wire cable and other related business with wire cable
PDITL Trading Co., Ltd. (PDITL Trading)	Non-Operating Business and Dormant Company (Dormant Company)
Thai Copper Rod Co., Ltd. (TCR)	Operates boil and press copper for raw materials to wire cable manufacturer

In the past, TAH2 has service income from PDITL and dividend income as a major shareholders of PDITL and interest income some portion. The details of revenue structure is below.

Income Statement TAH2 (Separate Financial Statement)

(Unit : THB)	2016	2017	2018
Service Income	168,044,009	188,674,436	209,139,869
Interest Income	5,948,052	6,397,536	4,819,339
Dividend Income	-	-	2,859,235,200
Total Revenue	173,992,061	195,071,972	3,073,194,408

(Unit : THB)	2016	2017	2018
Administrative Expenses	1,670,069	7,822,541	26,188,289
Interest Expenses	171,285,462	185,855,556	195,375,741
Total Expenses	172,955,531	193,678,097	221,564,030
Profit before Tax expenses	1,036,530	1,393,875	2,851,630,378
Tax Expenses	-	-	-
Net Profit	1,036,530	1,393,875	2,851,630,378

Income Statement of TAH2 (Consolidation)

(Unit: THB Million)	Income Statement for the year ended		
	31-Dec-16	31-Dec-17	31-Dec-18
	(Management)	(Audited)	(Audited)
Incomes			
Income from Sales and Services	6,721.76	7,793.97	10,425.50
Interest Income and Dividend Income	17.2	17.92	12.81
Profit from Exchange Rate - Net	59.88	91.73	67.58
Other Income	4.2	7.72	8.09
Total Income	6,803.04	7,911.34	10,513.98
Expenses			
Selling and Service Expenses	5,805.40	6,859.52	9,146.87
Selling Expenses	168.8	199.13	224.92
Administrative Expenses	266.76	238.02	240.45
Interest Expenses	228.29	281.01	371.86
Total Expenses	6,469.25	7,577.68	9,984.10
Profit sharing from investment in subsidiary	2.19	1.92	5.07
Earning before tax expenses	331.6	335.58	534.95
Tax Expenses	85.02	57.55	147.46
Net Profit	245.58	278.03	387.50

Meanwhile, TAH2's income service in the past based on separate financial statement is accounted from the technical management charge to PDITL (However, this transaction will be eliminated in 2019 after entire business transfer transaction to SMM) included the dividend income from PDITL THB 2,859.21 Million in 2018.

To evaluate the share value, IFA has considered all sources of information from management interview, financial projection, and other publicly disclosed information. The opinion of the IFA is based on the assumptions that information and documents received as well as information obtained during the interview with management are complete and accurate. In addition, our consideration has been made based on economic condition and information perceivable at the time of the study. This valuation does not consider the effect of TAH2 transferring business into SMM, which may result in the change in business operation and management policy. Any said change could then significantly affect the business and share valuation of TAH2 as well as the shareholders' decision. IFA has calculated the fair value of TAH2 by employing 5 financial valuation approaches as follows:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Value Approach
4. Market Comparable Approach
5. Sum of the Parts

By appraising value of TAH2's business by book value and market value approach, IFA evaluates the figure based on financial position of TAH2 and in order to reflect the value of TAH2, IFA used the adjusted book value of PDITL (TAH2's subsidiary) to reflect the value of appraisal asset and calculate back to TAH2 based on percentage of ownership.

By appraising value of each business (Sum of the Parts), IFA evaluates the value of each company in which IFA entitles that the combination of business value of TAH2 is justified. Hence, TAH2 does not have a core operating business (In the past, revenue from service and dividend income) so that the valuation of each TAH2's business multiple by the proportion of TAH2 ownership in each value of TAH2. The details is below.

1 Book Value Approach

The book value approach evaluates the value of shareholders' equity of TAH2 at a certain point of time as appeared in its financial statements. The valuation based on this method is based on the book value of TAH2 from the reviewed financial statements. By the certified public accountants of the SEC, which include: Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. , ended December 31, by Mr. Nantawat Sumraunhant Certified Public Accountant Registration No.7731.

As of 31 December 2018	Consolidated financial statements (Unit : THB)	Separate financial statements (Unit : THB)
Paid-up capital	1,000,000	1,000,000
Share premium	147,077,460	
Appropriated retained earnings - statutory reserve	-	
Profit (loss) Unappropriated retained	837,221,579	2,795,841,918
Shareholders' Equity (Exclude Minority)	985,299,039	2,796,841,918
Number of SMM newly issued ordinary shares to TAH2 (Share)	21,500,000,000	-
Shareholder's Equity to SMM newly issued ordinary shares to TAH2 (THB/Share)	0.05	-

TAH2's Asset is consisted of cash equivalent and investment in subsidiary companies (PDITL, PDTL Trading and TCR). Meanwhile, most of liabilities is consisted of related party short term loan (Detail is in appendix no.2).

After interview with management team and review audited financial statement of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., TAH2 did not pay dividend in 2018 and up until now there is no major significant change in shareholder's equity whether dividend payment or any other reasons.

Book value of TAH2 share based on the latest financial statements as of December 31, 2018 was THB 985.3 Million. The book value approach takes into consideration only the book value of shareholders' equity at only a certain point in time, without taken into consideration the market value of assets and operating performance in the future. Therefore, the IFA believes that the book value approach is not an appropriate valuation method since it does not suggest real value of TAH2.

2 Adjusted Book Value Approach

The adjusted book value approach considers a value from subtracting a company's total assets by its total liabilities stated in the updated financial statements as of December 31, 2018 and then adjusts the result by major items which affect the PDITL's assets (TAH2's subsidiary) for their true value such as

premium/discount from asset valuations and reflects back to TAH2 based on percentage of ownership in PDITL.

IFA uses appraisal report 5 reports in which is appraised by First Star Consultant Co., Ltd., By adjusted book value of PDITL's asset, PDTL Trading, no significant ownership in property, and TCR which IFA does not receive appraisal information so that cannot be appraised, the detail of appraisal PDITL asset is below;

Appraisal Report	Date	Objective
1. Land with Building (Bang Phil Factory)	16 October 2018	Public
2. Land with Building (Rayong Factory)	12 October 2018	Public
3. Land with Buildings and Land Bank 3 Groups Soi Sukhumvit 113 (Soi Wat Dan Samrong) Sukhumvit Samrong Samutprakarn District Samutprakarn Province	12 October 2018	Public
4. Machinery (Bang Phil Factory)	8 October 2018	Public
5. Machinery (Rayong Factory)	8 October 2018	Public

The details of adjusted book value asset is below;

Unit : THB Million

List of Asset	Location and Size of Land	Book Value as of December 31, 2018	Appraisal Value	Adjusted Book Value	Methodology
Bang Phil Factory					
Building Factory at Bang Phi	159 Moo 10. Theparak Rd., Km.17, Bang Pla, Bang Phi 10540 Samut Prakan Thailand	111.06	245.20	134.14	Depreciated Replacement Cost Approach
Land at Bang Phi Factory	Size of Land 81 – 2 – 3 Rai	217.88	489.05	271.17	Market Comparable Approach
Land Improvement at Bang Phi		8.81	11.21	2.40	Depreciated Replacement Cost Approach
Machinery (Bang Phil Factory)	(Number of Asset 82 Lists)	209.57	574.83	365.27	Depreciated Replacement Cost Approach
Rayong Factory					

List of Asset	Location and Size of Land	Book Value as of December 31, 2018	Appraisal Value	Adjusted Book Value	Methodology
Building Factory at Rayong	No 9/9 Mo 4 Huipong-Nongbon Road Rayong Pattaya to Rayong Road (36 KM.) Nikhom Phatthana Subdistrict, Nikhom Phatthana District, Rayong 21150	26.89	63.69	36.80	Depreciated Replacement Cost Approach
Land at Rayong Factory	(Size of Land 85 – 2 – 72 Rai)	78.75	128.52	49.77	Market Comparable Approach
Land Improvement at Rayong Factory		1.27	5.22	3.95	Depreciated Replacement Cost Approach
Machinery (Rayong Factory)*	(Number of Asset 42 Lists)	71.23	263.32	192.10	Depreciated Replacement Cost Approach
Land with Buildings, Land Bank, and Land Improvement No.1 Title deed No. 21278-21281, 21285-21287	N/A Public Soi without Name Junction North Samrong 7 Soi Sukhumvit 113 (Soi Wat Dan Samrong) Sukhumvit Samrong Samutprakarn District Samutprakarn Province (Land Area 1 – 3 – 18 Rai)	2.05	23.95	21.90	Market Approach, Depreciated Replacement, and Cost Approach
Title Deed Group 2 No. 21259-21262, 22106	N/A Public Soi without Name Junction North Samrong 7 Soi Sukhumvit 113 (Soi Wat Dan Samrong) Sukhumvit Samrong Samutprakarn District Samutprakarn Province	0.85	12.71	11.86	Market Comparable Approach
Title Deed Group 3 No. 21289	N/A Public Soi without Name Junction North Samrong 9 Soi Sukhumvit 113 (Soi Wat Dan Samrong) Sukhumvit	0.30	2.79	2.49	Market Comparable Approach

List of Asset	Location and Size of Land	Book Value as of December 31, 2018	Appraisal Value	Adjusted Book Value	Methodology
	Samrong Samutprakarn District Samutprakarn Province				
Machinery (Bang Phil Factory)	(Number of Asset 82 Lists)	209.57	574.83	365.27	Depreciated Replacement Cost Approach
Machinery (Rayong Factory)	(Number of Asset 42 Lists)	71.23	263.32	192.10	Depreciated Replacement Cost Approach
Total		728.64	1,820.48	1,091.84	

***Remark :** 1. Appraised Machinery is above book value because the appraisal standard to determine the different between use of life by appraiser and accounting standard of PDITL. Appraiser accounts 15 - 20 years in which PDITL's accounting standard sets use of Machinery's life is equal to 10 years less than PDITL's so that depreciation in book value is faster than the book value. Hence, the book value is below than the appraisal assets.

For appraisal land value for each items, IFA has an opinion that the land in which appraiser select to compare is located closed to the location of PDITL's asset and moreover, the appraiser select appraisal information to compare for score and weight in order to appraise PDITL such as (1) Location (2) Environmental (3) Utility (4) Logistic (5) Access to Road (6) Suitable Proportion (7) Best in Use. For appraise the building, depreciated replacement cost approach is appropriate because depreciated replacement cost approach values the building at the current market rate but deduce with the deprecation based on use of life in which reflects the closest true value of building. Moreover, appraiser has an opinion that highest and best use of asset is suitable for industrial purposes.

For appraisal machinery, appraiser uses Depreciated Replacement Cost Approach in which uses construct or repurchase machinery and deduce with the deprecation based on appraisal formula in which IFA has an opinion that is suitable

IFA has an opinion that appraiser conduct the valuation based on appraisal standard correctly

Book Value as of December 31, 2018	(Unit : THB)
Paid Up Capital	1,000,000
Share premium	147,077,460
Appropriated retained earnings - statutory reserve	-
Profit (loss) unappropriated retained	837,221,579
Shareholders' Equity (Exclude Minority Shareholders)	985,299,039

Book Value as of December 31, 2018	(Unit : THB)
<u>Adjusted Book Value</u>	
Appraisal Higher than Book Value	1,091,839,759
TAH2 holds PDITL 99.26% in which calculate to increase in shareholder's equity of TAH2 (1,091,839,759 x 99.26%)	1,083,978,513
Adjusted Shareholders' Equity (Exclude Minority)	2,069,277,552
Number of SMM newly issued ordinary shares to TAH2 (Share)	21,500,000,000
Shareholder's Equity to SMM newly issued ordinary shares to TAH2 (THB/Share)	0.10

TAH2 has an outstanding off-balance sheet liability such as liability from operating lease, from inventory and machinery purchase, letter of guarantee to use electricity, L/C and T/R in which majority of the guarantee or liability from business and for expense liability such as operating lease, interest from L/C T/R to book in balance sheet to recognize future revenue. Meanwhile, letter of guarantee to use electricity is normal practice for business. For purchasing machinery liability which will become asset into balance sheet, it will not affect the figure in balance sheet of TAH2 so that IFA will not adjust book value to reflect off-balance sheet for above mentioned transaction.

For other items in balance sheet for account receivable, on-going process, in process installed inventory, account receivable and other items in which accounting items are booked based on accounting standard completely and will not reflect the adjustment so that the adjusted shareholder's equity after adjusted book value is equal to THB 2,069.28 Million.

However, Adjusted Book Value Approach will not reflect the market value of asset and ability to generate net profit in the future so that IFA has an opinion that the adjusted book value will not reflect the truth value of TAH2 so that this approach is not suitable.

3 Market Comparable Approach

3.1 (Price to Book Value Ratio Approach : P/BV Ratio)

Share valuation by price to book value is the book value of shareholder's equity (exclude minority shareholders) based on financial statement of TAH2 as of December 31, 2018 which equals to THB 985.3 million multiplied by the average price to book value (P / BV) of the company listed on Stock Exchange which engages in manufacture and distribute wire and cable and which is similarly to the nature of business of PDITL (Operating Company under TAHs) As there is no listed company in

Thailand that operates in the same nature of business with PDITL, IFA uses 3 listed companies in
oversea to compare in which the listed is below.

Unit : THB Million

No.	Company	Country	Symbol	Total Assets	Total liabilities	Shareholders 'equity	Total revenues	Net profit
1	Prysmian Group	Italy	PRY	242,748	182,448	60,300	286,812	8,028
2	Nexans	France	NEX	185,292	132,300	52,992	229,320	4,572
3	LS Cable & System	South Korea	229640.KS	7,983	4,246	3,737	11,305	402

The detail of business and revenue structure of comparable listed companies in oversea is below.

Company	Business Summary	Main Product	Revenue Structure
Prysmian Group	Itaian Wire and Cable manufacturer was founded in 2005 by Goldman Sachs in which Goldman Sachs had acquired wire cable business unit from Pirelli & C.S.p.A. and merged with Draka, Netherland Wire and Cable manufacturer in 2011. Currently, Prysmain Group has manufacturing plant and office all over 50 countires around the world and is the market leader of cable and fiber optice players in the world	<ul style="list-style-type: none"> ▪ Power Transmission Cable ▪ Wire Cable ▪ Cable ▪ Fiber Optic 	Revenue based on the industry: <ul style="list-style-type: none"> ● Infrastructure Industry 63% ● Telecom and Fiber Optic 16% ● Other 21%
Nexans	French Wire and Cable manufacturer was founded in 1897 and was listed in the Stock Exchange of Franch in 2001. Currently, Nexans is number 2 in the cable and fiber optic market in which its customer is mostly located in Europe	<ul style="list-style-type: none"> ▪ Power Transmission Cable ▪ Wire Cable ▪ Cable ▪ Fiber Optic 	Revenue based on usage: <ul style="list-style-type: none"> ● Power Transmission Cable 36% ● Wire Cable 42% ● Telecom and Fiber Optic 9% ● Other 13%

Company	Business Summary	Main Product	Revenue Structure
LS Cable & System	South Korea Wire and Cable manufacturer was founded in 1962 under LG Group. In 2003, the Company spined off its own business and established its own brand. LS Cable is power and tranmission and telecom cable specilists	<ul style="list-style-type: none"> ▪ Power Tranmission Cable ▪ Wire Cable ▪ Telecom Cable & Fiber Optic ▪ Integrated modules & cables ▪ Copper, roll and aluminum ▪ Copper wire 	Revenue based on usage: <ul style="list-style-type: none"> ▪ Power 41% ▪ Industrial Cable 22% ▪ Telecom 4% ▪ Specialist 2% ▪ Other 31%
PDITL	Thai Wire and Cable manufacturer had founded in 1968 and was under General Cable, American wire and cable manufacturer. In 2015, PDITL's shareholders was changed to Thai. PDITL is power and tranmission cable specilists	<ul style="list-style-type: none"> ▪ Power Tranmission Cable ▪ Low Voltage Cable ▪ Building Wire ▪ Telecom Cable ▪ Fire-resistance Cable 	Revenue based on usage: <ul style="list-style-type: none"> ● Power Transmission Cable 48% ● Wire Cable 52%

Hence, there is no listed company in Thailand that manufactuer tranmission and distribution high voltage wire cable for major revenue portion and has similar production technology align with PDITL. IFA selected listed peers in oversea for comparsion in which IFA reviewed and verified that 3 listed compaines that manufactuers closet PDITL's products abd more similar than listed company in Stock Exchange of Thailand. IFA clarified that above-mentioned compaines have revenue from wire cable more than 50.0 of total revenue and LS Cable & System is the only manufactuer that has closet revenue with PDITL. However, if only uses LS Cable & System for comparsion, the comparsion will not reflect the actual so that IFA includes Nexans and Prysmian Group for peers comparison.

IFA uses the average P/BV of 15-180 days since December 20, 2018, the last business day before SMM announced the resolution of the Board of Directors to acquire TAH2 business.

The Valuation Formula is as follows:

Value of TAH2 = P/BV Ratio averaged 3 listed compaines X Shareholder's equity of PDITL on consolidated financial statement

The summary of Valuation of TAH2 according to Price to Book Value Method

No.	Symbol	P / BV ratios from December 20, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	Prysmian Group	1.81	1.79	1.96	3	2.96	0
2	Nexans	0.84	0.78	0.75	0.87	0.9	0.92
3	LS Cable & System	1.41	1.38	1.49	1.64	1.64	1.77
Average P/BV Ratio		1.35	1.31	1.4	1.84	1.84	1.9
Shareholder's Equity of TAH2 based on P/BV (THB Million)		1,330.08	1,295.27	1,376.04	1,808.19	1,809.47	1,868.72

The valuation of share based on the price to book value ratio approach results in the share value of TAH2 of THB 1,295.27 – 1,868.72 million. The IFA views that the price to book value ratio approach is the method that uses market price to compare with the book value of comparable companies. This approach suggests the value that investors are willing to pay over the book value. However, it does not reflect future performance of TAH2 and is not suitable for determining a fair price.

3.2 Price to Earnings per Share Ratio Approach : P/E Ratio

The Price to Earnings per share ratio approach evaluates the share value by multiplying PDITL's year-end net profit in 2018 in which equals to THB 354.71 Mil with an average price to earnings per share ("P/E") ratio average company listed on the Stock Exchange similar to the nature of PDITL. The Comparable listed companies are 3 aforementioned companies.

The Valuation Formula is as follows:

$$\text{Value of TAH2} = \text{P/E Ratio averaged 3 listed compaiens} \times \text{Net Profit of TAH2}$$

The summary of Valuation of TAH2 according to Price to Earning Method

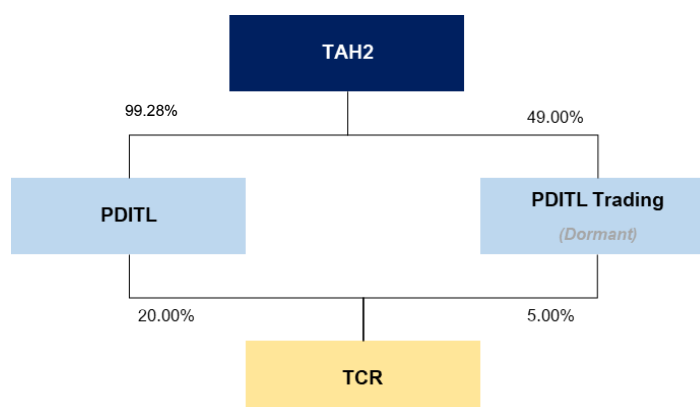
No.	Symbol	P / E ratios from December 20, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	Prysmian Group	17.35	17.08	18.7	24.56	24.26	22.41
2	Nexans	18.59	18.22	19.66	18.44	18.53	16.23
3	LS Cable & System	15.83	14.71	14.09	16.46	17.07	10.43
Average P/E Ratio		17.26	16.67	17.48	19.82	19.95	16.36

		P / E ratios from December 20, 2018					
No.	Symbol	15 days	30 days	60 days	90 days	120 days	180 days
	Net Profit of TAH2 from consolidation	362.00					
	Shareholder's Equity of TAH2 based on P/E (THB Million)	6,246.89	6,034.92	6,329.62	7,174.75	7,223.25	5,920.47

The valuation of share based on the price to earning value ratio approach results in the share value of TAH2 of THB 5,918.73 – 7,221.93 million. The IFA views that the price to earnings ratio approach is the method that uses market price to compare with the book value of comparable companies. This approach suggests the value that investors are willing to pay over the net profit. However, it does not reflect future performance of TAH2 and is not suitable for determining a fair price.

4 Sum of the Parts

Structure of TAH2



As part of methodology for valuation on TAH2, IFA will evaluate TAH2 based on book value approach but TAH2 operates as a holding company and has no significant other business beside holding shares and some associate company does not have any business or lack of information to use in discounted cashflow methodology. Hence, IFA evaluates company based on the core business which is PDITL by discounted cashflow approach only and valuation of TAH2 and each company that TAH2 hold shares direct or indirect will use different methodology and combine the valuation of all business under TAH2. The detail is below.

Company	Valuation Methodology	Reason
Team A Holdings 2 Co., Ltd. (TAH2)	Book Value Approach	No operating business in the company so cannot calculate discount cash flow so that

Company	Valuation Methodology	Reason
		IFA uses book value approach as of 31 Dec 2018 (Exclude investment in PDITL and PDL Trading) to evaluate
Phelps Dodge Cable (Thailand) Co., Ltd. (PDITL)	Discounted Cashflow Approach	Countinuous revenue and net profit therefore valuation will reflect the future performance
PDL Trading Co., Ltd. (PDL Trading)	Book Value Approach	Dormant Company so that cannot evaluate by discounted cash flow approach so that IFA uses book value approach as of 31 Dec 2017 in which during 2015-2017, the book value is quite similar because of dormant status. Hence, IFA views that to use information as of 2017 is justified
Thai Copper Rod Co., Ltd. (TCR)	-	Continuous operation but IFA does not have sufficient information to forecast revenue and net profit so that discounted cash flow may distort the reality of the performance. Moreover, the latest financial statement that IFA has is as of 31 December 2017, IFA views that there could be a material changes in TCR. To apply conservative view, IFA decides to exclude value from TCR because of limited information in order to benefit shareholders of SMM

Valuation PDITL based on discounted cash flow approach

Financial Assumption

IFA received information from the interview from management, financial report, financial assumption, industry trend in electricity and public information to evaluate the future performance of TAH2 in which the financial forecast of TAH2 does not reference only interview from management single party.

1. Revenue

1.1 Sales and Service Income

PDITL operates in manufacturing and distributing wire cable and other related business with wire cable. As is now, PDITL distributes wire cable in domestic market in proportion of 90.0% and exports in oversea market 10.0% in which major clients are consisted of 3 categories; (1) State Enterprise (2) Public

Companies (3) Oversea Companies (The details of table is at appendix 2 : PDITL company). The revenue forecast of PDITL is divided into 2 groups;

1. Revenue from Wire Cable Sales

Revenue from wire cable sales in domestic and oversea market in which IFA categorizes into 2 majors wire cable categories;

(1) Transmission and Distribution is consisted of Bare Wire and High and Medium Voltage Wire Cable

(2) Wire Cable such as Building Wire, Household Wire and Telecom Cable

As in the future, the demand of wire cable is mainly in line with the demand of electricity in the future, to align with this concept, IFA forecast the growth rate of wire cable sales based on FY2018 equal to 3.7% per annum accordance to the growth rate of electricity consumption from FY2016 to FY2040 in ASEAN countries from International Energy Agency's forecast (IEA). Hence, IFA verify this assumption growth with conservative approach based on historical and future industry information.

(1) Growth Rate of electricity volume demand from FY2016 to FY2040 in ASEAN countries from International Energy Agency's forecast (IEA) is equal to 3.7% per annum

(2) Between FY2008-2017 Electricity Generating Authority of Thailand, Provincial Electricity Authority and Metropolitan Electricity Authority expanded transmission line 3,557 circuit-km to 12,258 circuit-km or equal to 3.5 average growth per year. Moreover, distribution system changed from low voltage transmission (115kv) to high voltage transmission (500kv) to support industry and household's growth and also reduce the loss in transmission and distribution and support EV charging station as well accordance to Power Development Plan: PDP 2015.

(3) Provincial Electricity Authority has total asset value between 2007-2017 increases THB 43.3 billion or equal to 5.5% growth rate per year in which concentrates on improvement in transmission and distribution power to improve efficiency and reduce lose power in transmission system. Nowadays, there is 16 ongoing projects with the combined value of THB 110,000 million.

(4) Accordance to information from Krungsri Securities, in the past 10 years, the demand of electricity consumption is approximately 1.1 times over GDP growth in which implies that the electricity consumption sustains higher growth rate than GDP growth (1.1 times over GDP Growth). Accordance to GDP forecast by International Monetary Fund ("IMF"), the growth rate of Thailand's economy is equal to

	2019	2020	2021	2022	2023
GDP Growth	3.9%	3.7%	3.5%	3.5%	3.6%

In the case that the growth rate of economy is inline with IMF's forecast, the demand of electricity will sustain higher growth rate (1.1 times over GDP's growth) equal to 3.85 – 4.29%.

In PDITL's forecast, IFA reviews the company's forecast revenue from FY2019 onward in which PDITL assumes the average growth rate of sales equal to 6.00 per year and verifies the historical 3 years growth rate (2016-2018) of PDITL equals to 20.43. Accordance to given information, IFA verifies that the growth rate of revenue at 6.00 per annum is reasonable as the historical growth rate is at 20.43%. However, in order to forecast revenue based on conservative approach, IFA chooses to estimate growth rate based on the growth rate of electricity consumption by IEA at 3.70% in which has lower growth rate.

Moreover, the electricity demand will be in-line with the investment budget in the electricity industry in which consisted of power plant, transmission line and distribution system. Moreover, the growth rate in electricity consumption indicates the growth rate of household in case that household sustains higher growth rate will drive overall demand of wire cable (in the past 3 years, PDITL's historical revenue from wire cable to overall sales equal to 52.14%) Moreover, PDITL has a policy to expand oversea market especially ASEAN market so that IFA has an opinion that future growth rate of IEA will reflect the growth rate of PDITL's revenue.

Growth rate of revenue equal to 3.70 aforementioned is consisted of revenue growth rate in partly price per unit which will reflect based on the inflation rate (equal to 1.88 accordance to 10 years consumer inflation rate: Bank of Thailand) and partly quantity of sales in which if assumes that the price per unit increases equal to 1.88 per annum, the growth rate of quantity of sales (Q) equal to 1.79 per annum which is still lower than Thailand's GDP growth forecast which IFA has an opinion that PDITL can sustain a growth rate of quantity volume after considering the historical growth rate equals to 20.43 per annum The 3.70% growth rate that IFA referred, is only valid source that shows a growth of electricity business. Although current PDITL's revenue does not have a large proportion of export, but it plans to increase an export revenue in the future especially neighborhood countries such as Laos, Cambodia and Myanmar. Moreover, PDITL also has a location near those countries, so that it has an advantage in transportation cost, and currently there are no electric cable manufacturer in those 3 countries.

For Backlog revenue of PDITL, IFA accounts this revenue portion as part of future growth rate at 3.70%. Hence, IFA estimates future growth rate of PDITL as below;

	Actual			Forecast									
(Unit: THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue from Domestic Market													
Power and Transmission													
Cable	2,011.1	2,585.6	4,210.5	4,366.3	4,527.8	4,695.4	4,869.1	5,049.3	5,236.1	5,429.8	5,630.7	5,839.1	6,055.1
Wire Cable	3,442.2	3,668.4	5,199.6	5,417.3	5,617.8	5,825.6	6,041.2	6,264.7	6,496.5	6,736.9	6,986.1	7,244.6	7,512.7
Revenue from Oversea Market													
Power and Transmission													
Cable	627.6	620.6	763.7	791.9	821.2	851.6	883.1	915.8	949.7	984.8	1,021.3	1,059.1	1,098.3
Wire Cable	48.1	98.7	246.2	255.3	264.7	274.5	284.7	295.2	306.1	317.5	329.2	341.4	354.0
Total Revenue	6,129.0	6,973.3	10,420.0	10,830.9	11,231.6	11,647.2	12,078.1	12,525.0	12,988.4	13,469.0	13,967.4	14,484.2	15,020.1

After the interview with management, PDITL's revenue sustain a historical growth rate equal to 13.8% and 49.8% from FY2016 to FY2018, PDITL has a major change in shareholders in FY2015 and has a major shift in corporate policy and management strategy to be more aggressive such as (1) Sales via Distribution Channel policy (2) Increase proportion of wire cable because of mass market and inventory policy in which PDITL can manage and produce finished goods as inventory so that PDITL can manage and organize production process more efficiency (3) Cost saving policy such as loss reduction, redundancy process policy and lean management with corporation with MIT and etc. From above-mentioned factors drive PDITL to enhance competitive strength to compete with the wire cable manufactures in domestic and oversea market (The details of is at appendix 2 : PDITL company).

IFA forecasts PDITL based on current business and business that PDITL already invest without considering future business PDITL did not invest as of 31 December 2018 into forecast

IFA forecasts that future revenue of PDITL can sustain a growth rate no less than 3.7 per year as in the past 3 years (2016-2018) PDITL sustains a growth rate more than 3.7% as change in business policy into more aggressive. Moreover, wire cable business is one of major pillar industry to drive country development in which accordance to Power Development Plan: PDP 2015-2036, government has to expand more source of power in order to align with the growth in economy. This direction is in-line with IEA's forecast that estimates the growth rate in electricity consumption from FY2016 to FY2040 is equal to 3.7 per annum.

PDITL has revenue and net profit between FY2016-2018 with high growth rate because a new shareholder has more aggressive policy to penetrate wire cable in domestic and overseas market especially transmission and distribution cable in which aggressive policy penetrates more state enterprise and government and determine to enhance the working process to support the demand of client as soon as possible. For wire cable market, PDITL appoints more distributor and selling agent to increase sales of wire cable as in the past when PDITL was still under General Cable, ex-shareholder of PDITL, has no policy to support domestic market after all. Hence, after PDITL penetrates general cable, PDITL can utilize the existing capacity to a higher level of efficiency. Nowadays, there are 2 existing manufacturers that have the same technology scale with PDITL such as (1) Bangkok Cable Co., Ltd. and (2) Thai Yazaki Co., Ltd. As in the past 2 years, PDITL has proven that the Company can generate continuous revenue and net profit so that under aggressive business policy by new shareholder, IFA forecasts that the revenue can sustain an assumption growth rate

1.2 Service Income

PDITL wants to expand related wire cable testing service by starting high voltage mobile testing unit based on International Electro technical Commission (IEC) and in FY2016, PDITL invest in high voltage lab test to conduct and measure quality of high voltage transmission cable to high voltage manufacturer and will start in full scale at year-end of FY2018 in which there is no historical record of revenue to use as a reference for above-mentioned service. To reflect the lack of information, IFA assumes that service income will account approximately 1% of wire cable sales

After the interview with PDITL management team, service income from starting high voltage mobile testing unit, only sole unit in South East Asia and Lab Test has a strong demand in the market as IFA has an opinion that this service is essential to create a confidence to high scale project owners that invest in large scale project so that this above-mentioned service can test the quality of high voltage cable that has been installed at the construction site and detected whether is there any electricity leakage or any failure in electricity system during the construction site and identify the location of electricity leakage and reduce the associate risk such as damaged wire cable or electricity leakage and etc. which will enhance the confident in the consumer.

Project clients can be assured that electrical cable installation is at maximum efficiency and safety for end user. Investment in Lab Test business is similar to investment of world class electrical cable manufacturer such as Nexan who invested in Lab Test business in the same period. Such investment is in line with development of electrical cable industry in which service for pre-test is provided. PDITL expects to generate revenue from such service at approximately 3% - 5% of revenue from sale of electrical cable. PDITL aims its marketing by proposing for electrical cable and Lab Test service. However, in order to conservatively estimate revenue from said service, the IFA assumed revenue from such service at only 1% of revenue from sale of electrical cable. The assumption of service revenue is considered possible as currently PDITL is the only service provider in Southeast Asia while various projects require test-run of electrical system which takes longer time than the Lab Test of PDITL.

2. Cost of sale and service

Cost of sale and service can be divided into major group as follow:

2.1 Cost of electrical cable manufacturing

It is the variable cost comprising of (1) cost of raw material, (2) cost of packaging, (3) direct labor cost, and (4) other relevant manufacturing cost. Major costs of electrical cable manufacturing are cost

of raw material and cost of packaging. All said costs of electrical cable manufacturing varies on amount of electrical cable manufactured.

(Unit : THB Million)	Year 2016	% of Cost of Goods Sold to produce wire cable	Year 2017	% of Cost of Goods Sold to produce wire cable	Year 2018	% of Cost of Goods Sold to produce wire cable
Metal Cost	3,531.02	70.90%	4,033.38	70.18%	6,784.73	76.62%
Packaging Cost	1,056.54	21.21%	1,216.17	21.16%	1,512.83	17.09%
Related Manufacturing Cost	101.19	2.03%	114.87	2.00%	133.21	1.50%
Other Related Manufacturing Cost	291.85	5.86%	382.46	6.66%	423.78	4.79%
Total Cost of Goods Sold to produce wire cable	4,980.59	100.00%	5,746.89	100.00%	8,854.54	100.00%

The IFA has estimated future cost of electrical cable manufacturing based on proportion of each cost to revenue from sale of electrical cable in 2018 which is the period that profit margin of PDITL appropriately reflect market competition and cost control measures as PDITL has strategically changed its competitiveness since 2015. Gross profit margin in 2018 slightly dropped from that of 2016 but close to that of 2017. The IFA used gross profit margin of 2018 as basis in determining projected cost as the period is the very first year that proportion of revenue from sale of electrical cable for general use is higher than proportion of revenue from sale of electrical cable for electricity transmission and distribution, which is the future business direction of PDITL.

Variable Cost	(Unit : THB Million)	(%) of Wire Cable Sales in FY2018
Metal Cost	6,784.73	64.96
Packaging Cost	1,512.83	14.48
Related Manufacturing Cost	133.21	1.28
Other Related Manufacturing Cost	423.78	4.06

2.2 Cost of service

Since service provision is the new business, reference figures are not available. From experience of PDITL's management, cost of service is expected not to exceed 82% of revenue from service. Mostly, test-run and quality certification service generate at least 18% gross profit margin (referring to gross profit margin of Thai Nondestructive Testing Public Company Limited and Qualitech Public Company Limited as at December 31, 2018 which were 23% and 18% respectively). Thus, the IFA is of an opinion that the ratio determined by PDITL's management is possible.

3. Selling and administrative expenses

Selling and administrative expenses can be divided into 2 categories which are (1) fixed cost and (2) variable cost. Details are as follow:

- Fixed cost comprises of operational cost and office expenses as well as management remuneration such as salary and utilities expenses. The IFA estimated growth of this type of cost at 1.88% per annum from the cost incurred in 2018 (based on inflation rate according to 10-year historical average of Consumer Price Index in Thailand from the Bank of Thailand).

Personnel expenses for central office during the past 3 years increased by approximately 13.75%. Such increase is considered high since PDITL has adjusted salary base in 2017 and 2018 according to policy of new major shareholders. However, salary base shall not be consistently adjusted at such rate in the future. In 2018, PDITL had policy concerning the adjustment of salary as follow:

- Adjustment according to inflation rate but shall not exceed 3.5% of salary and benefits
- Salary adjustment as determined by human resource department in case of promotion
- Adjustment according to change in scope of duty as determined by human resource department

	FY 2016	FY 2017	FY 2018
Employee Salary for Head Office	191.94	222.41	248.25
Head Office Rental Expense	22.37	27.23	28.85
Electricity and Water Utility for Head Office	2.75	3.02	3.47
Related Employee Cost for Head Office	3.21	2.89	3.01
Total Fixed Cost	220.27	255.55	283.58

	FY 2016	FY 2017	FY 2018
Growth Rate of Fixed Cost		16.02%	10.97%

Fixed cost during 2016 – 2018 increased by 11% - 16.02% while revenue in relevant period increased at 20.43% per year. Thus, the IFA's assumption of 1.88% growth in fixed cost is considered appropriate when compared with revenue growth assumption of 3.70% per year.

- Variable cost is the cost that varies with revenue from sale. Variable cost includes transportation cost, both domestic and international, selling expenses, and travel expenses. The IFA has estimated future variable cost based on ratio of variable cost to revenue from sale in 2018 due to the same reason as the use of production cost in 2018 as basis in cost projection. The IFA considered that variable cost of 2018 should reflect business operation of PDITL under new management team at present period while variable cost in 2016 – 2017 may not clearly reflect current business policy.

	FY2016	FY2017	FY2018
Freight Cost (Domestic and Oversea Market)	71.92	91.89	93.58
Transportation Expenses	18.52	15.20	18.12
Marketing Expenses	27.31	33.15	61.22
Other Related Sales Expenses	142.58	173.20	112.93
Total Variable Cost	260.34	313.44	285.85

* Note: Other expenses Related to sales, including transaction costs, insurance fees, property tax, service expenses etc.

4. Depreciation is the depreciation expenses of building, factory, office, machines, and vehicles of PDITL.

The IFA estimated depreciation expenses of PDITL based on its accounting policy.

Asset	Use of Life
Land Improvement*	13 - 16 Years
Building and Improved Building	13 - 28 Years
Machinery and Equipment	10 - 24 Years
Vehicle Decoration Installed and Office Equipment	1 Years

*Note : Land Improvement is consisted of Concrete Road, Fence, and Wire mesh fence gate.

5. Assumption on corporate income tax: IFA has applied corporate income tax of 20 percent.
6. Assumption on working capital:

After due diligence in PDITL's Collection period, inventory period and account payable period are based according to the policy of PDITL as follows;

	Average (Days)
Account Receivable	120
Inventory	120
Account Payable (Metal)	270
Account Payable	90

For account payable (metal), PDITL had purchase agreement for copper and aluminum with a supplier in which such supplier provides credit term to PDITL at no longer than 270 days while PDITL incurs interest expense at LIBOR + 1.25%. Collection period for account receivable, inventory, and payment period for other account payable are in accordance with PDITL's policy.

7. Assumptions on additional investment

Management has forecasted additional investment in order to generate revenue as projected by the IFA as follow:

Unit : THB Million	FY 2019	FY 2020 - 2028
Approval Investment Budget	241.2	-
Future Investment Budget	-	100.0

Within 2019, PDITL has budget for additional investment in order to support capacity expansion at the amount of Baht 241.2 million, according to proactive strategy of management.

The IFA calculated that ratio of revenue to book value of property, plant, and equipment (before depreciation expenses) during 2016 – 2018 were at 7.3 – 7.8 times. Thus, under the assumption that additional investment equal to Baht 100 million, ratio of revenue to book value of plant, and equipment (before depreciation expenses) shall not exceed 7 times. Such investment budget does not include maintenance expense of machinery since they are recorded as production cost and expenses in income statement, in which the IFA has already included in the projection of future cost and expenses. The said amount of investment budget is for acquisition of new machines to expand production capacity only. Thus, investment budget of Baht 100 million is considered acceptable to generate revenue as projected by the IFA.

	Actual			Forecast									
(Unit: THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	6,128.99	6,974.5	10,425.5	10,935.64	11,340.26	11,759.85	12,194.97	12,646.18	13,114.09	13,599.31	14,102.48	14,624.28	15,165.37
Investment in PPE				241.20	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
(Before depreciation)	845.17	913.00	1,344.84	1,586.04	1,686.04	1,786.04	1,886.04	1,986.04	2,086.04	2,186.04	2,286.04	2,386.04	2,486.04
Revenue / PPE (Before depreciation) (times)	7.3	7.6	7.8	6.9	6.7	6.6	6.5	6.4	6.3	6.2	6.2	6.1	6.1

8. Assumption on loan and interest expense

PDITL incurs interest expenses on loans which are (1) interest on credit term from supplier of metal, in which such supplier provide credit term of no longer than 270 days to PDITL while PDITL incur interest at LIBOR + 1.25% (LIBOR is at 3.00%), resulting in total interest of 4.25% per year, (2) interest on long-term loan from financial institution at 5.0% per year, (3) interest on loan from related party at rate of 4.00% per year, and (4) interest on other short-term and long-term loans at 5.00 – 6.25% per year.

9. Discount Rate

The IFA has applied the Weighted Average Cost of Capital (“WACC”) as the discount rate to calculate net present value of PDITL’s cash flows. Formula for WACC calculation is as follow:

$$\text{WACC} = K_e \times (E/V) + K_d \times (1-T) \times (D/V)$$

Where;

K_e = Shareholders’ required rate of return which is calculated by using the Capital Asset Pricing Model (“CAPM”)

K_d = 4.59% which is the average interest rate of major credit line of PDITL (including credit line and credit term from metal supplier. The IFA has calculated weighted average interest rate for debt as at the end of 2018 which is the period that the IFA believed to appropriately reflect interest rate for current situation). The IFA also used interest rate of credit term which is at 4.25% in the calculation of K_d to assume that PDITL used credit line from financial institutions in raw material procurement. For the interest rate of credit term loan at 4.25%, IFA does not recalibrate with Country Risk Premium or Currency Risk Premium because K_d is calculated using only interest-bearing debt. If IFA adjusts any Risk Premium, K_d will not reflect an actual financial cost of PDITL.

T = Corporate income tax rate of 20%

E = Shareholders’ equity

D = Interest-bearing debt

V = $E+D$

D/E ratio as at the end of 2018 was at 3.84 times (excluding Baht 1,035.74 million loan from financial institutions which PDITL lend such amount to TAH2, of which the IFA views that such amount

is not relevant to normal business operation). Such D/E ratio is considered relatively higher than normal situation. When apply such D/E ratio in WACC calculation, value of WACC shall be highly proportionate to cost of debt (Kd) and may not reflect shareholders' required rate of return (Ke). Using the said D/E ratio, WACC is equal to 8.52%, lower than WACC used by the IFA which is at 9.24%. Thus, in order to appropriately calculate WACC, the IFA applied average D/E ratio of listed companies that operate similar electrical cable manufacturing and distribution business to PDITL.

Historical D/E ratio of PDITL during 2016 – 2018 are as follow:

	FY2016	FY2017	FY2018
Historical D/E ratio*	0.15	0.2	3.84

*Remark: Calculated by using interest-bearing debt of PDITL, excluding loan from financial institution which PDITL lend such amount to TAH2.

D/E ratio in 2016 and 2017 were relatively low and did not reflect current business policy of PDITL because prior to 2015, PDITL was still under management of General Cable (previous major shareholder) and did not have material investment. After the change in major shareholder of PDITL since 2015, PDITL had studied for the additional investment in order to expand its production capacity and has considerably invested since the end of 2017. Thus, the IFA views that the D/E ratio during 2016 – 2017 did not appropriately reflect current business situation and business operation in the next 10 years. Besides, high D/E ratio in 2018 leads to low WACC. Therefore, the IFA chooses to use D/E ratio of listed companies that operate similar electrical cable manufacturing and distribution business to PDITL in the calculation of WACC.

In calculating shareholders' required rate of return, the Capital Asset Pricing Model (CAPM) is applied by using the following formula.

$$K_e = R_f + \text{Beta} \times (R_m - R_f) + \text{LRP}$$

Where;

Rf = Risk-free rate of 3.73% per annum based on 49-year government bond yield (information as of December 21, 2018 from www.thaibma.or.th), under the assumption that PDITL's business is on a going concern basis.

Rm = Market risk of 14.24% per annum, which is the average expected rate of annual return from investment in the Stock Exchange of Thailand from April 1975 – December 2018 which cover the period that the SET has severely crashed and adjusted upward as in present time.

Beta = A measure of the volatility of an individual stock in comparison to the unsystematic risk of the entire market which already include the effect of the company's debt (Leverage Beta). Since PDITL is not a listed company in the SET, the IFA then used 3-year historical average Beta of Prysmian, Nexans, and LS Cable & System who are listed companies that operate similar electrical cable business to PDITL (as aforementioned in the Market Comparable Approach) and adjusted effect of debts to derive Unlevered Beta (Bu).

which Beta is a Covariance of a market return of each stock and a market return of index to a Variance of a market return of index that each stock trade in, which such Beta reflect a risk of electric cable business, and Beta formula is shown below:

$$\text{Beta} = \frac{\text{Cov (a market return of each stock, a market return of index)}}{\text{Var (a market return of index that each stock trade in)}}$$

Var (a market return of index that each stock trade in)

From above formula, IFA does not recalibrate Beta for Country Risk Premium or Currency Risk Premium because an adjustment on Risk Premium must do both Numerator and Denominator, which finally will offset each other.

LRP = Liquidity Risk Premium. The IFA has adjusted shareholders' required rate of return upward by 1% in order to reflect Liquidity Risk Premium arising from the fact that TAH2 is not a listed company in the SET. Referring to documents from Willis Towers Watson stating that return on assets with considerably low liquidity should be adjusted by risk premium of 0.5% - 1.5%, the IFA then chooses to adjust by Liquidity Risk Premium of 1.00% in this case.

Details of the calculation of Average Unlevered Beta are as follow:

	Company	Beta	Interest-bearing Debt / Equity	Tax Rate	Unlevered Beta
1	Prysmian	0.80	1.31	27.9%	0.41
2	Nexans	1.20	0.77	33.3%	0.79
3	LS Cable & System	0.50	0.47	25.0%	0.37
		Average	0.85	28.7%	0.52

The Unlevered Beta of 0.52 is Beta of electrical cable manufacturing and distribution business, which can be used as Unlevered Beta of PDITL that operates electrical cable business.

The IFA has adjusted K_e to reflect Liquidity Risk Premium but does not adjust to reflect currency risk or country risk since PDITL is a company with operation base in Thailand. In case of company with business operation is in foreign country, risk factors related to business operations in such country should be taken into consideration. From the Unlevered Beta, the Levered Beta can be calculated as follow:

	Unlevered Beta	Interest-bearing Debt to Equity Ratio of Listed Companies who operate similar business to PDITL	Tax Rate	Levered Beta
PDITL	0.52	0.85	20.0%	0.88

Summary of figures used in WACC calculation

K_e	K_d	Tax	E/V	D/V	WACC
13.98%	4.59%	20%	0.54	0.46	9.24%

10. Terminal Value

The IFA determined value of free cash flow of PDITL after the projection period of 10 years by assuming terminal growth rate of 3% under the assumption that PDITL's business is on a going concern basis and has continuous growth as the IFA views that electrical cable business is a part of power business which is fundamental to economic growth of the country. Thus, each country has long-term investment and development plan to develop transmission and distribution system. In order to reflect growth of power infrastructure of each country, the terminal growth rate should not be lower or should equivalent to average electricity demand growth during 2017 – 2040 of ASEAN countries as estimated by the International Energy Agency ("IEA") which is equal to 3.7%. In addition, the IFA has considered power industry and the Power Development Plan 2015 – 2036 (PDP 2015) which stated that government and private sector shall invest more in electricity generation in order to be in line with estimated economic growth of 3.94% per annum. According to Research Department of Krungsri Securities Public Company Limited [not sure if it's Bank or Securities Company], electricity demand in the country during the past 10 years grow at 3.5% per year, or approximately 1.1 times of the annual GDP growth during the period. It shows that electricity demand growth in the country is higher than economic growth. Thus, if projected economic growth is at 3.00%, electricity demand should grow at higher rate given a terminal growth rate at 3% and subtract by an inflation rate at 1.88%, thus IFA has a marginal growth at only 1.12% which remain in an acceptable level, comparing to a compound annual growth rate (2016-2018) of revenue at 20.43%. Besides, the IFA views that electricity is a fundamental for economic growth in each country and electrical cable is one of major components used for electricity infrastructure development. As there is no technology to replace the use of electrical cable with lower production and management cost, together with the fact

that the IEA mentioned the importance of development of transmission system to support an increasing electricity demand in the future and estimated electricity demand growth as aforementioned, the use of terminal growth rate of 3.00% is not considered unreachable for PDITL.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Domestic Electricity Consumption Growth (%)</u>	<u>4.11</u>	<u>0.62</u>	<u>11.72</u>	<u>0.47</u>	<u>8.53</u>	<u>2.58</u>	<u>3.51</u>	<u>3.86</u>	<u>5.24</u>	<u>2.10</u>
<u>Thailand GDP Growth (%)</u>	<u>1.73</u>	<u>(0.69)</u>	<u>7.51</u>	<u>0.84</u>	<u>7.24</u>	<u>2.69</u>	<u>0.98</u>	<u>3.02</u>	<u>3.28</u>	<u>3.90</u>
<u>Domestic Electricity Consumption Growth to Thailand GSP Growth</u>	<u>2.38</u>	<u>N/A</u>	<u>1.56</u>	<u>0.56</u>	<u>1.18</u>	<u>0.96</u>	<u>3.57</u>	<u>1.28</u>	<u>1.60</u>	<u>0.54</u>

From table above, IFA has calculated historical electricity consumption growth (source: EGAT annual report) compare to GDP growth of Thailand (source: IMF). Average ratio of a domestic electricity consumption to GDP growth past 10 years equal to 1.51 times; higher than Krungsri securities research estimate that indicated that domestic electricity demand per year will grow at 1.1 times of GDP growth. Therefore, IFA viewed that a information from Krungsri securities research is reliable and able to implied on assumption; in order to forecast the PDITL's revenue.

PDITL Forecast													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Domestic Sales													
Distribution and Transmission Cable	2,011.1	2,585.6	4,210.5	4,366.3	4,527.8	4,695.4	4,869.1	5,049.3	5,236.1	5,429.8	5,630.7	5,839.1	6,055.1
Wire Cable	3,442.2	3,668.4	5,199.6	5,417.3	5,617.8	5,825.6	6,041.2	6,264.7	6,496.5	6,736.9	6,986.1	7,244.6	7,512.7
Export Sales													
Distribution and Transmission Cable	627.6	620.6	763.7	791.9	821.2	851.6	883.1	915.8	949.7	984.8	1,021.3	1,059.1	1,098.3
Wire Cable	48.1	98.7	246.2	255.3	264.7	274.5	284.7	295.2	306.1	317.5	329.2	341.4	354.0
Revenue from Service	-	1.2	5.5	104.8	108.7	112.7	116.8	121.2	125.6	130.3	135.1	140.1	145.3
Total Revenue	6,129.0	6,974.5	10,425.5	10,935.6	11,340.3	11,759.9	12,195.0	12,646.2	13,114.1	13,599.3	14,102.5	14,624.3	15,165.4
Cost of Goods Sold													
Metal Cost	3,531.0	4,033.4	6,784.7	7,035.8	7,296.1	7,566.0	7,846.0	8,136.3	8,437.3	8,749.5	9,073.2	9,408.9	9,757.1
Packaging Cost	1,056.5	1,216.2	1,512.8	1,599.1	1,658.2	1,719.6	1,783.2	1,849.2	1,917.6	1,988.6	2,062.1	2,138.4	2,217.5
Related Manufacturing Cost	101.2	114.9	133.2	139.5	144.6	150.0	155.5	161.3	167.3	173.4	179.9	186.5	193.4
Other Related Manufacturing Cost	291.8	382.5	423.8	405.1	421.0	437.5	477.6	495.3	514.8	533.9	553.8	574.4	595.7
Service Cost	0.0	0.0	4.7	85.9	89.1	92.4	95.8	99.4	103.0	106.8	110.8	114.9	119.1

PDITL Forecast													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Cost of Goods Sold	4,980.6	5,746.9	8,859.2	9,265.3	9,609.1	9,965.5	10,358.1	10,741.4	11,140.0	11,552.3	11,979.8	12,423.2	12,882.9
Gross Profit	1,148.40	1,227.60	1,566.28	1,670.32	1,731.20	1,794.33	1,836.87	1,904.76	1,974.08	2,047.03	2,122.68	2,201.12	2,282.46
Selling and Administrative Expenses (SG&A)													
Fixed Cost	220.3	255.6	283.6	288.9	294.3	299.9	305.5	311.3	317.1	323.1	329.1	335.3	341.6
Variable Cost	260.3	313.4	285.8	276.9	287.0	297.5	308.3	319.6	331.2	343.3	355.8	368.8	382.3
Total SG&A	480.6	569.0	569.4	565.8	581.4	597.4	613.8	630.8	648.3	666.4	685.0	704.2	723.9
Earnings before interest, tax and depreciation expense (EBITDA)	667.8	658.6	996.9	1,104.5	1,149.8	1,197.0	1,223.0	1,273.9	1,325.7	1,380.7	1,437.7	1,497.0	1,558.5
Depreciation and Amortization Expense	106.4	107.2	78.2	102.3	112.3	122.3	132.3	142.3	152.3	162.3	172.3	182.3	192.3
Earnings before interest and tax expense (EBIT)	561.4	551.4	918.7	1,002.2	1,037.5	1,074.7	1,090.7	1,131.6	1,173.4	1,218.3	1,265.4	1,314.6	1,366.2
Other Incomes	271.1	277.5	249.1	17.9	23.6	24.3	25.0	25.7	26.5	27.3	28.1	28.9	29.8
Other Expense	47.3	(14.2)	-	-	-	-	-	-	-	-	-	-	-
Technical Management Fee	168.0	188.7	209.1	-	-	-	-	-	-	-	-	-	-

PDITL Forecast													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Interest Expense	208.51	244.05	339.09	303.86	311.35	319.80	328.57	337.65	347.08	356.85	366.99	377.50	388.40
Earnings before interest expense (EBT)	408.6	410.3	619.6	716.2	749.7	779.1	787.1	819.7	852.8	888.7	926.5	966.1	1,007.7
Tax Expense	81.2	64.4	156.6	143.2	149.9	155.8	157.4	163.9	170.6	177.7	185.3	193.2	201.5
Net Profit	327.4	345.9	462.96	573.0	599.8	623.3	629.7	655.7	682.3	711.0	741.2	772.9	806.1
Sales Growth Rate (%)		13.8%	49.5%	4.9%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Net Profit Growth Rate (%)		5.65%	33.84%	23.76%	4.68%	3.92%	1.03%	4.14%	4.05%	4.21%	4.25%	4.28%	4.30%
Net Profit Growth Rate (%) (Exclude One-time expense and Interest Income)		(4.4%)	45.1%	-6.4%	3.8%	4.1%	0.9%	4.2%	4.1%	4.3%	4.3%	4.3%	4.3%
Gross Profit Margin (%)	18.7%	17.6%	15.0%	15.3%	15.3%	15.3%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%
Net Profit Margin (%)	5.3%	5.0%	4.4%	5.2%	5.3%	5.3%	5.2%	5.2%	5.2%	5.2%	5.3%	5.3%	5.3%

Remark:

1. In 2015 – 2018, PDITL had Technical Management Agreement with TAH2 in which PDITL agreed to pay management fee to TAH2. PDITL's management has informed that from 2019 onward, such agreement shall be terminated. Thus, there shall be no said expenses in the future.
2. Other revenues during 2016 – 2018 includes revenue from loan to TAH2 and gain on foreign exchange. Other expenses included allowance for doubtful account and unrealized loss on foreign exchange. For other revenues from 2019 onward, the IFA has considered only interest on loan to other parties without considering gain or loss on foreign exchange.
3. Interest expense consisted of (1) interest on credit term from metal supplier, and (2) interest on loan of PDITL.

Financial Position of PDITL													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Asset													
Cash and Cash Equivalent	691.7	480.1	534.6	383.6	955.3	1,558.4	2,166.5	2,819.0	3,505.9	4,230.2	4,993.1	5,795.7	6,639.7
Account Receivable and Other													
Receivable	2,384.2	3,754.6	4,393.5	3,645.2	3,780.1	3,920.0	4,065.0	4,215.4	4,371.4	4,533.1	4,700.8	4,874.8	5,055.1
Inventory	1,634.7	2,712.9	3,358.7	3,088.4	3,203.0	3,321.8	3,452.7	3,580.5	3,713.3	3,850.8	3,993.3	4,141.1	4,294.3
Other Current Asset	696.3	76.7	66.5	118.1	122.5	127.0	131.7	136.6	141.6	146.9	152.3	157.9	163.8
Current Asset	5,406.9	7,024.3	8,353.3	7,235.4	8,060.9	8,927.2	9,815.9	10,751.4	11,732.2	12,761.0	13,839.4	14,969.5	16,152.9
Investment in Subsidiary	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Loan to Shareholders ¹	2,400.0	2,958.2	1,035.7	-	-	-	-	-	-	-	-	-	-
Loan to Other	0.0	119.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8	94.8
Advance Payment for Fixed Asset ²	-	-	23.9	-	-	-	-	-	-	-	-	-	-
Land Building and Equipment	845.2	913.0	1,344.8	1,507.7	1,495.3	1,473.0	1,440.7	1,398.4	1,346.1	1,283.7	1,211.4	1,129.1	1,036.8
Intangible Asset	34.1	27.2	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3	20.3
Non-Current Asset	8.1	34.1	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Total Non-Current Asset	3,307.4	4,072.3	2,545.3	1,648.4	1,636.1	1,613.8	1,581.5	1,539.1	1,486.8	1,424.5	1,352.2	1,269.9	1,177.5
Total Asset	8,714.3	11,096.6	10,898.6	8,883.8	9,697.0	10,541.0	11,397.3	12,290.5	13,219.0	14,185.5	15,191.6	16,239.3	17,330.5
Liability and Equity's Shareholders													
Current Liabilities													
Short Term Loan from Financial													
Institution	400.0	600.0	2,706.7	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0
Account Receivable and Other													
Receivable	3,508.3	5,205.2	6,189.1	5,676.6	5,886.6	6,104.4	6,330.3	6,564.5	6,807.4	7,059.3	7,320.5	7,591.3	7,872.2

Financial Position of PDITL													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Related Party Loan ³	-	100.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0	145.0
Other short term	-	-	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0
The portion of liabilities under finance lease agreements, due within 1 year	-	-	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Future Foreign Currency Receivable	-	-	52.8	52.8	52.8	52.8	52.8	52.8	52.8	52.8	52.8	52.8	52.8
Tax Payable	31.4	28.8	48.9	71.6	75.0	77.9	78.7	82.0	85.3	88.9	92.6	96.6	100.8
Current Liabilities	4.0	72.5	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4	21.4
Total Current Liabilities	3,943.8	6,006.5	9,651.2	7,254.7	7,468.1	7,688.8	7,915.5	8,153.0	8,399.2	8,654.6	8,919.6	9,194.4	9,479.5
Non-Current Liabilities													
Long Term Financial Institution	2,371.4	2,274.5	191.3	-	-	-	-	-	-	-	-	-	-
Financial Lease	-	37.9	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Other Debenture	-	30.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0	185.0
Deferred Tax Payable	-	-	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6
Non-Current Liabilities	124.0	126.5	120.2	120.2	120.2	120.2	120.2	120.2	120.2	120.2	120.2	120.2	120.2
Total Non-Current Liabilities	2,495.3	2,469.0	543.8	352.4	352.4	352.4	352.4	352.4	352.4	352.4	352.4	352.4	352.4
Total Liabilities	6,439.1	8,475.5	10,194.9	7,607.1	7,820.5	8,041.3	8,267.9	8,505.4	8,751.6	9,007.1	9,272.0	9,546.9	9,831.9
Shareholder's Equity													
Total Issued and Paid Up	44.0	44.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0	400.0
Retained Earnings	2,231.3	2,577.1	303.7	876.7	1,476.4	2,099.7	2,729.4	3,385.1	4,067.4	4,778.4	5,519.6	6,292.5	7,098.6
Shareholder's Equity	2,275.3	2,621.1	703.7	1,276.7	1,876.4	2,499.7	3,129.4	3,785.1	4,467.4	5,178.4	5,919.6	6,692.5	7,498.6
Liabilities and Shareholders' Equity	8,714.3	11,096.6	10,898.6	8,883.8	9,697.0	10,541.0	11,397.3	12,290.5	13,219.0	14,185.5	15,191.6	16,239.3	17,330.5

Financial Position of PDITL													
	Actual			Forecast									
(Unit : THB Million)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Interest Bearing Debt to Shareholder's													
Equity of PDITL ⁴	0.16	0.03	3.84	1.29	0.87	0.66	0.52	0.43	0.37	0.32	0.28	0.25	0.22

- Remark:
1. The IFA assumed that PDITL shall receive full repayment of loan to shareholders from TAH2.
 2. The IFA assumed that PDITL does not receive loan repayment of others.
 3. PDITL paid for some machinery in advance. Investment budget for machinery from 2019 onward is stated in Clause 7 Assumption of Additional Investment.
 4. PDITL received financial support from related party. The IFA views that the repayment of such amount shall not materially affect value of shares based on the Discounted Cash Flow Approach.
 5. As PDITL was unable to comply with financial ratio condition as stated in loan agreement, PDITL has to categorize all long-term loan as current portion of long-term loan from financial institution. However, on January 31, 2019, the lending financial institution issued waiver for restriction on financial ratio, such amount of loans shall then be categorized as long-term loan in the next accounting period accordingly.
 6. Calculated based on interest-bearing debt of PDITL excluding Baht 1,035.74 million loan from financial institution which PDITL lends such amount to TAH2 and interest-bearing account payable (copper).

Discounted Cash Flow Approach

(Unit: THB Million)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
(EBIT) x (1-Tax Rate)	801.72	830.01	859.72	872.57	905.29	938.74	974.67	1,012.30	1,051.72	1,092.97
Plus with the depreciation and administrative expenses	102.32	112.32	122.32	132.32	142.32	152.32	162.32	172.32	182.32	192.32
Change in working capital	506.11	(39.42)	(40.88)	(50.03)	(43.96)	(45.95)	(47.29)	(49.04)	(50.86)	(52.74)
Investment	(241.20)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Cashflow from Operation	1,168.96	802.92	841.17	854.86	903.65	945.12	989.70	1,035.59	1,083.18	1,132.55
Terminal Value										18,692.33
Cashflow of PDITL	1,168.96	802.92	841.17	854.86	903.65	945.12	989.70	1,035.59	1,083.18	19,824.89
Discounted Cashflow of PDITL	1,070.08	672.82	645.25	600.29	580.87	556.13	533.10	510.64	488.92	8,191.56
Total present value of free cash flows of PDITL.	13,849.67	<p>IFA assumes that PDITL received a refund from TAH2 in the amount of 1,035.74 million baht and the loan will be removed from TAH2's book value. Therefore, as a whole, TAH2 still has a loan from a financial institution in the amount of 1,035.74 million baht. the liabilities are part of the loan with interest as of 31 December 2018, approximately 3,738.96 million baht.</p>								
cash transactions as of December 31, 2018	534.60									
Loans to shareholders as of December 31, 2018	1,035.74									
Interest-Bearing Debt as of December 31, 2018	3,738.96									
Present value of equity	11,681.04									

IFA does not bring loan from raw material purchase (raw material trade payable) to be interest-bearing loan due to business in general, the source of repayment for account payable, will be charged from collection of accounts receivable and sell the remaining inventories IFA

Sensitivity Analysis

The IFA has conducted a sensitivity analysis in order to determine effect of changes in various assumptions as follow:

- Discount Rate and Terminal Value

The discount rate of 9.24% (calculated based on assumptions and factors mentioned earlier) is adjusted upward and downward by 0.5% in order to reflect the possible change in discount rate due to the change in relevant factors.

The IFA also increase (decrease) Terminal Value by 0.5% to reflect the possibility that the business grow higher or lower than estimated terminal value growth of 3.00% as assumed in the projection. Details are as follow:

Price of PDITL Shares (Baht per share)		Discount Rate		
		Decrease by 0.5%	-	Increase by 0.5%
Terminal Value Growth		8.74%	9.24%	9.74%
Decrease by 0.5%	2.5%	12,143.61	11,073.42	10,151.87
-	3.0%	12,887.15	11,681.04	10,654.48
Increase by 0.5%	3.5%	13,772.56	12,394.51	11,237.64

- Revenue growth during 2019 - 2028

In order to provide complete information for shareholders' consideration, revenue growth is adjusted by increase (decrease) the rate by 1% to reflect the possible change in revenue growth which may affect value in case that PDITL has higher or lower revenue growth than that projected by the IFA.

	Revenue Growth during 2019 - 2028		
	Decrease by 1.0%	-	Increase by 1.0%
	2.70%	3.70%	4.70%
PDITL's equity value (Baht million)	10,547.70	11,681.04	12,896.63

Summary of PDITL's equity valuation based on the Discounted Cash Flow Approach

Equity value of PDITL based on the Discounted Cash Flow Approach is equal to Baht 10,151.87 million – Baht 13,772.56 million. However, the IFA is of the opinion that the most appropriate value should be at Baht 11,681.04 million, based on assumptions of the discount rate of 9.24%, terminal value growth of 3%, and revenue growth during 2019 – 2028 of 3.70%.

Valuation of PDDL Trading based on the Book Value Approach

This approach determine equity value of PDDL Trading according to book value at a point in time based on audited financial statements for the period ended December 31, 2017 prepared by the auditor whose name is on an approved listed of the SEC, namely, Mr. Nantawat Samrounhan, Certified Public Accountant Registration No. 7731 from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited.

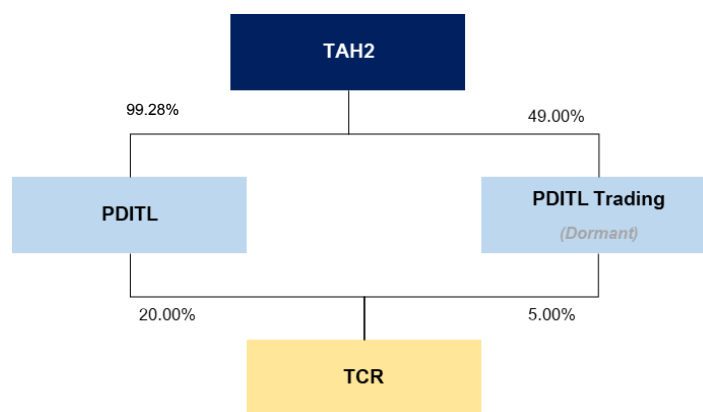
As at December 31, 2017	(Unit: Baht)
Paid-up capital	1,000,000
Share premium	-
Retained earnings – appropriated for legal reserve	100,000
Retained earnings – unappropriated	42,104,679
Equity value	43,204,679

Book value of PDDL Trading according to financial statements as at December 31, 2017 was Baht 43.20 million.

Major assets comprises of cash and cash equivalents of Baht 32.31 million (details as shown in Attachment 2.3: Information of PDDL Trading Company Limited (“PDDL Trading”))

Summary of TAH2 valuation by Sum of the Parts

As stated in the above, for assess the business value of TAH2. IFA by using the Sum of the part method to valuation of shareholders of each subsidiary and shareholder of TAH2, PDITL and PDDL Trading, Details are below;



Details of the Sum of the Parts method

Subsidiaries and affiliates of TAH2	IFA Method
Team A Holding Company Limited ("TAH2")	book value approach (Excluding investment value in PDITL and PDTL Trading)
Phelps Dodge International (Thailand) Limited ("PDITL")	Discounted of Free Cash Flow Approach
PDTL Trading Co., Ltd. ("PDTL Trading")	Book Value Approach
Thai Copper Rod CO., Ltd ("TCR")	IFA not value due to data limitations.

Value of shareholders of PDITL

	Shareholding rate by PDITL	Value (million baht)
Discounted Cashflow Approach (DCF) of PDITL		11,681.04
Book Value Approach of TCR	20.00%	-
The total value of the shareholders of PDITL		11,681.04

Value of shareholders of PDTL Trading

	Shareholding rate by PDTL Trading	Value (million baht)
Book Value Approach		43.20
Book Value Approach of TCR	5.00%	-
The total value of the shareholders of PDTL Trading		43.20

Business value of TAH2

	Shareholding rate by TAH2	Value (million baht)
Book Value Approach (Excluding investment in subsidiaries)* of TAH2		(1,359.68)

	Shareholding rate by TAH2	Value (million baht)
Value of shareholders of PDITL	99.28%	11,596.94
Value of shareholders of PDTL Trading	49.00%	21.17
The total value of TAH2		10,258.42

Remark : Book Value Approach (Excluding investment in subsidiaries) of TAH2 as follows

	specific financial statements of TAH2 Year 2018 (Million Baht)
Value of Equity	2,796.84
Deduct Investment in subsidiaries	(4,156.52)
Total	(1,359.68)

Remarks: Consider more details from Attachment 2, Information of Team A Holding Company Limited (TAH2)
and TAH2's subsidiaries.

1.4.4. Summary of the business valuation of TAH2

Valuation method	The value of the business transfer of TAH2 (Million Baht)	Opinion of IFA
1. Book Value	985.30	Not appropriate for assessing the value
2. Adjusted Book	2,069.28	Not appropriate for assessing the value
3. Historical Market Price Approach	Cannot be assessed	Not appropriate for assessing the value
4. Market Comparable		
4.1 Price to Book Value	1,295.27 – 1,868.72	Not appropriate for assessing the value
4.2 Price to Earnings Per Share Ratio	5,920.47 – 7,223.25	

Valuation method	The value of the business transfer of TAH2 (Million Baht)	Opinion of IFA
5. Sum of the Parts	10,258.42	Appropriate for assessing the value

The evaluation in each method has different advantages and disadvantages. Which reflects the appropriateness of the value from each different assessment method as follows:

- 1) The book value approach takes into consideration only the book value of shareholders' equity at only a certain point in time, without taken into consideration the market value of assets and operating performance in the future. Therefore, the IFA believes that the book value approach is not an appropriate valuation method since it does not suggest real value of OCEAN
- 2) Adjusted book value approach derives share value by adjusting the value of assets and liabilities to be fair value ones. However, this valuation does not take into account OCEAN's profit generating capability in the future, the IFA hence views that the adjusted book value approach is not an appropriate valuation method for this case.
- 3) The price to book value approach evaluates share value by comparing market price to book value of comparable companies. This approach, although, suggests only the multiples of market price over book value. The IFA, therefore, views that the P/BV ratio could not reflect future performance.

The price to earnings ratio approach evaluates share value by considering short-term financial performance of the business, without taking into consideration future capability. Thus, the IFA views that this approach could not reflect real fair value.

- 4) Sum of the Parts approach is a method to combine the value of each business is the most appropriate assessment method to valuation of each business of TAH2, IFA uses present value of free cash flow approach to evaluate the core business of TAH2. the value of PDITL based on past performance and future capability of the business, while other businesses such as TAH2 and PDTL Trading, IFA use the book value in the valuation for TCR. IFA does not evaluate the value.

The lack of sufficient assessment data Therefore, this method can evaluate the true value better than other methods. Therefore, IFA has an opinion that valuation by sum of the parts approach is appropriate for assessing the value.

In summary, the IFA considers that the appropriate valuation method of TAH2 is the total value of each business which evaluates the business transfer of TAH2 is equal to 10,258.42 million baht per share.

1.5 Summary of the IFA's opinion on the acquisition of assets and the offering of newly issued ordinary shares

The Entire Business Transfer and Private Placement of Shares is in accordance with business restructuring plan of SMM. The principle and reason behind restructuring is from current situation of SMM business which generate continuous losses in the past years. SMM was incapable of debt repayment and incurred high interest expenses, resulting in decreasing and possibly negative equity value which in turn affect the listing qualification of SMM in the SET. SMM's Board of Directors is determine to solve such problem, thus, it approved SMM to accept the transfer of business from TAH2. In this case, SMM shall offer shares via Private Placement to TAH2 Shareholders as considerations for the Entire Business Transfer. Currently, TAH2 is shareholder in PDITL that operates production and distribution of electrical cable which is in demand of customers and can generate revenue and cash flow to business continuously.

The entering into such Transaction provides various benefits to SMM as it is investment in business with potential due to PDITL's competitive strength such as the focus in production of quality products with safety standard, track record in various projects, own special production technology which require high investment, employment of production policy focusing on cost reduction in production management, as well as generation of good returns. Additionally, electrical cable industry has strong growth potential due to increasing electricity demand. The transfer of business from TAH2 shall solve performance and financial position problems of SMM while no cash is required and the offering price of shares via Private Placement is considered benefit to shareholders of SMM when compare with value of business transferred.

However, the entering into this Transaction incurs some disadvantages that shareholders should consider including dilution effect to shareholders, risk of control voting in shareholders' meeting as TAH2 Shareholders becomes major shareholder of SMM who holds over 90% of shares so they can control the vote in the meeting, and risk of incapability to rectify Free Float portion of shareholding. This share offering is the offer of shares at lower-than-par value, resulting in recognition of discount on share capital in financial statements which may be considered as share-based payment according to the accounting standard. This shall cause SMM to incur high accounting expenses relating to the offering of such shares. Moreover, SMM may incur risk relating to electrical cable manufacturing such as risk of material price and exchange rate fluctuation, risk from increase in market competition, risk relating to fee (interest) on raw material procurement, risk relating to disposition of shares by TAH2 Shareholders and Investor PP2, and other risks that shareholders may consider from the IFA report.

In case that shareholders do not approve the Transaction, SMM shall not encounter the aforementioned risk and disadvantages. However, it shall face continuous loss situation which eventually affect its financial position, equity value, and listing qualification. It also loses opportunity to invest in PDITL which is a company with good track record and operating performance, internationally trusted products, and business in high potential industry. Moreover, SMM will not receive Baht 600 million capital from Investor PP2 to pay for its debt.

Presently, TAH2 Shareholders have no relationship with SMM's management, controlling person, or major shareholder. However, after the offering of shares and the Entire Business Transfer from TAH2, TAH2 Shareholders shall become major shareholder of SMM and TAH2 Shareholders shall be nominated as directors of SMM, resulting in consideration of the Transaction as Connected Transaction according to the Notifications on Connected Transaction. The entering into this Transaction with TAH2 Shareholders who are considered as connected persons is for the transfer of electrical cable manufacturing and distribution business from TAH2 based on aforementioned reasons, necessity, advantages, and disadvantages. SMM does not receive any similar proposal regarding the business restructuring to that received from TAH2, thus, it is unable to compare the Transaction with one entering into with third party. If SMM enters into the Transaction with other party, it may lose the opportunity to own business with strong potential as PDITL. SMM may not receive capital from shares offering to Investor PP2 if Investor PP2 views that SMM is unable to turn its operating performance to profit. The appointment of TAH2 Shareholders to be directors benefits SMM as their extensive experience and expertise in electrical cable business could provide, through Board of Directors, policy and business direction that support electrical cable manufacturing business which shall become core business of SMM in the future. Anyhow, the entering in to Connected Transaction require SMM to gain approval from shareholders' meeting, and appoint an independent financial advisor to provide opinion on the Transaction, leading to higher expenses relating to this Transaction.

In 2018, TAH2 and its subsidiaries had related party transactions which can be categorized into 3 groups as follow:

- (1) Normal business transaction that is expected to consistently incur in the future which are revenue from sales of electrical cable, copper, duct tape, steel, transportation service fee, cost of finished electrical cable, as well as the purchase of solar rooftop for factory and purchase of steel wheel for electrical cable storage which are supporting normal business transaction. Such transactions are undertaken under general trading conditions and market price.
- (2) Transaction regarding receipt of financial support that benefits the company and is expected to incur in the future. The important transaction is the borrowing from related company used for business expansion and working capital.

(3) Transaction regarding offer of financial support. The important transaction is loan to related company which is used for business expansion and working capital.

As at December 31, 2018, most of related party transactions of TAH2 and its subsidiaries were for business operation. Price and condition of such transactions were set at market rate. However, the IFA is of an opinion that the transaction regarding the offer of financial support should be cleared for both principal and interest amount and there should be no offering of financial support to related party in the future.

After TAH2's subsidiaries become subsidiaries of SMM who is a listed company on the SET, TAH2's subsidiaries must comply with the rules and regulations, notifications, or orders of the Capital Market Supervisory Board and the SET regarding the entering into related party transactions. SMM must strictly follow measures and procedures relating to the approval of related party transactions. Audit committee shall also audit and provide opinion on such related party transactions.

The IFA has applied various valuation approaches in order to evaluate value of business transferred from TAH2 and value of 21,500 million shares of SMM. The most appropriate valuation approach of business value transferred from TAH2, a holding company who owns shares in various companies, is the Sum of the Parts Approach which sum value of each of TAH2's business by using the most appropriate valuation method for such business. The IFA has applied the Discounted Cash Flow Approach for the valuation of core business of TAH2 which is PDITL while applied Book Value Approach in PDL Trading's valuation. The IFA did not determine value of TCR due to inadequate information. The most appropriate approach to evaluate SMM share value is the Adjusted Book Value Approach. The IFA is of an opinion that Market Approach is in appropriate to determine value of SMM shares as volume and value of SMM shares traded on the stock exchange is relatively low, therefore, it cannot reflect actual value of SMM shares. Summary of fair value is as follow:

Description	Fair Value	Appropriate Valuation Approach
SMM shares issued as considerations for the transfer of business	Baht 9,675 million, equivalent to Baht 0.45 per share	Adjusted Book Value Approach
Value of TAH2 acquired	Baht 10,258.42 million, equivalent to Baht 0.48 per SMM shares (21,500 million shares offered)	Sum of the Parts Approach

Comparison of values according to the Board of Director's resolution and the IFA's valuation is as follow:

	According to the resolution of SMM's Board of Director's	Fair value determined by the IFA
Price of SMM shares	Baht 0.60 per share Adjusted Book Value Approach	Baht 0.45 per share Adjusted Book Value Approach
Number of shares issued as considerations for the Entire Business Transfer	21,500 million shares	21,500 million shares
Total value	Baht 12,900 million	Baht 9,675 million

Offering price of SMM shares approved by the Board of Directors is at Baht 0.60 per share, higher than the value determined by the IFA which is equal to Baht 0.45 per share. Therefore, offering price at Baht 0.60 per share is considered appropriate.

Though value of TAH2 that SMM shall receive based on value determined by the IFA (Baht 10,258.42 million) is lower than value of SMM shares that the Board of Directors resolved and approved to issue as considerations for the transfer of business (Baht 12,900 million), but when compare fair value of SMM shares determined by the IFA (Baht 0.45 per share) totaling Baht 9,765 million with value of TAH2 (Baht 10,258.42 million), value of TAH2 is higher than fair value of SMM shares determined by the IFA (Baht 9,675 million). Thus, the issuance of 21,500 million SMM shares as considerations for the Entire Business Transfer from TAH2 is appropriate.

Value of TAH2 under the Adjusted Book Value Approach is equal to Baht 2,069.28 million while value based on the Sum of the Parts Approach determined by the IFA is equal to Baht 10,258.42 million and value based on the Sum of the Parts Approach determined by SMM's Board of Directors is equal to Baht 12,900 million, significantly higher than value based on the Adjusted Book Value Approach. Such difference due to the fact that TAH2 subsidiaries have high level of borrowings with interest bearing debt to equity ratio as at December 31, 2018 of 3.84 times, resulting in materially lower value determined by the Adjusted Book Value Approach than the one determined based on Sum of the Parts Approach. PDITL (a company that is a core business of TAH2) has established over 52 years, and a technology of electric cable manufacturing has not developed considerably since its operation started. As such, PDITL can develop and improve machinery, to keep up with a technology changing although it already incurred a much depreciation cost.

The valuation approach for SMM shares used by the Board of Directors is the same as one used by the IFA, which is the Adjusted Book Value Approach, but share values may differ according to the valuation period. During the period that the IFA determined share value, SMM realized additional loss from the period the Board of Directors determined the share value, resulting in different values. For the valuation of TAH2, the Board of

Directors and IFA used Sum of the Parts Approach which fundamentally based on the Discounted Cash Flow Approach. However, values may differ due to different assumptions such as discount rate or revenue growth.

In summary, by considering reasons, necessity, advantages, disadvantages, risks, and price condition that benefit shareholders, the IFA is of the opinion that the entering into the Transaction is reasonable and appropriated and shareholders of SMM should approve the Asset Acquisition Transaction and Connected Transaction. However, decision whether to approve the Transaction or not rests primarily and to the sole discretion of the shareholders. Shareholders can consider information from other documents provided by SMM and IFA's report.

Part 2 Characteristics and details of Disposition of Investment in SMM Plus Company Limited

2.1 Nature and details of the transaction

2.1.1 Details of the Transaction

SMM board of directors No.5/2018 held on 21 December 2018 resolved to approve disposition of investment in Newly Established Subsidiary to TBB by selling all shares or equivalent to 99.97 percent of paid-up capital of SMMP and the Board of Directors Meeting No. 3/2019 on February 22, 2019 resolved to approve the determination of the value of the consideration of the disposal of the investment equal to the value under the adjusted book value method before the disposal date. the details of the selling price are as detailed in 2.1.7, value of assets to be disposed and the total value of the consideration

The disposition of that investment is deemed as disposition transaction pursuant to the Acquisition and Deposition Transaction. By calculating transaction size as per criteria of the Acquisition or Disposition Notification, the highest transaction size from net tangible assets criteria is fall under transaction type 1 with transaction size of 100 percent (size more than 50 percent but less than 100 percent). If include the transaction size in past 6 months, the highest transaction size as per net tangible assets criteria is 100 percent. SMM does not have any transaction to acquire or dispose of assets that occurred in the past six months.

2.1.2 Date / Month / Year of Transaction

The disposition transaction shall occur only when:

Terms of the Transaction

- 1) SMM has entering to corporate restructuring by transferring part of business e.g. book business, production of television and radio program, live tv broadcast rights trading, live satellite television, and other publishing businesses, but excluding non-marketable assets, to SMMP and the restructuring is completed. SMM has been approved by the shareholders' meeting to approve the sale of investment in SMMP for transferring the existing business to TBB
- 2) SMM got approval from shareholder meeting for deposing SMM Plus to The Best Book (TBB)
- 3) SMM must get approval from shareholder meetings to entering Entire Business Transfer Transaction and Shares Allocation Transaction as well as other required or related agendas.
- 4) The Stock Exchange of Thailand approve relisting of SMM newly securities and list SMM ordinary shares in the Stock Exchange of Thailand.

SMM expects the sale of such assets to be completed within June - July 2019

2.1.3 Counterparty and Relationship with SMM

Seller: : SMM

Buyer: : TBB (Details appear in Attachment 8)

Relationship with the Company: : SMM and TBB don't have relationship deemed as connected person pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551, Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand, Re : Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003.

TBB is a company that produces and sells books that have experience in business operations and are partners with SMM. From the list of shareholders of SMM as of March 8, 2019, which is the date for determining the list of shareholder's entitlement to attend the shareholders' meeting (Record Date). MS.Natchanan Thongloi is a director and major shareholder of The Best Book (TBB) is considered as a shareholder with an interest that has no right to vote by holding shares of SMM in the proportion of 0.41% of all issued and paid-up shares of SMM

2.1.4 Type and size of transaction

The details of transaction size calculation is as follows:

- Financial information

Unit: Million Baht	as of 30 September 2018		as of 31 December 2018	
	Financial Statement of SMM ⁽¹⁾	Estimate financial figures of SMMP ⁽²⁾	Unit: Million Baht	Financial Statement of SMM ⁽¹⁾
Total Assets	876.73	876.73	780.96	577.35
Intangible assets				
- Deferred Leasehold Rights - Net Deferred Tax Assets	2.61	2.61	2.46	2.46
	26.21	26.21	25.84	-
Total Liabilities	697.24	697.24	681.23	227.35

Unit: Million Baht	as of 30 September 2018		as of 31 December 2018	
	Financial Statement of SMM ⁽¹⁾	Estimate financial figures of SMMP ⁽²⁾	Unit: Million Baht	Financial Statement of SMM ⁽¹⁾
Non-controlling Interests	-	-	-	-
Net Tangible Assets (NTA)	150.67	150.67	71.43	347.54
Net Profit	(103.84)	(103.84)	(183.65)	(183.65)

Remark : (1) Referring from SMM financial statement for the 9-month period ended 30 September 2018, reviewed by Ms.Dornraanee Somkamnerd, Certified Public Accountant No.5007, AMT Associates Company Limited.

(2) Financial Statement of SMM Plus as of September 30, 2018, estimated value of transaction of the Investment Disposition Transaction by adjusted book value method as of September 30, 2018 is just a preliminary estimate.

(3) Referring from the Company's financial statement for the year ended 31 December 2018, audited by Ms.Dornraanee Somkamnerd, Certified Public Accountant No.5007, AMT Associates Company Limited.

(4) The Board of Directors' meeting No. 3/2019 has considered in SMM Plus to The Best Book Co., Ltd., which is not a connected person of the Company that the value of consideration is referred from the Adjusted Book Value which adjusted by the asset value (i.e., land, building). Therefore, the Company calculated the Net Tangible Assets (NTA) using financial information as of December 31, 2018 (Please considered In the next section)

- The calculation of acquisition transaction are as follows:

Criteria	Details of Calculation	As of September 30, 2018		As of December 31, 2018 ⁽⁴⁾	
		Calculation	Transaction Size (Percent)	Calculation	Transaction Size (Percent)
1 Net Tangible Assets (NTA)	$\frac{\text{NTA of SMMP} \times \text{Shareholding Proportion}}{\text{NTA of the SMM}}$	$\frac{150.67 \text{ Million Baht} \times 100}{150.67 \text{ Million Baht}}$	100.00	$\frac{347.54 \text{ Million Baht} \times 100}{71.43 \text{ Million Baht}}$	486.55
2 Net Operating Profit	$\frac{\text{Net Profit of SMMP} \times \text{Shareholding Proportion}}{\text{Net Profit of SMM}}$	Can't Calculate ⁽¹⁾		Can't Calculate ⁽¹⁾	
3 Total Value of Consideration	$\frac{\text{Value of Consideration} \times 100}{\text{Total Assets of SMM}}$	Can't Calculate ⁽²⁾		$\frac{349.04 \text{ Million Baht} \times 100}{780.96 \text{ Million Baht}}$	44.69
4 Value of shares issued for compensate	$\frac{\text{Number of SMM securities issued to compensate} \times 100}{\text{Number of SMM Issued and Paid-up Capital}}$	Can't Calculate ⁽³⁾		Can't Calculate ⁽³⁾	

Remark : (1) Can't calculate as SMM report net loss.

(2) Can't calculate as the consideration value equal to latest Adjusted Book Value before disposition date.

(3) Can't calculate as SMM don't issue shares to compensate

(4) The Board of Directors' meeting no. 3/2019 has a resolution to determine the value of investment disposal transaction based on the adjusted book value method and the value of the return will not be less than 349.04 million baht

2.1.5 Details of Disposition Assets

2.1.5.1 All shares of SMMP held by SMM, or equivalent to 99.97 percent of SMMP paid-up capital.

2.1.5.2 General Information of SMMP

SMM by transferring part of business consisting of books business, production of television and radio program, live tv broadcast rights trading, live satellite television, and other publishing businesses, but excluding non-marketable assets, to SMMP Which is a subsidiary of SMM which was established on January 9, 2019 with registered capital of 1 million baht and SMM holds 9,997 shares, representing 99.97 percent of the paid-up capital of SMMP. SMMP was established to transfer business from SMM and continue to operate from SMM, details as follows

1. Book Business

Production and distribution of various book e.g. pocket book, novel, and cartoon etc. In addition, the book is published by its own publisher e.g. Siaminter Book Publishing Siaminter Comic Publishing, Co-novel publishing, and Cartoonthai Studio Publishing etc. withbook, e.g. Chinese Martial Arts Novel and famous carton books such as One Piece, Black Cover, Shokugeki no Soma, Shounen Jump, and My Hero Academia etc.

2. Multimedia Business

Arrange and manage media program e.g. television, radio, and internet etc. At present, the main program are as follows:

- Sport Radio Station "FM96 Sport Radio"
- Sport Satellite TV "SMMTV: Sports Channel"
- Sport Online Media "SMMSPORT"

3. Selling Rights of Live TV Broadcasting and Sport Activities Management

Arrange and manage live program e.g. television and satellite etc. as well as activities management. At present, the main copyrights are as follows:

- Live broadcast and manage marketing activities of Asian Volleyball Competition held by Asian Volleyball Confederation 2016-2023

4. Rights to sell sponsor of competition in each year not less than 11 competitions per year

- List of shareholders of SMMP as at February 28, 2019

No.	Name - Surname	No. of share	% of Total Shares
1	Siam Inter Multimedia Public Company Limited	9,997	99.97
2	Mr.Vitton Niruntarai	1	0.01
3	Ms.Anchaleeporn Teerasin	1	0.01
4	Mrs. Thanyarat Sittanavithan	1	0.01
Total		10,000	100.00

- List of board of directors of SMMP as at February 28, 2019

No.	Name - Surname	Position
1	Mr.Vitton Niruntarai	Director
2	Ms.Anchaleeporn Teerasin	Director
3	Mrs. Thanyarat Sittanavithan	Director

2.1.5.3 The details of assets and liabilities that transferred to SMMP

The audited financial statements of SMM for the year ended December 31, 2018, certain assets and liabilities in the accounts that are attached to the SMM account and cannot be transferred to the subsidiary Which can show the details of assets and liabilities that can be transferred and not as follows

Description	As of December 31, 2018	Assets and liabilities that is not transferred to a subsidiary	Assets and liabilities transferred to a subsidiary ⁽¹⁾
Assets			
Cash and cash equivalent	10.00	-	(10.00)
Trade and other accounts receivable - Net	165.59	-	(165.59)
Inventories - Net	455.42	166.99 ⁽²⁾	(288.43)
Other current assets	1.12	-	(1.12)
Input tax and Suspense input Tax	0.85	0.85	-
Fixed deposit used as collateral	12.08	-	(12.08)
Investment properties	1.71	-	(1.71)
Property, plant and equipment - Net	81.02	-	(81.02)
Deferred copyrights - Net	9.11	-	(9.11)

Description	As of December 31, 2018	Assets and liabilities that is not transferred to a subsidiary	Assets and liabilities transferred to a subsidiary ⁽¹⁾
Deferred leasehold right - Net	2.46	-	(2.46)
Marginal deposit - Net	5.14	-	(5.14)
Withholding income tax - Net	9.91	9.91	-
Deferred tax assets	25.84	25.84 ⁽²⁾	-
Other non-current assets - Net	0.70	-	(0.70)
Deposit for electricity and telephone	0.01	0.01	-
Total assets	780.96	203.60	(577.35)
Liabilities			
Short-term and long-term loans from financial institutions and other company	449.87	449.87 ⁽³⁾	-
Account payable and other payable	213.94	-	(213.94)
Other current liabilities	4.00	4.00	-
Employee benefit obligation - Net	11.54	-	(11.54)
Other non-current liabilities	1.88	-	(1.88)
Total liabilities	681.23	453.87	(227.35)
Net book value of SMMP as of December 31, 2018			(350.0)

Remark ⁽¹⁾ SMMP is a subsidiary company

⁽²⁾ SMM and TAH2 and the restructuring plan of SMM is completed, The company will sell and write-off the remaining inventories and the whole amount of deferred tax assets.

⁽³⁾SMM will use proceed from offering of newly issued ordinary shares specific person at 450,000,000 Baht to repay the existing debt from financial institutional and other person and company at 449.87 Million Baht

Moreover, from negotiating the conditions for selling SMMP with TBB SMM, the Company will have some inventories remaining at the Company due to the Due Diligence process.

the loan of SMM as of December 31, 2018, the value is approximately 450 million baht. SMM will repay the loan immediately, After the Issuance and allocation of newly issued ordinary shares to Investors PP2 for the purposes of issuing ordinary shares and plans to use the money. However, SMM has outstanding loans increased. Loans in excess of 450 million baht will be transferred to the subsidiary for disposal.

However, the value of the items The above may change based on adjusted book value as at the most recent pre-disposition.

2.1.6 The value of the disposed assets and the criteria for determining the value of the consideration.

The Board of Directors Meeting No. 3/2019 resolved to approve the determination of the total consideration in which SMM shall receive from disposition of investment in SMMP shall be cash and/or cash equivalent that has value equal to latest Adjusted Book Value before disposition date. Initially, SMM expect that entire business transfer and receiving of consideration from disposition of such investment shall be completed by quarter 2 of 2019.

The total consideration is determined by mutually agree between the parties

Initially, SMM expects that the business transfer transaction and the total value of the consideration received from investment disposition transaction will be completed within June - July 2019

The value of the consideration for the investment disposition transaction of SMMP shares provided below

- 1 The value of consideration of the Investment Disposition Transaction is in the range between 349.04 – 396.31 million baht, such price range is referring from the estimation of Adjusted Book Value as of December 31, 2018 , which show the method of calculating the value of consideration of the investment disposition transaction are as follows.

Description	value
Net book value of SMM PLUS Co., Ltd. as of December 31, 2018	350.00 Million Baht
Plus the difference in the appraisal value of the property is higher than the book value	46.43 Million Baht
Adjusted book value of subsidiary company has sold as of December 31, 2018	396.43 Million Baht
Holding Percentage of SMM in subsidiary company has sold ⁽³⁾ (Percentage)	Percentage: 99.97
Estimate the value of the return of the investment disposal transaction according to the adjusted book value method	396.31 Million Baht

Remark : (1) The differences of appraised value higher than the Company's book value with reference to the appraisal report by Asian Engineering Valuation Company Limited, an appraiser approved by the

Office of the Securities and Exchange Commission ("SEC") . The report was prepared on January 21 and 23, 2019 details as follows;

Details of the property appraisal	Appraisal Value (Million Baht)
Land and Head office building of SMM	91.23
Land and 2 storey commercial building at Pom Prap Sattru Phai, Bangkok	13.50
Total of property appraisal	104.73

Therefore, the adjusted book value of SMM Plus at disposition date may significantly change from the value as of December 31, 2018 due to the allowance for declining value of inventory. The Company (Board of Directors of SMM) assumes that the allowance for declining value of inventory is approximately equals to 47.27 Million Baht which refer to the allowance for the year 2018. Board of Directors of SMM assumes that the value of consideration of the Investment Disposition Transaction is in the range between 349.04 – 396.31 million baht with details of calculation as follows; (For estimating the fair value of SMMP, IFA will be discussed in the next section)

Description	value
1. <u>the highest value</u> of transactions Disposal of investment	
Estimate the value of the return of the investment disposal transaction According to the adjusted book value method as of December 31, 2018	396.31 Million Baht
2. <u>the lowest value</u> of transactions Disposal of investment	
Estimate the value of the return of the investment disposal transaction According to the adjusted book value method as of December 31, 2018	396.31 Million Baht
<u>Deduct</u> - Allowance for declining in value of inventories for the year 2018	(47.27) Million Baht
<u>the lowest value</u> of transactions Disposal of investment	349.04 Million Baht

Remark : References to the Audited Financial Statement of SMM for the year ended December 31, 2018

- 2 The value of consideration of the Investment Disposition Transaction shall not lower than Adjusted Book Value as of the investment disposition date

- 3 In case the Adjusted Book Value as of the investment disposition date is lower than the value of consideration of price range as specified in (1), the Parties agree to make a payment of the lowest of value of consideration of the Investment Disposition which is equal to 349.04 million baht

2.1.7 Expected Benefit to SMM

The disposition of total shares of t SMMP held by SMM to TBB Which is expected to be sold within June - July 2019 is equal to latest adjusted book value before disposition date which is expected to benefit SMM as the proceed shall be used for business expansion and working capital in future.

2.1.8 Use of Proceed Plan

SMM plan to use the proceed from disposition investment in SMMP to expand business and reserve as working capital. Furthermore, SMM may consider using portion of proceed from disposition of investment in SMMP to repay long term loan from financial institution in order to increase SMM liquidity

2.1.9 The Board of Directors' Opinion Regarding the Transaction

SMM board of directors No.5/2018 held on 21 December 2018 opined that the disposition of investment in SMMP is reasonableness and bring benefit to SMM and shareholders of SMM because it will help increase liquidity in business operations And in terms of conditions for entering into the transaction and the method of determining the value of the return for the disposal of investment Which will help increase liquidity in business operations And is funding to support the business expansion of SMM in the future Furthermore, it shall decrease debt burden As such, the board of director resolved to propose to the shareholder meetings to consider approving deposition of investment in SMMP to TBB. Because TBB has long experience in business operations and is a partner with SMM And also have funding sources from trade partners and may consider borrowing money from additional financial institutions By considering the use of assets such as land, buildings and equipment to be obtained from this transaction as collateral for loan agreements.

2.2 Summary information of The Best Book Company Limited ("TBB")

Details appear in the attachment 2 Information of The Best Book Company Limited ("TBB")

2.3 Reasonableness of the Asset Acquisition Transaction

2.3.1 Objective and Necessity of the Transaction

Currently, SMM is operating book publishing business which previously was core business of SMM. Due to deteriorated book publishing business and non-sustainable income generation from multimedia business and TV broadcast and satellite program licensing, SMM generated decreasing

revenue and encounter continuous loss, decreasing and possibly negative shareholders' equity, which shall affect its listing qualification in the future.

Given that SMM sustain operating loss, its management has continuously tried to solve the setback and resolve to change its business to electrical cable distribution by accept the business transfer from TAH2 as mentioned earlier in Part 1 of this report. As SMM is able to operate new business with stronger potential, management then wishes to sell non-performing business in order to completely restructure SMM's business. SMM will transfer some part of businesses consisting of book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses of any form, but excluding non-marketable assets to SMMP. SMM shall subsequently sell its 99.97% holding in SMMP to TBB at the latest book value adjusted by appraised value of land and buildings. All assets and liabilities relating to the operation of book publishing business, multimedia business, TV broadcast and satellite program licensing business, and other businesses, shall be transferred to SMMP for future except the following items which shall not be transferred to SMMP and remain at SMM.

1. Deferred tax asset, tax payable, and withholding tax which are legally non-transferable.
2. All inventories shall be transfer except some books.
3. Loans since they will be repaid by proceeds received from Investor PP2.

According to audited financial statements of SMM for the year ended December 31, 2018, assets and liabilities to be transferred to SMMP are as follow:

Unit: Baht million

Description	SMM's Financial Statement as of December 31, 2018	Transfer of Assets and Liabilities to SMMP	
		Remaining at SMM	SMMP
Assets			
Cash and cash equivalents	10.00	-	10.00
Account receivables and other receivables - net	165.59	-	165.59
Inventories - net	455.42	166.99	288.43
Other current assets			
Input tax	0.00	0.00	-
Undue input tax	0.85	0.85	-
Others	1.12	-	1.12
Total current assets	632.98	167.84	465.14
Fixed deposit used as collateral	12.08	-	12.08
Investment in subsidiaries	-	350.00	-

Description	SMM's Financial Statement as of December 31, 2018	Transfer of Assets and Liabilities to	
		SMMP	
		Remaining at SMM	SMMP
Investment properties	1.71	-	1.71
PP&E - net	81.02	-	81.02
Deferred copyrights - net	9.11	-	9.11
Deferred leasehold right - net	2.46	-	2.46
Deposit - net	5.14	-	5.14
Withholding income tax	9.91	9.91	-
Deferred tax assets	25.84	25.84	-
Other non-current assets			
Deposit - electricity	0.00	0.00	-
Deposit - telephone	0.01	0.01	-
Others	0.70	-	0.70
Total non-current assets	147.98	385.76	112.22
Total assets	780.96	553.60	577.35
Liabilities			
Bank overdraft and short-term loans from financial institutions	179.77	179.77	-
Trade and other accounts payable	213.94	-	213.94
Short-term loans from other persons and company	26.00	26.00	-
Current portion of long-term loans	18.10	18.10	-
Other current liabilities	4.00	4.00	-
Total current liabilities	441.81	227.87	213.94
Long-term loans from other companies	7.00	7.00	-
Long-term loans from financial institution - net	219.00	219.00	-
Employee benefit obligations - net	11.54	-	11.54
Other non-current liabilities	1.88	-	1.88
Total non-current liabilities	239.42	226.00	13.42
Total liabilities	681.23	453.87	227.35
Total shareholders' equity	99.73	99.73	350.00

Remark: Some inventories shall be remained at SMM which are books, of which its value depends on quality prior to the disposition date. SMM shall dispose all remaining inventories and all deferred tax assets shall be written off.

Summary of assets and liabilities to be transferred from SMM and sold to TBB is as follow:

Item	Value of SMM'P's Assets and Liabilities (items to be sold to TBB) (Baht million)	Description (Please refer to details of each accounting item in Clause 1.4.1. SMM Share Valuation, Adjusted Book Value Approach)
Assets		
Cash and cash equivalents	10.00	
Account receivables and other receivables – net	165.59	Account receivables of every business of SMM. Account receivables of book publishing business account for the highest proportion.
Inventories – net	288.43	Most inventories are books.
Other current assets	1.12	
Fixed deposit used as collateral	12.08	
Investment properties	1.71	Office building that SMM currently rents to other tenants.
PP&E – net	81.02	Land and headquarter building and commercial buildings.
Deferred copyrights – net	9.11	Prepaid copyrights of books that SMM purchased and waiting for publishing (limit maximum number of books to be published). If SMM would like to publish book at the numbers exceeding the contracted amount, SMM is required to pay additional fee to the owner of copyrights. SMM has no total ownership of any book that allow SMM to publish any amount of books without additional payment.
Deferred leasehold right – net	2.46	Leasehold rights of 2 areas.
Deposit – net	5.14	Deposit that SMM paid to a printing company for its service.
Other non-current assets	0.70	
Total assets	577.35	
Liabilities		
Trade and other accounts payable	213.94	Trade receivables of book publishing business, including payable of additional copyright payment and payable on broadcasting and sport activities management.

Item	Value of SMM'P's Assets and Liabilities (items to be sold to TBB) (Baht million)	Description (Please refer to details of each accounting item in Clause 1.4.1. SMM Share Valuation, Adjusted Book Value Approach)
Employee benefit obligations – net	11.54	Employee benefit obligations which shall be transferred to TBB along with the transfer of personnel.
Other non-current liabilities	1.88	
Total liabilities	227.35	
Total shareholders' equity	350.00	

Remark: Price of disposed assets shall be re-calculated at the end of accounting period prior to the Transaction Date and adjusted by value of land and building as mentioned earlier. Thus, figures shown in above table are value as at December 31, 2018. Actual price may differ from such figures.

SMM has set the criteria on the disposition of SMMP shares that it shall sell at price not lower than the latest book value adjusted by appraised value of assets. SMM has calculated the considerations of assets based on its latest financial statement for the year 2018 at Baht 349.04 – 396.31 million. In case that the value according to the Adjusted Book Value Approach is lower than Baht 349.04 – 396.31 million, the parties agree to pay at the minimum amount of considerations which is at Baht 349.04 million.

Shareholders can review details of nature of each business group of SMM which will be transferred to SMMP in Attachment 1 Re: Information on Siam Inter Multimedia Public Company Limited and assets used in business operation.

Presently, TBB still operates book publishing business for SMM with no other relationship than business partners. As agenda to consider and approve asset disposition and agenda to consider and approve the business transfer from TAH2 are crossly related. In an event that shareholders do not approve any of the agenda, it is deemed that shareholders do not approve the asset disposition and the business transfer from TAH2. After the shareholders' meeting approves the asset disposition and other related agenda, SMM shall transfer assets and consequently dispose its assets to TBB after the SET approves the relisting application in order for SMM to have core business operation at all time.

After SMM transfers business to SMMP and divests SMMP shares, SMM shall become a holding company investing in PDITL and PDTL Trading, who operate electrical cable manufacturing and distribution business as described at the beginning of this report. SMM shall receive dividend income from such companies.

The IFA is of the opinion that management or the Board of Directors of SMM should closely monitor the list of assets or liabilities to be transferred to SMMP. All transferable liabilities should be carefully monitored in order to completely transfer to SMMP so that no burden is left at SMM after most of the assets are transferred to SMMP. In addition, since the Share Sale and Purchase Agreement is not presently signed, if no such agreement is made in the future, SMM may be unable to sell assets and liabilities. However, TAH2 Shareholders has policy not to operate any business related to current business of SMM and shall find other purchasers of such assets and liabilities.

2.3.2 Comparison of advantages and disadvantages of the entering into Transaction and not entering into Transaction

Advantages of Entering into the Transaction

- Disposition of non-performing assets.

SMM's operation is currently facing deteriorating revenue generation problem and continuous net loss, leading to declining shareholders' equity. If SMM still generate loss, its shareholders' equity may become negative and eventually affect its listing qualification. Therefore, the disposition of assets should cease the loss recognition at a level not exceeding the current one.

- An opportunity to enter into new business with decent potential.

The disposition of existing businesses with diminishing trend provides an opportunity for SMM to enter into electrical cable business which has robust growth, leading to revenue, net profit, and dividend income for shareholders of SMM as described in Clause 1.3 Reasonableness of the Asset Acquisition Transaction, Connected Transaction, and Private Placement of Shares.

- Proceeds from asset disposition shall be used to repay debts and as working capital for electrical cable business.

TAH2 currently has loans from financial institutions of Baht 3,500 million. Proceeds from asset disposition shall be used to repay a portion of such loans, resulting in improving operating performance. Moreover, the operation of electrical cable business requires working capital for the purchase of raw materials and services related to the production of electrical cables, as well as the reserve for various large projects. SMM can use cash received from the disposition of current businesses as working capital without having to borrow from financial institutions which incur interest expenses.

- Profit from asset disposition

Assets shall be disposed at book value except for land and buildings which will be sold at adjusted book value based on appraised value determined by the asset appraiser. Such

appraised value should be higher than book value at a certain amount depending of timing of the disposition, thus, SMM shall be able to record profit in its financial statements.

Disadvantages of Entering into the Transaction

- TBB does not acquire all inventories, therefore, SMM still has burden to sell the remaining inventories. After SMM sells assets and liabilities to TBB, SMM may have inadequate personnel or distribution channel to sell the products. If SMM needs to quickly dispose such inventories, it may have to offer products at deep discount from market price and incur loss from sales.

Advantage of Not Entering into the Transaction

- No burden to sell inventories.

Disadvantages of Not Entering into the Transaction

- SMM loses opportunity to invest in new business that can generate revenue and net profit which help improve its overall operating performance and eventually realize net profit in the future.
- SMM shall not consistently realize loss from operation of the current businesses, which may result in negative shareholders' equity and affect its listing qualifications.

Risks of Entering into the Transaction

- TBB's capability in asset acquisition.

TBB, as an acquirer of assets from SMM, has financial position and operating performance at a doubtful level of its ability to purchase the assets. As at the end of 2017, TBB had registered capital of Baht 5 million and very few amount of cash at bank. In case that TBB is unable to find source of fund for asset acquisition, SMM then has to find new potential investor and starts negotiation of price and condition over again.

From an interview with TBB's management, TBB informed that source of fund for asset acquisition shall be from loans from financial institution in which it has preliminary asked for credit line as well as business allies who shall provide financial support. TBB management expects that TBB shall be able to enter into the asset acquisition transaction as scheduled.

SMM has set a clear policy that if the shareholders' meeting approves the Transaction but TBB is unable to acquire the assets, SMM shall seek for new investors until it can sell such assets. TAH2 Shareholders (who shall be appointed as SMM's directors after the transfer of business from TAH2) has obviously stated that SMM has no policy to continue its current business. If SMM is unable to sell such assets after business restructuring and business transfer,

such assets shall be recorded as assets available for sale in its financial statements in accordance with the accounting standard.

The IFA has reviewed effect of the situation when TBB is incapable of asset acquisition and inventories still remain at SMM (waiting for new investors) after the transfer of business from TAH2 completes. In such case, SMM may incur burden of continuous loss of current business operation which will affect total net profit (net profit of SMM's current businesses and profit of TAH2's electrical cable business). In an event that there is an enormous loss from current businesses, total net profit of the Company may not meet listing qualification criteria of the SET. However, considering pro forma financial statements (please refer to details in Attachment 9) which consolidate loss of SMM and operating performance of TAH2's electrical cable business, SMM still generates net profit for 2018 of Baht 309.48 million. (Profit of 2018 only. It is expected that profit shall be higher than Baht 309.48 million if include profit of 2017 since TAH2 recorded profit in its consolidated financial statements of 2018 at the amount of Baht 387.49 million which is higher than net loss of SMM at Baht (78.75) million.) With Baht 309.48 million profit, SMM still meets listing qualification which stated that the company must have aggregate net profit during the latest 2 years prior to the filing of an application of not less than Baht 50 million, provided that net profit in the latest year prior to the filing of an application must not less than Baht 30 million. Therefore, recognition of loss from current business operation is expected to have relatively low impact on the consideration of listing application of the SET.

2.4 Appropriateness of Value of SMMP Shares Disposition

SMM shall conduct business restructuring, by which all assets and liabilities shall be transferred to SMMP except some items such as deferred tax asset, tax payable, some book inventories, and loans. Subsequently, SMM shall sell 99.97% of shares in SMMP to TBB.

As SMM shall enter into the Transaction after the shareholders' meeting approves the Transaction and shall refer to list of items and latest book value adjusted by appraised value of land and buildings and book inventories as a basis to determine selling price (details as shown in Clause 2.3.1), the IFA has evaluated share value of SMMP based on various approaches as follow:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Value Approach
4. Market Comparable Approach
5. Discounted Cash Flow Approach

1. Book Value Approach

This approach determines value assets subtracted by liabilities as presented in the audited financial statements on a specific date, prepared by the auditor who is on an approved list of the SEC. This valuation approach consider financial position at a certain period of time and value of assets and liabilities as stated in the financial statements. After SMM transfers some portion of assets and liabilities to SMMP, SMM's assets and liabilities shall be as follow:

Description	SMM's Financial Statement as of December 31, 2018	Transfer of Assets and Liabilities to SMMP	
		Remaining at SMM	SMMP's Financial Statements after the Transfer of Assets and Liabilities
Assets			
Cash and cash equivalents	10.00	-	10.00
Account receivables and other receivables - net	165.59	-	165.59
Inventories - net	455.42	166.99	288.43
Other current assets			
Input tax	0.00	0.00	-
Undue input tax	0.85	0.85	-
Others	1.12	-	1.12
Total current assets	632.98	167.84	465.14
Fixed deposit used as collateral	12.08	-	12.08
Investment in subsidiaries	-	350.00	-
Investment properties	1.71	-	1.71
PP&E - net	81.02	-	81.02
Deferred copyrights - net	9.11	-	9.11
Deferred leasehold right - net	2.46	-	2.46
Deposit - net	5.14	-	5.14
Withholding income tax	9.91	9.91	-
Deferred tax assets	25.84	25.84	-
Other non-current assets			
Deposit - electricity	0.00	0.00	-
Deposit - telephone	0.01	0.01	-
Others	0.70	-	0.70
Total non-current assets	147.98	385.76	112.22
Total assets	780.96	553.60	577.35
Liabilities			

Description	SMM's Financial Statement as of December 31, 2018	Transfer of Assets and Liabilities to SMMP	
		Remaining at SMM	SMMP's Financial Statements after the Transfer of Assets and Liabilities
Bank overdraft and short-term loans from financial institutions	179.77	179.77	-
Trade and other accounts payable	213.94	-	213.94
Short-term loans from other persons and company	26.00	26.00	-
Current portion of long-term loans	18.10	18.10	-
Other current liabilities	4.00	4.00	-
Total current liabilities	441.81	227.87	213.94
Long-term loans from other companies	7.00	7.00	-
Long-term loans from financial institution - net	219.00	219.00	-
Employee benefit obligations - net	11.54	-	11.54
Other non-current liabilities	1.88	-	1.88
Total non-current liabilities	239.42	226.00	13.42
Total Liabilities	681.23	453.87	227.35

Book value of SMMP shares equals to total assets minus total liabilities which is equivalent to Baht 350 million. Considering that SMM holds 99.97% of SMMP shares, book value of SMMP shares to be disposed equal to Baht 349.90 million.

However, the Book Value Approach does not take declining operating of SMM into consideration. Therefore, the IFA believes that the Book Value Approach is not an appropriate valuation method in this case.

2. Adjusted Book Value Approach

This share valuation method is derived by subtracting total assets with total liabilities as stated in SMMP's financial statements after the business transfer and then adjusted by adjustment items of assets and liabilities to reflect market prices as follow:

Description	SMMP's Financial Statements after the Transfer of Assets and Liabilities	Adjustment of Land and Buildings according to Asset Appraisal	Value of SMMP's Assets and Liabilities after Adjustments
Assets			

Description	SMMP's Financial Statements after the Transfer of Assets and Liabilities	Adjustment of Land and Buildings according to Asset Appraisal	Value of SMMP's Assets and Liabilities after Adjustments
Cash and cash equivalents	10.00		10.00
Account receivables and other receivables - net	165.59		165.59
Inventories - net	288.43		288.43
Other current assets			
Input tax	-		-
Undue input tax	-		-
Others	1.12		1.12
Total current assets	465.14		465.14
Fixed deposit used as collateral	12.08		12.08
Investment in subsidiaries	-		-
Investment properties	1.71	-	1.71
PP&E - net	81.02	46.43 ¹	127.45
Deferred copyrights - net	9.11		9.11
Deferred leasehold right - net	2.46		2.46
Deposit - net	5.14		5.14
Withholding income tax	-		-
Deferred tax assets	-		-
Other non-current assets			
Deposit - electricity	-		-
Deposit - telephone	-		-
Others	0.70		0.70
Total non-current assets	112.22	46.43	158.65
Total assets	577.35	46.43	623.78
Liabilities			
Bank overdraft and short-term loans from financial institutions	-		-
Trade and other accounts payable	213.94		213.94
Short-term loans from other persons and company	-		-
Current portion of long-term loans	-		-
Other current liabilities	-		-
Total current liabilities	213.94		213.94
Long-term loans from other companies	-		-

Description	SMMP's Financial Statements after the Transfer of Assets and Liabilities	Adjustment of Land and Buildings according to Asset Appraisal	Value of SMMP's Assets and Liabilities after Adjustments
Long-term loans from financial institution - net	-		-
Employee benefit obligations - net	11.54		11.54
Other non-current liabilities	1.88		1.88
Total non-current liabilities	13.42		13.42
Total Liabilities	227.35		227.35

Remark: ¹Same group of assets to be transferred from SMM to SMMP, thus, the similar asset appraisal criteria as shown in Clause 1.4.1, No. 2 Adjusted Book Value Approach is applied.

The IFA views that accounting item that should be adjusted to reflect market value of land and buildings since other items shown in the financial statements has already adjusted with relevant allowances according to the accounting standard (details as shown in Clause 1.4.1 SMM Share Valuation under No. 2 Adjusted Book Value Approach).

Unit: Baht million

Total assets after adjustment	623.78
Total liabilities after adjustment	227.35
Total assets after adjustment - Total liabilities after adjustment	396.43
SMMP's shareholders' equity based on the Adjusted Book Value Approach	396.43

Though this valuation approach does not reflect SMM's future performance which is expected to generate continuous loss, it reflect current value of assets and liabilities which is considered the best approach to value SMMP's shares and is the most beneficial to SMM's shareholders. Thus, the IFA is of an opinion that the Adjusted Book Value Approach is the most appropriate method to evaluate share value in this case. The IFA also further analyzes additional information in order to match timing of asset disposition which is expected to complete in June – July 2019 and criteria of price setting in which SMM determines that the price shall not lower than the Adjusted Book Value as at the disposition date.

The appropriate value as at the disposition date under the Adjusted Book Value Approach may change from Baht 396.43 million since book value of SMMP may decrease according to its declining business. The IFA, then, estimated the decreasing in book value based on historical estimated operating performance and value prepared by the IFA (details as shown in Clause 1.4.1 SMM Share Valuation under No. 5 Discounted Cash Flow Approach) and assumed that SMMP shares can be disposed within June – July 2019.

Unit: Baht million	Scenario 1	Scenario 2
	Apply 3-year Historical Average Loss of SMM (2016 – 2018) as net loss of 2019	Apply Loss of 2019 Estimated by the IFA
SMM's net loss	(140.32)	(128.71)
Net loss of the first 6 months	(70.16)	(64.36)
SMMP's shareholders' equity based on the Adjusted Book Value Approach	396.43	396.43
SMMP's shareholders' equity based on the Adjusted Book Value Approach after adjustment with operating loss	326.27	332.07
SMM's shareholding in SMMP (%)	99.97	99.97
Value of SMMP shares held by SMM	326.17	331.97

Value of SMMP shares held by SMM based on the Adjusted Book Value Approach is equal to Baht 326.17 – 331.97 million.

3. Market Value Approach

This valuation approach evaluates fair value of shares by taking into consideration the trading price and volume in the SET. Trading price of SMMP shares is equivalent to trading price of SMM shares as SMMP shall receive most of SMM's assets and liabilities. Shareholders can review details of share valuation under this approach in the IFA's report under Clause 1.4.1 SMM Share Valuation, Item 3 Market Price Approach. However, since historical average trading volume is relatively low and trading price of SMM shares was at Baht 1.06 – 1.20 per share, the IFA is of an opinion that this approach may not reflect value of SMM and is not appropriate to evaluate fair value of SMM shares.

4. Market Comparable Approach

4.1 Price to Book Value Approach

The Price to Book Value Ratio Approach evaluates the share value of SMMP by multiplying its book value after the transfer of assets and liabilities which is equal to Baht 350 million with an average price to book value ("P/BV") ratio of the comparable listed companies in Media & Publishing Sector, Services Industry, that operate similar book publishing and media business as SMM and have 180-business day historical price information. Details and selection of comparable companies for this approach is as shown in Clause 1.4.1 SMM Share Valuation under Market Comparable Approach.

The valuation under this approach is as follow:

SMMP's shareholders' equity = average P/BV Ratio of 6 comparable companies x SMMP's book value of shareholders' equity

No.	Company	Average Historical P/BV Ratio since December 21, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	SE-ED	1.03	1.02	1	1	1	1.05
2	AMARIN	1.24	1.21	1.21	1.23	1.24	1.29
3	MATI	0.64	0.65	0.69	0.72	0.76	0.81
4	SPORT	9.77	10.74	14.68	19.28	23.39	28.87
5	NINE	2.44	2.19	2.06	2.05	1.82	1.55
6	POST	3.24	3.54	4.13	4.31	4.4	4.43
7	SMM	1.62	1.45	1.29	1.03	0.97	1.03
Average P/BV Ratio		3.06	3.23	3.96	4.77	5.44	6.33
SMMP's book value of shareholders' equity after the transfer of assets and liabilities (Baht million)		350	350	350	350	350	350
Shareholders' equity value based on P/BV Approach (Baht million)		1,071.00	1,130.50	1,386.00	1,669.50	1,904.00	2,215.50
SMM's shareholding in SMMP (%)		99.97	99.97	99.97	99.97	99.97	99.97
Value of SMMP shares held by SMM (Baht million)		1,070.68	1,130.16	1,385.58	1,669.00	1,903.43	2,214.84

Remark: Information from SETSMART.

According to the P/BV Ratio Approach, SMMP share value is equal to Baht 1,070.68 – 2,214.84 million.

This valuation approach is the method that use market price to compare with book value. However, it does not reflect future performance of SMMP. If the comparable companies generate consistent profit, such companies should not be used as basis to compare with SMMP that incur continuous loss. Thus, the IFA is of an opinion that the P/BV Ratio Approach is inappropriate to evaluate fair value in this case.

4.2 Price to Earnings Ratio Approach \

The Price to Earnings Ratio Approach takes into account the past financial performance of the business. However, operating performance of SMMP is the operating performance of SMM which generated continuous loss. Thus, valuation under this method is not applicable.

5. Discounted of Free Cash Flow Approach

The Discounted Cash Flow Approach evaluates fair value of the business by taking into consideration the capability of the business in generating cash flows in the future.

The projection of SMMP's future performance is similar to that of SMM as SMMP shall receive the transfer of most of SMM's assets and liabilities. Details of the projection on future performance under the Discounted of Free Cash Flow Approach is as shown in Clause 1.4.1 SMM Share Valuation under No. 5 Discounted Cash Flow Approach. The projection calculated that SMMP may generate negative operating performance, therefore, the IFA is unable to evaluate SMMP value under this method.

2.5 Summary of Opinion of the IFA regarding Fair Value of SMMP

The IFA has applied several valuation approach as summarized in the following table:

Summary of valuation of SMMP shares held by SMM

Valuation Approach	SMMP Share Value (Baht million)	IFA's Opinion
1. Book Value Approach	349.90	Inappropriate
2. Adjusted Book Approach	326.17 – 331.97	Appropriate
3. Market Value Approach	Not applicable	Not applicable
4. Market Comparable Approach		
4.1. Price to Book Value Ratio Approach	1,070.68 – 2,214.84	Inappropriate
4.2. Price to Earnings Ratio Approach	Not applicable	
5. Discounted Cash Flow Approach	Not applicable due to negative cash flow	Inappropriate

The IFA has an opinion regarding valuation under each approach as follow:

The Book Value Approach is not appropriate because it does not take into account current value of several items as value of some assets, liabilities, and shareholders' equity do not reflect current value which may increase or decrease. Besides, it does not consider operating capability and future profitability.

The Adjusted Book Value Approach is appropriate as the IFA has adjusted value of assets and liabilities based on the asset appraisal report so that it better reflect current value than the Book Value Approach. Though it cannot represent value that reflect SMMP's declining business trend, but it can represent current value of assets and liabilities which is the most appropriate valuation approach for SMMP shares. Therefore, the IFA views that the Adjusted Book Value Approach is an appropriate valuation method for SMMP shares, yielding value of SMMP shares held by SMM of Baht 326.17 – 331.97 million.

Historical Market Price Approach [The Market Value Approach?] evaluates fair value of shares by taking into consideration the historical trading price of share in the SET. Trading price of SMMP is equivalent

to trading price of SMM shares. However, IFA views that historical average trading volume of SMM is relatively low, trading price of SMM shares, therefore, may not reflect fair value of SMM. The IFA is of an opinion that this approach is not appropriate to evaluate fair value of SMM shares.

The Price to Book Value Ratio Approach is not appropriate because it does not reflect future performance of SMMP. If the comparable companies generate consistent profit, such companies should not be used as basis to compare with SMMP that incur continuous loss. Thus, the IFA is of an opinion that the P/BV Ratio Approach is inappropriate to evaluate fair value of shares in this case.

The Price to Earnings Ratio Approach is not appropriate as most investors pay attention to long-term operating performance and/or future performance and/or growth of each comparable company. In this case, historical performance of SMMP is that of SMM which incur continuous loss, thus, valuation under this method is not applicable.

The Discounted Cash Flow Approach is not appropriate though it takes into consideration the capability of the business in generating future revenue and profit. However, it is expected that SMMP may generate negative cash flow during the valuation period as it is the cash flow of SMM, therefore, valuation under this method is not applicable.

The IFA has evaluated the fair value of SMMP shares held by SMM at Baht 326.17 – 331.97 million.

2.6 Summary of the IFA's Opinion regarding the Disposition of Investment in SMM Plus Company Limited

Given that SMM sustain operating loss, its management has continuously tried find solution for the setback and resolve to change its business to electrical cable distribution by accept the business transfer from TAH2 as mentioned earlier. As SMM is able to operate new business with promising potential, management then wishes to sell non-performing businesses in order to completely restructure SMM's business. SMM shall transfer some part of business consisting of book publishing, production of TV and radio programs, TV broadcast and satellite program licensing, and printing and other businesses of any form, but excluding non-marketable assets to SMMP. SMM shall then sell its 99.97% investment in SMMP to TBB. All assets and liabilities shall be transferred to SMMP except some items as described in Clause 2.3 The Reasonableness of the Asset Disposition Transaction of this report. .

Presently, TBB still operates book publishing business for SMM with no other relationship than business partners.

Entering into Asset Disposition Transaction benefits SMM in several ways as it is the disposition of non-performing assets with negative outlook in order to stop expected losses. It also provides opportunity to participate in electrical cable manufacturing which has promising growth and profit potential. SMM shall receive cash as considerations for disposition of investment which can be used as working capital for its new business. Moreover, SMM can record profit from sale of investment in financial statements. Despite such benefits, SMM will face disadvantage due to the fact that TBB does not acquire all inventory so SMM incur burden to sell such amount at possibly deep discount. After SMM disposes assets and liabilities to SMM, however, it may not have sufficient personnel or distribution channel as previously owned. As a result, to quickly sell the remaining products, SMM may have to do so at deep discount from market price. IFA also views that there is a risk relating to TBB's capability to acquire assets as TBB has financial position and operating performance at a doubtful level. In case that TBB is unable to find source of fund for asset acquisition, SMM then has to find new potential investor and starts negotiation of price and condition over again.

In case that shareholders do not approve the disposition of asset, the aforementioned disadvantage shall not be incurred. However, SMM shall lose opportunity to invest in new business that has potential to generate revenue and profits which help turn overall operating performance of SMM to net profit. SMM also has to continuously realize operating loss from current business and eventually leads to negative equity value and affect its listing qualification. The decision whether to approve this Transaction relates to the risk on capability of TBB in the acquisition of assets which may lead to the delay in SMM's business restructuring process.

SMM shall divest its investment in 99.97% of SMMP at the Adjusted Book Value, of which book value based on latest financial statements prior to the disposition shall be adjusted by appraised value of assets. SMM estimated that value of disposition shall be Baht 349.04 – 396.31 million. The IFA has evaluated value of 99.97% of SMMP shares at Baht 326.17 – 331.97 million, lower than the value of estimated selling price. Thus, disposition value of SMMP shares is considered appropriate.

The IFA, therefore, views that the Transaction is reasonable and the price is appropriate. Shareholders of SMM should approve such Asset Disposition Transaction as it is the disposition of assets that tend to generate continuous loss which consistently incurred during 2016 - 2018. Such disposition shall help stop the loss recognition that affect SMM's financial statements as well as provides an opportunity for SMM to enter into new business with better potential. Proceeds from the disposition of SMMP shall be used to repay debt and used as working capital for electrical cable business. Besides, the offering price of SMMP is higher than fair value of shares determined by the IFA. However, decision whether to approve the Transaction or not rests primarily on and is the sole discretion of the shareholders. Shareholders can consider information from other documents provided by SMM and IFA's report

Yours sincerely

Advance Capital Services Company Limited

Navaporn Kiatkhajornvong

(Mr. Navaporn Kiatkhajornvong)

The Operational Control

in line Financial Advisors

Yupadee Ratanasrisompoth

(Ms. Yupadee Ratanasrisompoth)

Managing Director

Appendix

1 Information of Siam Inter Multimedia Public Company Limited (“SMM”)

1.1 General information

Head office	:	459 Soi Ladprao 48, Ladprao Road, Samsen Nok, Huai Khwang, Bangkok 10310
Registration no.	:	0107546000466
Registered capital	:	403,968,555 baht
Paid-up capital	:	323,174,844 baht
Telephone	:	0-2694-3010
Fax	:	0-2694-3030
Website	:	www.smm.co.th

1.2 Nature of business

1. Publishing and distribution of comic books, pocket books, martial arts novels and other magazines.
2. Production of “Sports Radio” program, a 24-hour sports and entertainment radio program broadcasting on FM 96 MHz and on smmsport.com website.
3. Production of satellite television program “SMMTV”, a 24-hour sports television station broadcasting via C-Band (black) system satellite dish, frequency 3545 , symbol rate V30000; and satellite receiver boxes such as PSI, IPM, SAMART, DYNASAT, INFOSAT, QSAT, IDEA SAT, LEOTECH, True Vision, SUNBOX, GMM Z, including nationwide TV cables and online at www.smmtv.com
4. Production of smmsport.com website and SMM SPORT LIVE application
5. Retail stores under the name “SMM Book Friend” selling books from all publishers and wholesale store under the name “Siam Inter”
6. Production of print media by orders

1.3 Business overview

Siam Inter Multimedia Public Company Limited started its business in 1990 by being a publisher and distributor of comic books with license from Japan that has been popular with readers up until today. SMM is one of the top publishers and distributors of comic books with license from Japan. Subsequently, SMM expanded its business to publish and distribute Chinese novels, martial arts novels and pocket books with license from foreign countries such as England, America, Germany, Japan, Korea and China. Additionally, the Company expanded its business to publish and distribute comic books with license from America, China and Korea. SMM’s publications have been well-known and popular among readers. Nowadays, the Company expanded its business further to e-book business.

After the success in publication business, SMM has expanded into multimedia business. In 2002, SMM began producing a 24-hour sports and entertainment radio program under the same “Sports Radio”. Currently, the program is being broadcasted on FM 96 MHz and on www.smm sport.com. Nowadays, “Sports Radio” has become popular and more well-known among sports lovers.

In 2010, SMM has expanded into the production of satellite television program under the name “SMMTV” – a sports news station “Roo Luek, Roo Jing, Roo Took Sing Keela Lok” offering varieties of sports programs for 24 hours. Nowadays, SMMTV programs can be viewed via C-Band system satellite dish (black), frequency 3545, symbol rate V30000 including nationwide TV cables, www.smm sport.com and phone applications with iOS and Android operating systems.

Moreover, in 2010, SMM has expanded into new media business which provides sports and entertainment news and information in digital content on the website such as www.thaileagueonline.com which reports all news and movements of every Thai football league. Subsequently, SMM launches www.smm sport.com to cover content about sports from all over the world. Additionally, SMM also provides sports and astrology information through 1900 system.

Since SMM has various types of media, SMM has operated the business of selling advertisements for prints and multimedia including radio, television, satellite and various online media including organizing events.

In 2015, SMM has started business of selling rights to live broadcast and manage sports marketing activities. SMM has been entrusted by Asian Volleyball Confederation (AVC) to be the licensee of live broadcasts worldwide and have the rights to manage marketing benefits across Asia for all volleyball matches under AVC, both men’s and women’s matches, indoor and beach matches from the year 2016 – 2019 totaling 4 years.

SMM important progress and development in the past can be summarized below.

Year	Key Event
1990	Siam Comics Company Limited is established.
1993	Change the name from Siam Comics Company Limited to Siam Inter Comics Company Limited.
2002	Started production business and operation of a 24-hour sports radio station “Sports Radio”
2003	The Company increased the registered capital from 150,000,000 baht to 170,000,000 baht, changed its name from Siam Inter Comics Company Limited to Siam Inter Multimedia Company Limited, and changed status form Company Limited to Public Company Limited.
2004	The Company increased the registered capital from 170,000,000 baht to 240,000,000 baht to support the increased capital from the initial public offering.

Year	Key Event
2008	<ul style="list-style-type: none"> • The Company increased the registered capital from 240,000,000 baht to 372,000,000 baht to support the issuance of capital increase shares to existing shareholders (SMM-W1) and to directors and employees of the company (ESOP-W1) • The company issued and offered warrant to purchase ordinary shares no. 1 (SMM-W1) to existing shareholders of the Company for the amount not exceeding 120,000,000 units.
2008	<ul style="list-style-type: none"> • The Company issued and offered warrant to purchase ordinary shares to directors and employees of the Company (ESOP-W1) for the amount not exceeding 12,000,000 units.
2010	<ul style="list-style-type: none"> • The Company started satellite television business under the name “SMMTV” offering a 24-hour sports programs. Nowadays, the programs are broadcasted via C-Band system satellite, frequency 3545, V30000, PSI satellite dish, nationwide TV cables or online on website, including applications on iPad, iPhone, Android and smartphones. • The Company started new media business by providing sports news and information in digital content on www.thaileagueonline.com, before further developed to be www.smmsport.com.
2011	<ul style="list-style-type: none"> • The Company launched “Multimedia News Center” to present sports news and other important news through the Company’s multimedia platform such as “Sports Radio” FM96, SMMTV, sports website.
2012	<ul style="list-style-type: none"> • The Company decreased the registered capital from 372,000,000 baht to 240,050,003 baht • The Company increased registered capital from 240,050,003 baht 312,065,003 baht to support the issuance of increase capital shares to existing shareholders (SMM-W2) and the issuance of increase capital shares to directors and employees of the Company (ESOP-W2) • The company issued and offered warrant to purchase ordinary shares to existing shareholders of the Company no. 2 (SMM-W2) for the amount not exceeding 60,012,500 units. • The Company issued and offered warrant to purchase ordinary shares to directors and employees of the Company (ESOP-W2) for the amount not exceeding 12,002,500 units. • The Company added 1 distribution center to support the expansion of the publishing business.
2013	<ul style="list-style-type: none"> • The Company increased the registered capital from 312,065,003 baht to 336,956,137 baht to support the stock dividend payment and the adjustment of rights of warrant to purchase ordinary shares no. 2 (SMM-W2) to be allocated to existing shareholders of the Company and the adjustment of rights of warrant to purchase ordinary shares to be allocated to directors and employees of the Company (ESOP-W2). • The Company set up a subsidiary company under the name “Meedees Content Company Limited” to receive the transfer of publishing business. The operation of Book Friend book store and “Kloom Wai Room” publisher with the registered capital of 20,000,000 baht with a par value of 100 baht per share. Siam Inter Multimedia Public Company Limited holds 99.70% of the registered capital.

Year	Key Event
2014	<ul style="list-style-type: none"> The Company decreased the registered capital from 336,956,137 baht to 332,442,228 baht from the allocation of stock dividend and the exercise of warrant to purchase ordinary shares to be allocated to directors and employees of the Company (ESOP-W2).
2015	<ul style="list-style-type: none"> The Company sold 199,400 ordinary shares of Meedees Content Company Limited, a subsidiary company at the selling price of 100 baht per share. The full amount was sold. The Company decreased its registered capital form 332,442,228 baht to 288,937,689 baht from the exercise of warrant to purchase ordinary shares of the Company no. 2 (SMM-W2). The Company issued and offered warrant to purchase ordinary shares no. 3 (SMM-W3) to the existing shareholders of the Company for the amount not exceeding 72,234,422 units. The Company increased the registered capital from 288,937,689 baht to 361,172,111 baht to support the exercise of warrant to purchase ordinary shares of the Company no. 3 (SMM-W3) The Company signed an agreement with Asian Volleyball Confederation (AVC) to be the licensee of live broadcasts and have the rights to manage marketing benefits from the year 2016 – 2019, for a period of 4 years.

1.4 Business direction

SMM has always been a leader in publishing business especially for Chinese novels, Japanese comics and Thai comics and has maintained policy to retain its market and leadership. However, in order to align with the economic slowdown, SMM will be more careful in its consideration to purchase book license for publishing and will increase the scope of the rights to distribute to cover e-book production.

In addition to the book business that SMM believes to continue to generate revenues, there are multimedia business in sports or SMMSPORT, which SMM has expanded and developed to be the leader in sports radio “FM96 Sports Ratio”; sports satellite television “SMMTV : Sports Channel”; and sports website www.smm sport.com; etc. The three medias’ strong businesses with synergies and mutual benefits allow them to step up to be the country’s leaders in sports media industry.

SMM has the rights to live broadcast and to manage sports marketing activities – a license to worldwide broadcast of indoor and beach volleyball from Asian Volleyball Confederation for the total duration of 4 years from the year 2016 – 2019; and has the rights to other big programs from Thailand Volleyball Association. Additionally, SMM is ready to expand this business to other types of sports in the future.

Vision: SMM will be the leader in the production of quality media to create happiness for Thai people.

Mission: SMM will operate business to be the producer of the leading media of the country, offering useful media that will create happiness to Thai people of all genders and ages. SMM will develop its

business to be sustainable with work that are widely accepted and can create satisfactory return in the long run.

1.5 Business strategy

Since the world society is constantly changing at a faster pace, the Company needs to be able to analyze and determine the media that would be popular in the future. This is so that the Company can produce media that will satisfy consumers' demands which will allow the Company's business to be sustainable and have stable growth by focusing on producing media that can rely on and support each other to strengthen its ability to generate maximum revenues and profits with the marketing strategies as follows.

Book business

1. The Company is the market leader in Chinese martial arts novel production; hence, using this strength to expand its business by producing more varieties of martial arts novel in order to expand its customer base by adding new customers.
2. Adjustment of license purchasing plan and production plan by adjusting number of copies and stories printed to suit market demand more and by purchasing only popular stories' licenses.
3. Increase of production of co-novel, which is a new type of book in the form of comic strips, stemmed from the cooperation of the editors of Siam Inter Book publisher, the editors of Siam Inter Comics publisher, and Cartoonthai Studio to offer products for older customers who demands content suitable to older age.
4. Addition of Thai comics content in the form of e-book by selecting popular stories and distribute such content with conventional books.
5. Sale of Thai comics license to overseas companies after Cartoonthai Studio has sold the rights to sell on Webtoon of Korea. It is expected that the Company will be contacted by other additional countries in the future.
6. Addition of the Company's distribution channels and public relations via online media including websites, Facebook, LINE, Youtube and other web forums including an increase of sale via e-commerce channels such as Lazada, NSTORE, Batorastore, etc.

Multimedia business

1. Create and present the content and format as demanded by the target group in order to build customer base or increase popularity amongst the target group.
2. Develop and improve the quality of broadcasts to be sharp and clear with high standard for both picture and sound.

3. Organize roadshows to publicize the Company's multimedia by including the customers' products.
4. Retain the existing customer base by organizing activities and marketing activities between radio station "FM96 Sports Radio" and television station "SMMTV", and fans as well as increase new customer base.
5. Adjust the price of advertisements to match with the marketing mechanism and higher competition of media sales.
6. Bundle advertisements with marketing activities to create value added for customers (brand).
7. Organize training for salesperson about online media or social media as customers have consumed more online media.

Broadcasting rights and sports activities marketing management business

1. Focus on building the Company's reputation in its operational capabilities and its good relationship with sports federation, sports association and various television stations both locally and internationally.
2. Create new interesting volleyball competition programs for trade opportunity.
3. Utilize the current Company's media to publicize live broadcasts and Company's activities.
4. Focus on creating quality activities to retain existing customers and creating new interesting projects to offer to customers.
5. Expand the rights to live broadcast and manage sports marketing activities to other sports in addition to Volleyball.

Sub-business

1. Maintain the quality of production of prints, both in terms of content and print quality to retain existing customers and expand new customer base.
2. Select dietary supplements, cosmetics, food and beverages, etc. with high quality from various manufacturers that match with the media's customers to sell. This includes production of advertisements and publicity media for television, radio, online media to provoke interests in customers.
Expand distribution channel of dietary supplements, cosmetics, food and beverages, etc. to agents or pharmacies nationwide and seek opportunities to expand distribution channel overseas.

1.6 Shareholder structure

List of the first top 10 shareholders as of 8 March 2019

No.	Name-Surname	No. of share	Proportion (%)
1	Mr.Aphinun Horsangchai	69,157,800	21.40
2	Mr.Vitton Niruntarai	51,853,993	16.04
3	Ms.Anchaleeporn Teerasin	42,387,023	13.11
4	Mrs.Patsorn Theerasin	7,250,000	2.24
5	Mr.Paitoon Chutimakornkul	6,933,333	2.15
6	Mr.Kosol Nirantarai	5,493,812	1.70
7	Ms.Usa Silpruengwilai	5,389,358	1.67
8	Mr.Kudun Sukhumananda	5,085,300	1.57
9	Mr.Sathaporn Pothong	4,922,600	1.52
10	Mr.Adam Insawang	4,550,000	1.41
11	Others	120,187,786	37.19
Total		323,211,005	100%

1.7 Board of Directors

List of Board of directors of SMM

No.	Name – Surname (Before the transaction)	Position
1	Mr.Saritkul Jamsomboon	Chairman
2	Mr.Vitton Niruntarai	Director, Chief Executive Officer and President
3	Ms.Anchaleeporn Teerasin	Director
4	Mrs.Thanyarat Sittanavithan	Director
5	Mr.Virat Teekaputisakul	Director
6	Mr.Prajaya Chaikam	Director
7	Ms.Phusanaporn Getmeteekaroon	Director
8	Mr.Paitoon Chutimakornkul	Director
9	Mr.Kittiwat Niruntarai	Director
10	Mr.Kitti Cheenaket	Independent Director, Chairman of Audit Committee

No.	Name – Surname (Before the transaction)	Position
11	Mrs.Sangtip Yimlamai	Independent Director, Audit Committee
12	Mr.Dumrit Viriyakul	Independent Director, Audit Committee

1.8 Directors structure

Name - surname	Position
Mr.Vitton Niruntarai	Chief Executive Officer and President
Ms.Anchaleeporn Teerasin	Deputy Chief Executive Office
Mrs.Thanyarat Sittanavithan	Managing Director – Finance and Accounting
Mr.Prajaya Chaikam	Managing Director – Sport & Multimedia Business
Mr.Kittiwat Niruntarai	Managing Director – Book Business
Ms.Phusanaporn Getmeteekaroon	Deputy Managing Director – Advertisement Sales
Mr.Virat Teekaputisakul	Deputy Managing Director – Cartoon Publishing

1.9 Summary of Financial Statements

Statements of Financial Position

Statement of financial position statements as at December 31, 2015 and 2016 and 2017 to
2018

Siam Inter Multimedia Public Company Limited (“SMM”)				
Statements of financial position	31 December 2015	31 December 2016	31 December 2017	31 December 2018
Unit: Million Baht	(Audited)	(Audited)	(Audited)	(Audited)
Assets				
Current assets				
Cash and cash equivalent	2.43	14.64	11.28	10.00
Temporary investments	-	3.30	-	-
Account receivable and other receivable	354.67	276.57	216.47	165.59
Inventory	508.10	511.13	551.74	455.42
Other current assets	4.03	2.72	2.37	1.97
Total current assets	869.23	808.35	781.86	632.98

Siam Inter Multimedia Public Company Limited (“SMM”)				
Statements of financial position Unit: Million Baht	31 December 2015	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)	(Audited)
Non – current assets				
Fixed deposit used as collateral	18.00	14.73	14.06	12.08
Long-term investments	2.61	1.68	0.94	-
Investment properties	-	3.52	1.72	1.71
Property, plant, and equipment	159.21	134.84	118.55	81.02
Deferred copyrights	31.66	29.87	16.26	9.11
Deferred leasehold right	4.23	3.64	3.05	2.46
Deposit	7.42	6.85	7.29	5.14
Corporate income tax (Withholding Tax)	5.17	9.87	11.46	9.91
Deferred tax assets	23.02	30.54	16.51	25.84
Other non-current assets	1.89	1.82	0.95	0.71
Total non-current assets	253.20	237.35	190.79	147.98
Total assets	1,122.43	1,045.70	972.66	780.96
<u>Liabilities and shareholders’ equity</u>				
Current liabilities				
Bank overdraft and short-term loans from financial institutions	431.37	440.94	219.64	179.77
Account payable and other payable	169.65	204.21	182.00	213.94
Short-term loans from other parties	-	-	25.00	26.00
Long-term loans (Due within 1 year)	2.56	2.02	4.75	18.10
Liabilities under finance lease agreement (Due within 1 year)	11.66	7.12	1.26	-
Employee benefit obligation (Due within 1 year)	3.73	1.17	1.77	-
Other current liabilities	3.10	4.73	2.34	4.00
Current liabilities	622.06	660.18	436.75	441.81
Non – current liabilities				
Long-term loans from other parties	-	-	12.00	7.00

Siam Inter Multimedia Public Company Limited (“SMM”)				
Statements of financial position Unit: Million Baht	31 December 2015	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)	(Audited)
Long-term loans – Net (other parties)	9.97	7.94	228.19	219.00
Liabilities under finance lease agreement - Net (Due within 1 year)	10.31	3.14	1.31	-
Employee benefits expenses - Net (Due within 1 year)	14.95	10.41	10.01	11.54
Other non-current liabilities	2.68	2.42	2.13	1.88
Total non-current liabilities	37.91	23.91	253.63	239.42
Total liabilities	659.96	684.09	690.38	681.23
Shareholders’ equity				
Share capital				
Registered capital				
Ordinary Shares of 403,968,555 shares (Par Value per share: THB 1)	-	-	403.97	403.97
Ordinary Shares 361,172,111 shares (Par Value per share: THB 1)	361.17	361.17	-	-
Issued and paid-up share capital				
Ordinary Shares of 323,211,005 shares (Par Value per share: THB 1)	-	-	-	323.21
Ordinary Shares of 323,174,844 shares (Par Value per share: THB 1)	-	323.17	323.17	-
Ordinary Shares of 288,937,689 shares (Par Value per share: THB 1)	288.94	-	-	-
Share premium	144.17	161.29	33.83	33.85
Retained earnings				
Appropriate				
Legal reserve	5.07	5.07	5.07	5.07
Unappropriated	24.01	(127.46)	(78.75)	(262.40)
Other components of shareholders’ equity	0.28	(0.46)	(1.05)	-
Total shareholders’ equity	462.47	361.61	282.28	99.73

Siam Inter Multimedia Public Company Limited ("SMM")				
Statements of financial position	31 December 2015	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)	(Audited)
Total liabilities and shareholders' equity	1,122.43	1,045.70	972.66	780.96

Statement of comprehensive Income

Statement of comprehensive Income as at December 31, 2015 and 2016 and 2017 to 2018

Siam Inter Multimedia Public Company Limited ("SMM")				
Statement of comprehensive Income	31 December 2015	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)	(Audited)
Units: Million Bath				
Revenues from sale and service	505.68	377.02	439.04	341.05
Cost of sale and service	(387.31)	(397.28)	(359.42)	(425.24)
Gross profit (loss)	118.37	(20.27)	79.62	(84.19)
Other income	8.36	12.69	12.02	20.59
Selling Expenses	(38.39)	(31.30)	(31.92)	(18.45)
Admin. expenses	(110.09)	(97.20)	(93.63)	(85.79)
Financial cost	(27.74)	(31.57)	(30.67)	(25.39)
Loss before income tax	(49.49)	(167.65)	(64.58)	(193.23)
Profit before income tax expense	12.69	9.10	(14.17)	9.59
Profit (loss) for the year / period	(36.80)	(158.55)	(78.75)	(183.65)
Other statement of comprehensive income				
Items that have not been reclassified to profit or loss				
Actuarial gains and losses	-	8.85	-	-
Income tax relating to other comprehensive income	(0.14)	(1.77)	-	-
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale investments	-	(0.93)	(0.74)	1.31

Siam Inter Multimedia Public Company Limited ("SMM")				
Statement of comprehensive Income	31 December 2015	31 December 2016	31 December 2017	31 December 2018
Units: Million Bath	(Audited)	(Audited)	(Audited)	(Audited)
Income tax on other comprehensive income	-	0.19	0.15	(0.26)
Other comprehensive income for the year, net of tax	(0.14)	6.34	(0.59)	1.05
Less: reclassify items in the statement of income from investments	-	-	-	(1.05)
Total comprehensive income for the year	(36.94)	(152.21)	(79.34)	(102.79)

Management Discussion & Analysis of SMM

1. Overview

SMM's core business includes the publishing and distribution of comic books, pocket books, Chinese novels, magazines as well as the purchase of books from other printing houses for distribution. Distribution channel consists of selling agents in Bangkok and other provinces, chain book stores, and its own wholesale stores. Other secondary business of SMM is the production of TV and radio programs, satellite program, and website media. It produces 24-hour "Sport Radio" broadcast through FM 96 MHz, www.smmsport.com/radio, and 96 Sport Radio Android Application. SMM also produces TV broadcast program under 4040 MHz frequency C-Band with Symbol Rate 30000 such as channel 225, Dynasat channel 274, Infosat channel 166, Q-Sat channel 271, Idea Sat channel 272, Sun Box channel 100, Thaisat channel 166, and Leotech channel 166. SMM's other businesses consists of nationwide cable TV, internet media, website, TV broadcast and satellite program licensing such as broadcast licensing of Asian Volleyball Confederation (AVC), book publishing to order, and health products distribution.

In 2018, SMM had total revenue of Baht 361.65 million, decreased from 2017 by Baht 89.42 million or equivalent to a decrease of 19.82%. It had net loss of Baht 183.65 million, higher than 2017 which had net loss of Baht 78.75 million, equivalent to an increase of 133.20%. Main reason for the loss stem from unrecovered economy and the shift of consumer behavior to digital media. As a result, total revenue did not reach the target for nearly all businesses. Revenue for book publishing business, multimedia business, broadcast licensing business in which most is the licensing of AVC broadcast worldwide and broadcast of volleyball tournaments in Thailand, and other businesses decreased by 2.21%, 9.31%, 40.69%, and 14.52% respectively. Other revenue which is other miscellaneous revenue such as revenue from sale of scrap paper increased by 71.30%.

2. Operating Performance

Revenue from operations

Revenue Classified by Type of Business	2017		2018	
	Amount (Baht)	%	Amount (Baht)	%
Book publishing business				
- Revenue from book distribution	153,785,211.48	100.00	150,382,086.09	100.00
Total revenue from book publishing business	153,785,211.48	34.09	150,382,086.09	41.58
Multimedia business				
- Revenue from radio media	35,531,213.45	69.74	19,209,785.42	41.58
- Revenue from TV media	11,391,985.48	22.36	20,037,100.53	43.37
- Revenue from internet media	4,022,495.17	7.90	6,953,836.57	15.05
Total revenue from multimedia business	50,945,694.10	11.29	46,200,722.52	12.78
Broadcast licensing and sport activities management business				
- Revenue from broadcast licensing and sport activities management arrangement	186,211,184.39	87.29	104,543,871.81	82.62
- Revenue from activities arrangement	27,121,006.91	12.71	21,993,752.03	17.38
Total revenue from broadcast licensing and sport activities management business	213,332,191.30	47.30	126,537,623.84	34.99
Other businesses				
- Revenue from book publishing to order	13,559,760.96	64.64	10,967,322.06	61.16
- Revenue from sales of other products	2,466,564.33	11.76	1,719,149.51	9.59
- Revenue from E-book service	1,121,032.68	5.34	1,360,213.24	7.59
- Rental revenue and revenue from services	3,828,899.33	18.25	3,884,137.33	21.66
Total revenue from other businesses	20,976,257.30	4.65	17,930,822.14	4.96
Other revenue	12,022,204.86	2.67	20,594,279.64	5.69
Total revenue	451,061,559.04	100.00	361,645,534.23	100.00

In 2018, SMM had total revenue of Baht 361.64 million, consisting of revenue from sale and service of Baht 341.05 million, decreased from 2017 by Baht 98 million or equivalent to 22.32% decrease. Other revenue was at Baht 20.60 million, increased from 2017 by Baht 8.57 million or equivalent to an increase of 71.30%. Revenue can be categorized according to type of business as follow:

- **Book publishing business**

In 2018, SMM had revenue from book publishing business of Baht 160.38 million. Revenue was from the publishing of books and the redistribution of books from other printing houses. Most of the books are cartoon series and pocket books such as Chinese novels. Revenue from book publishing business dropped by Baht 3.40 million, equivalent to a decrease of 2.21%. The decrease in revenue was a result of unrecovered economy, which leads to lower consumer spending, and change of consumer behavior to digital media consumption. SMM was aware of current social situation and has revised its marketing strategies continuously such as expand its distribution channels through website and other channels, receive of pre-order of books prior to publishing in order to appropriately determine number of books to be published, reduce price for book packs and long shelf-life books in order to lower inventories and storage costs.

- **Multimedia business**

In 2018, SMM had revenue from multimedia business of Baht 46.20 million. Revenue from radio media, TV satellite media, and internet media contributed 42%, 43% and 15% respectively. Revenue in 2018 was lower than that of 2017 by Baht 4.74 million, equivalent to 9.31% decrease due to domestic and international economic slowdown, a rise in digital media channels, and reduction of advertisement budget. However, with more than 20 years of experience in sports media, some customers still trust and support SMM.

- **Broadcast licensing and sport activities management**

In 2018, SMM had revenue from broadcast licensing and sport activities management of Baht 126.54 million. Revenue from broadcast licensing and sport activities management and revenue from activities arrangement contributed revenue at 83% and 17% respectively. Revenue from this type of business dropped from 2017 by Baht 86.79 million, equivalent to 40.69% decrease as a result of lower numbers of volleyball tournaments in the country and the lower advertisement budget from sponsors.

- **Revenue from other businesses and other revenue**

In 2018, SMM had revenue from other businesses of Baht 17.93 million, decreased by 14.52%. Revenue from other businesses was from revenue from book publishing to order, sale of health products, E-book service, and rental income/service in proportion of 61%, 10%, 7%, and 22% respectively. Most revenue reduction stem

from lower revenue from book publishing to order such as the publishing to order for CP All Group, and lower revenue from sale of health products such as rice barn oil and rice germ food supplement, hemorrhoids pain relief, and skin care products for people with skin problems due to economic situation in which most consumers lower their consumptions.

Other revenues in 2018 was at Baht 20.60 million, increased by Baht 8.57 million or equivalent to 71.30% increase. Other revenues consisted of sale of scrap papers, barter trade, and adjustment items such as gain from foreign exchange. Most of the increase in other revenues was from gain from sale of assets of distribution center.

Cost of sale

In 2018, SMM had cost of sale and service of Baht 452.24 million, increased by Baht 65.82 million when compare with 2017, equivalent to 18.31% increase. Ratio of cost of sale to total revenue in 2018 and 2017 were 124.69% and 81.87% respectively. The decrease in total revenue led to an increase in cost since some portion of cost are fixed. Most of the increase in cost was from an increase in cost of book publishing business which increased by 111.91%, loss from product impairment of Baht 47.07 million, and loss from book shredding of Baht 42.40 million. Cost of multimedia business, broadcast licensing and sport activities management business, and other businesses were in line with decreasing revenue which decreased by 16.71%, 24.57%, and 19.33% respectively.

Expenses

In 2018, SMM had selling and administrative expenses of Baht 104.25 million, lower than 2017 by Baht 21.30 million or equivalent to a decrease of 16.97%. The lower expenses was in line with the decrease in revenue. Selling and administrative expenses accounted for 28.83% of total revenue in 2018.

Financial costs in 2018 was at Baht 25.39 million, reduced by Baht 5.28 million from 2017 or equivalent to a decrease of 17.22%. The lower financial cost resulted from the reduction in interest rate and repayment of some loans which lead to lower amount of borrowing and interest expenses.

Net profit

SMM had net loss of Baht 183.65 million in 2018, increased from 2017 which generated net loss of Baht 78.75 million or equivalent to an increase in net loss of 133.20%. Such increase in net loss was a result of lower revenue and higher cost and expenses due to unrecovered economy and rise in digital media consumption. Thus, SMM still generated operating loss.

Financial position

Assets

As at December 31, 2018, SMM had total assets of Baht 780.96 million, decreased from the end of 2017 by Baht 191.70 million. Total assets comprised of Baht 632.98 million of current assets and Baht 147.98 million of non-current assets, equivalent to 81% and 19% of total assets respectively. The decrease in assets was from Baht 96.32 million decrease in inventories, equivalent to 17.46% decrease, and Baht 50.88 million decrease in account receivable and trade receivables or equivalent to 23.51% decrease due to promotional sales of package products, focus on cash sales online, and acceleration of account receivable collection.

Liquidity ratios

		2017	2018
Current ratio	(times)	1.79	1.43
Account receivable turnover	(times)	1.83	0.47
Average collection period	(days)	199	771
Inventory turnover	(times)	1.46	0.21
Inventory day	(days)	250	1,729
Account payable turnover	(times)	1.86	0.54
Average payment period	(days)	680	196
Cash Cycle	(days)	254	1,820

SMM's liquidity ratio at the end of 2017 and 2018 were at 1.43 times and 1.79 times respectively. In 2018, SMM's liquidity ratio was lower than that of 2017 due to a decrease in current assets and increase in current liabilities. The decrease in current assets was a result of lower account receivable, trade receivable, and inventory, while the increase in current liabilities was from an increase in short-term loan and current portion of long-term loan, account payable, and other payable in which SMM requested for an extension credit term.

As at December 31, 2018, SMM had account receivable turnover of 0.47 time, decreased from that of 2017 which was at 1.83 times. It had average collection period of 771 days, increased from that of 2017 which was at 199 days due to lower sales, account receivable, and notes.

Inventory turnover ratio as at December 31, 2018 was at 0.21 time, lower than that of 2017 which was at 1.46 times. Inventory day was at 1,729 days, increased from 2017 which had inventory day of 250 days because of higher cost of sales and service which was a result of product impairment and more book shredding.

Account payable turnover as at December 31, 2018 was at 0.54 time, decreased from that of 2017 which was at 1.86 times. Average payment period was at 680 days, increased from 2017 which had average payment period of 196 days due to an increase in total cost of sale and service.

Cash cycle of SMM at the end of 2018 and 2017 were at 1,820 days and 254 days respectively. The increase in cash cycle was the result of the increase in average collection period, inventory day, and average payment period due to the reduction in sale revenue and the rise in total costs.

Efficiency ratio

		2017	2018
Return on Asset	(%)	(3.36)	(19.14)
Return on Equity	(%)	(24.46)	(96.15)

As at December 31, 2018, SMM had Return on Assets and Return on Equity of (19.14%) and (96.15%) respectively. Such ratios were lower than those of 2017 which had Return on Assets and Return on Equity of (3.36%) and (24.46%) respectively. The decrease on such ratios was a result of lower sales and operating loss.

Source of funds

Liabilities

As at December 31, 2018, SMM had total liabilities of Baht 691.23 million, decreased from 2017 by Baht 9.16 million or equivalent to the decrease of 1.33%. The reduction in liabilities mainly due to lower long-term loans from financial institutions and long-term loans from others. Ratio of total liabilities to total assets in 2018 and 2017 were 87.23% and 70.98% respectively.

Current liabilities of SMM as at December 31, 2018 was at Baht 441.81 million, increased from the end of 2017 by Baht 5.06 million or equivalent to 1.16% increase. An increase in current liabilities was mainly due to an increase in long-term loan from financial institution and an increase in account payable and other payable. Non-current liabilities was at Baht 239.42 million, decreased from the end of 2017 by Baht 14.21 million due to a reduction in long-term loan from financial institutions and long-term loan from others.

Shareholders' equity

As at December 31, 2018, SMM had shareholders' equity of Baht 99.73 million, representing 12.77% of total assets. Shareholders' equity decreased from the end of 2017 which was at 29.02% of total assets due to operating loss in 2018.

Capital structure

		2017	2018
Debt to equity ratio	(times)	2.45	6.83

SMM had debt to equity ratio in 2018 and 2017 of 6.83 times and 2.45 times respectively. The debt to equity ratio in 2018 was higher than that of 2017 because of the operating loss which led to a decrease in shareholders' equity.

Assets used in business operations

- **Fixed assets**

Fixed assets of the Company comprise land, buildings and other equipment with details as follows.

Book Value of land, building and equipment of the company as of 31 December 2018

Type of Asset	Ownership	Book Value (Unit : Million Baht)	Obligations
Land	Owner	54.67	Pledged as collateral for loans of the total amount of 278.10 million Baht with Krungthai Bank PCL (Proceeds from capital increase from investor PP2 will be used to repay the aforementioned loan)
Buildings	Owner	3.62	
Vehicles	Owner	1.78	-
Office supplies	Owner	1.74	-
Office furniture and fixture	Owner	0.52	-
Shop assets, furniture and fixture	Owner	0.59	-
Machinery equipment	Owner	19.80	-

Type of Asset	Ownership	Book Value (Unit : Million Baht)	Obligations
Assets during Installation	Owner	-	-
Total		89.72	

● **Intangible Assets**

The Company has intangible assets including license of comic books, pocket books, Chinese novels with an average terms of 3 -5 years. The terms can always be extended once expired. The license expense is calculated from the proportion of the indicated minimum number of copies. The standard price is at 5%-9% of cover price in accordance with the minimum number of copies specified in each agreement. However, this can be subject to further negotiation with license owners who are companies familiar with SMM, depending on the popularity of each book.

Details of the average minimum number of copies for each type of book are as follow.

- Comic books 5,000 books
- Pocket books 3,000 books
- Chinese novels 8,000 books
- Magazines 10,000 books

In this regards, the assets recorded in SMM's financial statements that will be transferred with this business transfer from this sale will include broadcast license or television license.

2 Information of Team A Holding Company Limited (TAH2) and TAH2's subsidiaries

2.1 Information of Team A Holding 2 Company Limited

2.1.1 General Information

Company Name	Team A Holding 2 Company Limited
Type of Business	Holding Company
Location	978, Srinakarin Road, Suanluang Sub-district, Suanluang District, Bangkok 10250
Registration Number	0105558057687
Registration Date	1 April 2015
Registered Capital	1,000,000 Baht
Paid-up Capital	1,000,000 Baht

2.1.2 List of shareholders

List of shareholders as of 28 February 2019

No.	Name-Surname	No. of Shares	% of Total Shares
1	Mr.Wanaratch Tangkarawakun	9,998	99.98
2	Ms.Natdulporn Kittikompanich	1	0.01
3	Mr.Apichart Tangaekchit	1	0.01
Total		10,000	100.00

2.1.3 List of Directors

List of Directors as of 28 February 2019

No.	Name-Surname	Position
1	Mr.Wanaratch Tangkarawakun ¹	Director
2	Ms.Natdulporn Kittikompanich	Director
3	Mr.Apichart Tangaekchit	Director

Remark: 1 Wanaratch Tangkarawakun is the authorized director of TAH2

2.1.4 Type of Business

TAH2 operate as holding company investing in subsidiaries as follows:

- 1) Phelps Dodge International (Thailand) Company Limited ("PDITL")
- 2) PDTL Trading Company Limited ("PDTL Trading")

2.1.5 TAH2's Financial Information

Statements of Financial Position

Statement of financial position statements as at December 31, 2016 to 2018 are as follow:

Team A Holding 2 Company Limited ("TAH2")			
Unit: Million Baht	Financial Statement for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	Management Account	Audited financial statements	Audited financial statements
Assets			
Current Asset			
Cash and cash equivalent	724.89	516.95	653.29
Account receivable and other receivable	2,258.23	3,449.35	4,379.63
Short term loan to related companies	185.95	115.95	-
Forward contracts receivable for other purposes	-	-	1.56
Inventory	1,634.71	2,712.86	3,358.72
Other current assets	31.59	41.21	82.88
Total current assets	4,835.37	6,836.32	8,476.09
Non-current assets			
Investment in affiliates	68.2	62.63	65.2
Long term loan to related companies	-	119.82	94.82
Advance payment for purchasing fixed assets	7.33	27.83	23.95
Property, plant and equipment	2,009.92	2,027.16	2,266.26
Goodwill	893.47	893.47	893.47
Intangible assets	34.13	27.19	20.27
Other non-current assets	0.8	6.26	5.67
Total non-current assets	3,013.86	3,164.36	3,369.64
Total assets	7,849.23	10,000.69	11,845.72
Liabilities			
Current liabilities			
Financial institution creditor and other payable	1,624.63	891.97	200.00
Portion of liabilities under financial lease agreements (Due within 1 year)	-	6.94	7.32

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Financial Statement for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	Management Account	Audited financial statements	Audited financial statements
Long-term loans from financial institutions (Due within 1 year)	-	356.30	2,506.65
Short-term loan to related companies	-	399.33	299.33
Short-term loans from related parties	-	-	145.00
Other short-term loans	-	550.00	450.00
Other short-term loans (Due within 1 year)	-	-	30.00
Forward contracts payable for hedging foreign exchange risk	-	9.52	38.54
Forward contracts payable for other purposes	-	61.5	14.27
Account payable and other payable	3,366.71	4,893.50	6,304.48
Tax Payable	31.43	28.78	48.94
Other current liabilities	4	1.49	21.37
Total Current liabilities	5,026.77	7,199.33	10,065.90
Non-current liabilities			
Financial institution creditor and other payable	1,615.15	1,350.85	191.32
Liabilities under finance lease agreement	-	30.99	23.67
Other long-term liabilities		30.00	185.00
Employee benefit obligation	115.58	82.72	100.11
Deferred tax liabilities	228.5	229.99	241.06
Other non-current liabilities	8.37	20.7	20.09
Total non-current liabilities	1,967.60	1,745.25	761.25
Total liabilities	6,994.37	8,944.58	10,827.15
Shareholders' equity			
Registered capital & paid-up capital	1.00	1.00	1.00

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Financial Statement for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	Management Account	Audited financial statements	Audited financial statements
Surplus from change of shareholding in subsidiary	105.22	174.24	147.08
Retain earning	212.19	482.51	837.22
Shareholders’ equity attribute to parent company	318.41	657.74	985.3
Non-controlling interest	536.45	398.36	33.28
Total shareholders’ equity	854.86	1,056.10	1,018.57
Total liabilities and shareholders’ equity	7,849.23	10,000.69	11,845.72

Statement of comprehensive income

The Statement of Comprehensive Income for the year ended 31 December 2016 until 2018 are as follow:

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Statement of comprehensive income for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)
Revenues			
Revenues from sale and service	6,721.76	7,793.97	10,425.50
Interest income and dividend income	17.2	17.92	12.81
Gain from foreign exchange rate - Net	59.88	91.73	67.58
Other income	4.2	7.72	8.09
Total revenues	6,803.04	7,911.34	10,513.98
Expenses			
Cost of sale & Service	-5,805.40	-6,859.52	-9,146.87
Selling Expenses	-168.8	-199.13	-224.92
Admin. expenses	-266.76	-238.02	-240.45
Financial cost	-	-281.01	-371.86
Total expenses	-228.29	-7,577.68	-9,984.10

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Statement of comprehensive income for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)
Share of profit from Investment in affiliates	-	1.92	5.07
Earning before tax	-6,469.25	335.58	534.95
income tax expense	-2.19	57.55	147.46
Net profit	331.6	278.03	387.50

Separate statement of financial position

Separate statement of financial position as at December 31, 2016 to 2018

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Separate statement of financial position as at		
	31 December	31 December	31 December
	2016	2017	2018
	(Audited)	(Audited)	(Audited)
Assets			
Current assets			
Cash and cash equivalent	1.25	4.53	86.95
Account receivable and other current receivables	168.96	364.02	0.01
Short-term loan to related companies	115.95	115.95	-
Other current assets	0.39	0.42	17.64
Total current assets	286.56	484.92	104.6
Non – current assets			
Investments in subsidiaries	3,293.41	3,403.60	4,156.52
Total non-current assets	3,293.41	3,403.60	4,156.52
Total assets	3,579.97	3,888.52	4,261.12
Total liabilities and shareholders’ equity			
Current liabilities			
Short-term loans from financial institutions	188.18	291.97	-

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Separate statement of financial position as at		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Account payable and other current payable	220.97	393.84	129.2
Short-term loans - other parties	3,227.00	3,257.50	1,335.07
Total current liabilities	3,636.15	3,943.31	1,464.27
Total Liabilities	3,636.15	3,943.31	1,464.27
Shareholders' equity			
Share capital			
Registered capital			
Ordinary Shares of 10,000 shares (Par value per share: 100 THB)	1.00	1.00	1.00
Issued and paid-up share capital			
Ordinary Shares of 10,000 shares (Par value per share: 100 THB) paid-up	1.00	1.00	1.00
Retained earnings			
Unappropriated	(57.18)	-55.79	2,795.84
Shareholders' equity attribute to parent company	(56.18)	-54.79	2,796.84
Total shareholders' equity	(56.18)	-54.79	2,796.84
Total liabilities and shareholders' equity	3,579.97	3,888.52	4,261.12

Separate statements of comprehensive income

Separate statements of comprehensive income for the year ended 31 December 2017 to 2018

Team A Holding 2 Company Limited (“TAH2”)			
Unit: Million Baht	Separate statements of comprehensive income		
	for the Fiscal Period Ended		
	31 December 2016	31 December 2017	31 December 2018
	(Audited)	(Audited)	(Audited)
Revenues			
Revenues from service	168.04	188.67	209.14
Interest income	5.95	6.4	4.82
Dividend income	-	-	2,859.24
Total revenues	173.99	195.07	3,073.19
Expenses			
Admin. Expenses	1.67	7.82	26.19
Financial cost	171.29	185.86	195.38
Total expenses	172.96	193.68	221.56
Earning before tax	1.04	1.39	2,851.63
Profit for the year	1.04	1.39	2,851.63

TAH2’s Related Party Transactions

Most of TAH2 and its subsidiaries had related party transactions during the period ended December 31, 2018 can be categorized as follow:

1. Normal business transaction which are revenue from sales of electrical cable and core raw material, cost of raw material used in manufacturing and storage of electrical cable. Such transactions are trading transaction normally undertaken by TAH2 and its subsidiaries for the purpose of operating business and has general trading conditions. This type of transaction is expected to consistently incur.
2. Supporting normal business transaction includes costs and expenses in raw material and product transportation. These transactions are transactions undertaken for the purpose of supporting normal business transaction and has general trading conditions. This type of transaction is expected to consistently incur.
3. Transaction regarding rental or lease of immovable property of not exceeding 3 years includes the space and building rental. This type of transaction is expected to incur as deem necessary.

4. Transaction relating to assets or service is the assets acquisition or disposition. This type of transaction is expected to incur as deem necessary.
5. Transaction regarding offer or receipt of financial support.

As at December 31, 2018, most of related party transactions of TAH2 and its subsidiaries were for business operation. Price and condition of such transactions were set at market rate, of which the IFA views appropriate. However, the IFA is of an opinion that the transaction regarding offer of financial support should be cleared for both principal and interest amount and there should be no offering of financial support to related party in the future.

After TAH2's subsidiaries become subsidiaries of SMM who is a listed company on the SET, TAH2's subsidiaries must comply with the rules and regulations, notifications, or orders of the Capital Market Supervisory Board and the SET regarding the entering into related party transactions. SMM must strictly follow measures and procedures relating to the approval of related party transactions. Audit committee shall also audit and provide opinion on such related party transactions.

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
Related Party Transaction in 2018			
Revenue from sales (Normal business transaction which expects to consistently incurred in the future)	1,070.97	<p>PDITL sells electrical cable, copper, power cord cartridge, duct tape, and steel to related parties at general price condition. In 2018, PDITL had revenue from sales from</p> <ol style="list-style-type: none"> 1) M M Logistics Company Limited 2) Connection Lathe Services Company Limited 3) Industrial Construction & Maintenance Services Public Company Limited 4) T.C.K Interplas Company Limited 5) T.C.K. Plastic Company Limited 6) Propet (Thailand) Company Limited 7) Thai Cable Intertec Company Limited ("TCI") <p>Revenue from sales of Baht 1,053.78 million, equivalent to 10.02% of total revenue of TAH2 in 2018, was revenue from sales of copper to TCI as PDITL purchased finished electrical cable from TCI, of which PDITL had insufficient production capacity. The sales of copper and aluminum to TCI could control product quality to meet PDITL's standard.</p> <p>PDITL has sent its executive to be director of TCI, namely, Mr. Satha Chantalaralert who resigned on August 24, 2018. Presently, TCI is not a related company of TAH2 and its subsidiaries.</p>	<p>The transactions are conducted to support normal business operation of PDITL which allow PDITL to control product quality to be in accordance with its standard. The highest proportion was the sale of raw material to TCI in order to manufacture electrical cable. Price and conditions were set according to general trading conditions, for example, price of copper and aluminum were set by considering moving average cost of copper and aluminum and add with surplus. Presently, TCI is not a related company of TAH2 and its subsidiaries.</p> <p>Other transactions are sales which are normal business transactions of PDITL, in which price is set at cost plus appropriate profit margin and at general trading conditions.</p>
Outsource cost	874.34	PDITL uses transportation and labor services and purchases finished electrical cable, which are considered normal business transactions.	The highest cost of Baht 600.72 million was the outsource production cost of electrical cable for

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
(Normal business transaction which expects to consistently incurred in the future)		<p>In addition, it purchases solar rooftop for factory and steel wheels to store electrical cable which are supporting normal business transactions. Such transactions are conducted under general trading conditions and at market price. In 2018, PDITL had transactions with the following companies:</p> <ol style="list-style-type: none"> 1) M M Logistics Company Limited 2) Connection Lathe Services Company Limited 3) Industrial Construction & Maintenance Services Public Company Limited 4) Thai Cable Intertec Company Limited ("TCI") <p>Cost sales of Baht 600.72 million, equivalent to 6.57% of total cost of sales of TAH2 in 2018, was production cost that PDITL paid to TCI for the outsource of production of electrical cable that PDITL had insufficient production capacity.</p> <p>Presently, TCI is not a related company of TAH2 and its subsidiaries as mentioned in the Revenue from Sales topic.</p>	<p>general buildings, in which PDITL has insufficient production capacity. Thus, it was necessary to purchase electrical cable from TCI, of which prices were set at cost plus additional profit margin. Presently, TCI is not a related company of TAH2 and its subsidiaries.</p> <p>Other transactions were transportation costs which price and conditions were set at general trading conditions.</p>
Interest income (Offer of financial support transaction in which PDITL shall call for all principal repayment and interest payable within March 2019)	3.68	<p>PDITL had offered loans to related parties to support business expansion and working capital. Interest rate was based on financial cost of TAH2 / PDITL charged by financial institutions. However, PDITL shall call for all principal repayment and interest payable within March 2019 and shall not offer any financial support to related parties in the future. In 2018, PDITL had interest income from following companies:</p>	<p>The transaction was an offer of financial support for business expansion. PDITL shall call for all principal repayment. Therefore, there shall be no offer of financial support transaction in the future.</p>

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
		1) Team A Holding Company Limited 2) Industrial Construction & Maintenance Services Public Company Limited	
Other revenue (Supporting normal business transaction which expects to consistently incurred in the future)	10.64	PDITL had other revenue from related parties from the rental of space and sales of electrical cable scraps, in which price was set at general trading business. In 2018, PDITL had other revenues from following companies: 1) M M Logistics Company Limited 2) Industrial Construction & Maintenance Services Public Company Limited 3) Thai Cable Intertec Company Limited	Baht 6.80 million was revenue from sales of electrical cable scraps which is a normal business transaction of PDITL. Price was set by open bidding to general public. The remaining revenue was from rental of office space and warehouse, in which price was comparable to rental fee in nearby area.
Interest expenses (TAH2 and its subsidiaries received financial support which is beneficial to the company. This type of transaction is expects to consistently incurred in the future.)	29.54	TAH2 and PDITL borrowed from related parties and used funds for business expansion and as working capital. Interest was charged based on financial cost of TAH2 / PDITL. In 2018, interest were paid the following companies: 1) Team A Holding Company Limited 2) M M Logistics Company Limited (no outstanding balance as at December 31, 2018) 3) Thai Cable Intertec Company Limited (no outstanding balance as at December 31, 2018)	The transaction was the receipt of financial support from associated companies. However, when TAH2 has sufficient liquidity, it may consider principal repayment and interest payable of such loans.
Transportation costs	96.21	PDITL used transportation services in order to ship its products to customers, which was normal business transaction of the company.	Transportation fee was charge at the comparable rate charged to other customers of M M Logistics Company Limited.

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
(Supporting normal business transaction which expects to consistently incurred in the future)		In 2018, PDITL paid transportation fee to M M Logistics Company Limited.	
Other service fees (Supporting normal business transaction which expects to consistently incurred in the future)	0.48	PDITL rented space for server storage as well as used data center service and technical consultant services related to the system. Service fee was set at market rate. In 2018, PDITL had transaction with TOA Paint (Thailand) Public Company Limited	The transaction was considered as supporting normal business transaction. Fee for the rental of space and use of service were charged at comparable market rate.
Outstanding balance as at December 31, 2018			
Account receivables (Normal business transaction which expects to consistently incurred in the future)	1,180.49	PDITL had account receivables from sales of electrical cable, copper, power cord cartridge, duct tape, and steel to related parties. As at December 31, 2018, PDITL had account receivables with the following companies: <ol style="list-style-type: none"> 1) Connection Lathe Services Company Limited 2) Industrial Construction & Maintenance Services Public Company Limited 3) Thai Cable Intertec Company Limited ("TCI") Account receivables of Baht 1,166.43 million, equivalent to 26.63% of total account receivables of TAH2 as at December 31, 2018, was account receivables from sales of copper to TCI. Presently, TCI is not a related company of TAH2 and its subsidiaries as mentioned in the Revenue from Sales topic.	Most account receivables were companies that shall not be related party of TAH2 and its subsidiaries.
Other current liabilities	44.93	PDITL had other current liabilities from the rental of space and sales of electrical cable scraps to related parties. As at December 31, 2018,	The transaction was liabilities which was not from sales of electrical cable, thus, it was not significant

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
(Supporting normal business transaction which expects to consistently incurred in the future)		PDITL had outstanding balance of other current liabilities with following companies: <ol style="list-style-type: none"> 1) M M Logistics Company Limited 2) Connection Lathe Services Company Limited 3) Industrial Construction & Maintenance Services Public Company Limited 4) Thai Cable Intertec Company Limited 	affect PDITL. However, after the transfer of business, the audit committee should oversee the payment to be in accordance with PDITL's credit term.
Long-term loans to related parties (Offer of financial support transaction in which PDITL shall call for all principal repayment and interest payable within March 2019)	94.82 (Loans to Team A Holding Company Limited of Baht 69.82 million with interest rate of 6.25% and Loans to Industrial Construction & Maintenance Services Public Company Limited of Baht 25 million within interest rate of MLR – 1.00%)	PDITL had offered loans to related parties to support business expansion and working capital. However, PDITL shall call for all principal repayment and interest payable within March 2019 and shall not offer any financial support to related parties in the future. As at December 31, 2018, PDITL had long-term loans to and interest receivables from following companies: <ol style="list-style-type: none"> 1) Team A Holding Company Limited 2) Industrial Construction & Maintenance Services Public Company Limited 	The transaction was an offer of financial support for business expansion. PDITL shall call for all principal repayment. Therefore, there shall be no offer of financial support transaction in the future.
Interest receivables (Offer of financial support transaction in which PDITL shall call for all principal repayment and interest payable within March 2019)	6.65		

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
Account payables (Normal business transaction which expects to consistently incurred in the future)	43.43	PDITL had account payables from the purchases of steel wheels to store electrical cable and finished electrical cable (OEM), which are considered normal business transactions. As at December 31, 2018, PDITL had account payables with the following companies: 1) Connection Lathe Services Company Limited 2) Thai Cable Intertec Company Limited ("TCI")	Baht 31.45 million was account payables from TCI who currently is not related party of TAH2 and its subsidiaries.
Other current liabilities (Normal business transaction which expects to consistently incurred in the future)	20.60	PDITL had other current liabilities from the purchases of solar rooftop for factory and other services. As at December 31, 2018, PDITL had other current liabilities with the following companies: 1) Industrial Construction & Maintenance Services Public Company Limited 2) M M Logistics Company Limited 3) Mr. Wanaratch Tangkarawakun	The purchase of solar rooftop was investment in assets for business operations of PDITL. Such asset investment is part of cost reduction plan of PDITL which help reduce its production and operation costs. Cost of solar rooftop was comparable to those offered by other suppliers.
Short-term loans from related company (TAH2 and its subsidiaries received financial support which is beneficial to the company. This type of transaction is expects to consistently incurred in the future.)	299.33	TAH2 borrowed from related parties and used funds for business expansion and as working capital. As at December 31, 2018, PDITL had short-term loans from Team A Holding Company Limited with interest rate of 6.25%.	The transaction was the receipt of financial support from related person which is beneficial to PDITL. However, when PDITL has sufficient liquidity, it should consider repayment of principal and interest payable of such loans.
Interest expenses (TAH2 and its subsidiaries received financial support which is beneficial to the company. This type of transaction is	65.51	TAH2 had interest payable on loans from related parties. As at December 31, 2018, it had short-term loans from the following related parties: 1) Team A Holding Company Limited	

Related Party Transaction	Value (Baht million)	Description	IFA's Opinion
expects to consistently incurred in the future.)		2) Mr. Wanaratch Tangkarawakun	
Short-term loans from related person (TAH2 and its subsidiaries received financial support which is beneficial to the company. This type of transaction is expects to consistently incurred in the future.)	145.00	PDITL had borrowed from related persons and used funds for its business expansion and as working capital. As at December 31, 2018, it had short-term loans from Mr. Wanaratch Tangkarawakun with interest rate of 4.00%	

Please refer to details regarding relationship and other relevant information on the Connected Transaction in the Information Memorandum of the Relisting which shall be disclosed to the public after the SET approves the relisting and the prospectus for the issuance and offering of new ordinary shares via Public Offering which shall be disclosed to the public in accordance with the share distribution plan.

2.2 Phelps Dodge International (Thailand) Company Limited (“PDITL”)

2.2.1 General Information

Company Name	Phelps Dodge International (Thailand) Company Limited
Type of Business	Production and distribution electric wire and cable
Location	159, Moo 10, Theparak Road, Bangpa Sub-district, Bangpree District, Samuthprakarn 10540
Registration Number	0105511002860
Registration Date	4 June 1968
Registered Capital	400,000,000 Baht
Paid-up Capital	400,000,000 Baht

Remark: Phelps Dodge International (Thailand) Company Limited (“PDITL”) has increased the paid up capital from 44,000,000 Baht to 400,000,000 Baht on December 26, 2018

2.2.2 shareholders Structure

List of shareholders of PDITL as of 28 FEBRUARY 2019

No.	Name-Surname	No. of Shares	% of Total Shares
1	Team A Holding 2 Company Limited	397,116	99.28
2	Mr.Polasak Karnjanajaree	1664	0.42
3	Mr.Krisda Karnjanajaree	600	0.15
4	Mrs.Busakorn Karnjanajaree	300	0.08
5	Ms.Parimol Karnjanajaree	300	0.08
6	Mrs.Chalermpan Werawaitaya	10	0.00
7	Mr.Santipab Sornkrup	10	0.00
Total		400,000	100.00%

2.2.3 Directors

List of Directors of PDITL as of 28 FEBRUARY 2019

No.	Name-Surname	Position
1	Mr.Wanaratch Tangkarawakun	Director
2	Mr.Chanin Yensudjai	Director
3	Mr.Chinnawat Assavaphokee	Director
4	Mr.Niruth Jiekwathunyoo	Director
5	Mr.Suttha Jantarasetthalert	Director
6	Mr.Seri Yuthanawaraporn	Director
7	ML.Pipathchai Penpat	Independent Director
8	Mr.Kusol Sangkhanunt	Independent Director
9	Dr.Songphob Poljun	Independent Director

2.2.4 Type of Business

PDITL was established on 4 June 1968 by joint venture between major electric wire manufacturer in Thailand and Phelps Dodge Group, USA. Phelps Dodge Group is major copper mining company in USA and was established in 1834, for a period more than 180 years. PDITL is the producer and distributor of various electric wire to world market with business network linked to production bases and offices in various region e.g. America, Asia, and Africa etc. PDITL's product is important component in every industries e.g. energy, construction, oil and gas, mining, as well as telecommunication equipment etc. In the past, PDITL has important development as follows:

Year	Important Details
1968	Establish Phelps Dodge International (Thailand) Company Limited to operate in production and distribution of electric wire and cable, which start production at Samrong plant first.
1987	Jointly establish Thai Copper Rod Company Limited ("TCR") at proportion of 20 percent of issued and paid-up shares with other electric cable manufacturer and distributor to operate in copper rolling business.
1992	Move production base from Samrong plant to Bangpree plant
1993	- Start vertical continuous vulcanization production line at Bangpree plant. - PDITL is the first and only manufacturer in Thailand that use CVC technology

Year	Important Details
	to produce electric wire. That technology can product extra high voltage wire up to 245 kV.
1995	Receive ISO 9001 quality management system certification from British Approvals Service for Cables (BASEC), the first company in Thailand.
1999	Establish additional factory at Rayong to support production of small wire.
2015	- TAH2 acquire PDITL with initial shareholding proportion of 75.66 percent of issued and paid-up shares. - Change all management team to be Thai nationality.
2017	Start providing High Voltage Mobile Testing Unit, the first service device in Thailand, or Mobile AC Resonance On-Site Test service to providing high voltage electric wire testing service with international standard and on-site service. The first service device in Thailand.
2018	TAH2 increase shareholding proportion to 99.9 percent of issued and paid-up shares.

At present, PDITL operate in main businesses as follows:

(1) Production and Distribution of Electric Cable

Product Characteristic

PDITL operate in production and distribution of electric cable. PDITL's product group can be separated into 2 groups as per type of conductor e.g. copper conductor wire and aluminum conductor wire with the details as follows:

Product Group	Main Product
1. Copper conductor wire	<ul style="list-style-type: none"> - Copper Bare - Building Wire - Fire Resistance Cable - Low Voltage - Medium Voltage - High Voltage - Extra High Voltage - Telephone Wire & Cable - Control Cable

Product Group	Main Product
	- Instrumentation
2. Aluminum conductor wire	- Aluminum Bare - Low Voltage - Medium Voltage - High Voltage

Target Customers

PDITL produces and sells various types of electrical wires for customers most of them are sold to domestic customers in the proportion of approximately 90 percent and export to foreign customers 10% can be classified as follows:

a) Government customers or state enterprises

Government customers or state enterprises that wish to use electrical wires in the development of the country's basic infrastructure or general work Such as the Electricity Generating Authority of Thailand Provincial Electricity Authority Metropolitan Electricity Authority Airports of Thailand and TOT etc. By selling electrical wires to this group of customers, usually through direct bidding And the contestant must compete in the Approved Vendor List.

b) Private customers

Private customers can be divided into 2 types: direct project owners or electrical contractor dealers. And the group that manufactures products in the brand.

- Direct project owner group or electrical system contractor

The owner of a private property development project with the need to use the power lines for real estate development in their own projects. Such as industrial factories, condominiums, office buildings, etc. or PDITL may be coordinated through the electrical system contractor of the project, such as MahaNakhon Building, Ideo Samyan Building, BITEC Building 2

- Dealer group

PDITL's power line dealers will purchase products to sell to their customers again. Such as electrical wire stores General building materials stores This distribution channel covers major areas throughout the country. In 2018, PDITL has a distributor that sells a total of 467 PDITL products.

c) Foreign customers

Overseas customers, most of which are direct orders from end users in both the public and private sectors. For foreign government Such as Dubai Electricity & Water Authority (United Arab Emirates), Singapore Power (Singapore) and Jordanian Electric Power Company (Jordan) etc. As for the private sector in foreign countries such as Siemens (sold to South Asia), TATA (countries India) Amec (Brunei) Energex (Australia) and MeralCo (Philippines) etc.

Unit: Percentage

proportion of income	Year 2016	Year 2017	Year 2018
Domestic	89.9	90.8	90.3
Government and state enterprises sector	9.6	20.6	28.6
private Sector	80.3	70.2	61.7
Outside the country (Export)	10.1	9.2	9.7

Distribution Channel

At present, PDITL has 3 main distribution channels that are:

Distribution Channel	Operation Pattern
1. Government and state enterprise sector	- Directly participate in project bidding - through electrical system contractor
2. Private sector	- Directly participate in project bidding - through electrical system contractor - through dealer
3. Export	- Directly participate in project bidding - through electrical system contractor - through dealer

Competition Strategy

PDITL focus on production of quality product with high safety standard as the wire and cable are the equipment that have similar external characteristic. As such, the user can't clearly separate quality and standard of products. PDITL emphasize on creating

awareness of PDITL's products under competitive price. PDITL has important strategies as follows:

1. Quality and Safe Product (International Quality Standards)

PDITL focus on every step of production process in order to ensure that the electric wire and cable have the highest quality standard, from selecting the qualified material to product testing before delivering to the customer with international standard. For those reasons, PDITL has been certified ISO 9001, ISO 14001, and OHSAS 18001 from various institution e.g. British Approvals Service for Cables (BASEC) and Underwriters Laboratories (UL), as well as other certifications e.g. health and safety standard, and outstanding standard keeper from office of industrial product standard, and certification of Flame Test laboratory according to ISO/IEC 17025 standard etc. Quality assurance form various organizations/institution is an important part that ensuring quality and standard of PDITL's products.

2. Solid Track Records

Based on PDITL's work and experienced more than 50 years, both public and private sector within and outside the country have accepted and selected PDITL in their approved vendor list for important projects bidding. Being in the approved vendor list is important part in creating competitive advantage and creating barrier to entry.

3. Specialized Production Technology

PDITL in only company in Thailand at present that have technology for producing Vertical Continuous Vulcanization wire. Therefore, PDITL can produce extra high voltage wire up to 245 kV to support increasing demand of EHV wire from power plant and increasing demand of electricity.

4. Lean Management

PDITL emphasize on reducing cost to enhance operating result, i.e. PDITL has policy to improve process in supply chain from sourcing material and creating bargaining power from order quantities as well as reducing the set-up time from changing product in production line, and reduce loss in production process etc.

5. Pricing strategy

PDITL electrical wire pricing for government projects, Private sector and electrical contractor will consider the order quantity of that project to calculate the cost of raw

materials and other expenses that is required in the process along with relevant environmental factors such as number of personnel, duration of operation, transportation and after-sales service, etc. which are considered together with the gross profit margin according to the company policy and offer the price to the employer.

In terms of the pricing of electricity lines to dealers of PDITL, PDITL will take into account the raw material costs of each type of electric wire and the desired gross margin. Along with comparing the demand and supply of the electrical wire industry, the ability to compete with other operators in the market in order to determine the offering price appropriate to the mechanism and market conditions

6. Distribution channel strategy

Distribution channel strategy of PDITL will focus on the Government, Private sector, Contractors, Dealers, and Export. The distribution channel are directly participate in project bidding, directly to government project owners, distribution through electrical contractor of the project and distributed through PDITL distributors. Based on PDITL's work and experienced more than 50 years, both public and private sector within and outside the country have accepted and selected PDITL in their approved vendor list for important projects bidding. Being in the approved vendor list is important part in creating competitive advantage and creating barrier to entry.

PDITL has been distributed to project customers such as Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA), Mass Transit Authority of Thailand (MRTA), Siam Cement Group (SCG), PTT Group (PTT), Airports of Thailand (AOT) and Central Group (CENTRAL) which PDITL has been part of various important projects such as (1) Mae Moh Power Plant (2) Bang Pakong Power Plant (3) MahaNakhon Building (4) Terminal21 Korat Shopping Mall (5) Ideo Q Chula Samyan Building (6) SCG Mixed Research Center, Rayong Province (7) PTT Gas Station (Phase 2) etc.

In addition, there are more than 467 distribution channels across the country in 2018, increasing from 353 distribution channels in 2017. The distribution proportion in 2018 can be divided into regions as follows: (1) Bangkok and metropolitan areas 35 (2) Southern, 26 percent (3), Northeast, 21 percent (4), North 10 percent, and (5) Eastern 8 percent. PDITL plans to expand its distributor in Thailand for more than 1,000 by the year 2023.

Moreover In distribution to foreign countries, PDDL is confident to be a business partner (Business Partner) with leading companies around the world. Eg (1) Siemens (German

company Which operates in many types of industries Which includes the industrial sector Energy and infrastructure etc.) (2) Alstom (French company Which mainly operates train transportation business) and (3) ABB (Swiss national company Which operates electric system and automation technology) etc. when such company has the need to use electrical wires for business operations will consider the list of electrical cable distribution operators Which PDITL is regarded as the top supplier of power lines of such companies as well.

For over 50 years PDITL takes into account long-term relationships with existing customers. As well as creating good relationships with new customers as well. Which is considered to help expand the customer base. PDITL focuses on services that meet the needs of customers through an experienced sales team. Acting to provide accurate product information. Contact, coordinate and distribute products on time with efficiency, including after-sales service for quality inspection of electrical wires after construction or installation. The service is a high voltage electrical test car. Technology from Germany according to IEC standard which can travel to inspect the building or substation of customers. Ready to identify abnormalities and abnormal coordinates. Therefore, it can be considered that PDITL has advantages in the business of producing and selling electrical wires. And help customers make decisions in choosing PDITL products.

7. Sales promotion strategy

PDITL's sales promotion strategy has been implemented in many ways as follows:

- Information website preparation (www.pdcable.com) Product information Details of stores that distribute PDITL products, catalogs, product price details News and movements.
- Making online media Facebook (www.facebook.com/PhelpsDodgeThailand) as a channel for advertising Providing knowledge and organizing promotional activities for consumers
- Video media production, providing product information and news services via online YouTube channel
- Creating communication channels with consumers through the LINE application (@phelpsdodge_th) to be an intermediary in the transmission of information and information about power lines, as well as organizing promotional activities through this channel

- Preparation of advertisements in magazines in the electrical wire industry such as Thai Electrical and Mechanical Contractors Association (TEMCA Magazine) and newspapers, polls, business analysis - marketing etc.

- Attending trade shows such as (1) POWERex ASIA 2018, which is the ultimate event in the field of tools, equipment and technology about the complete energy industry Both in the form of production and the process of electricity and renewable energy and (2) TEMCA Forum & Exhibition 2018 Pattaya for members of the Thai Electrical and Mechanical Contractors Association (TEMCA) and interested parties.

- Organizing seminars for further knowledge for powerline users and students in related fields such as

(1) Hands On Project 2018 @ Faculty of Engineering KMUTT

(2) No-cost seminars for electrical system engineers Electrical contractors and general interested parties such as Beauty Seminar at KICE Convention Center, Khon Kaen Province To increase the potential and enhance the knowledge of electrical systems Using electricity efficiently and safety

(3) The project "SONG-JAI Electric for the younger" together with the Alumni Association of the Provincial Electricity Authority and Phatthana Nikhom District at Thai Rath Witthaya 100 School (Khan-na Hin), Khok Salung Subdistrict, Phatthana Nikhom District, Lop Buri Province

Product Procurement

Production

At present, PDITL has 2 plants for production of electric cable with the important information as follows:

Plant	Location
Bangpree	159, Moo 10, Soi Wat Ratchaburana, Theparak Km.17, Bangpa, Bangpree, Samuthprakarn 10540
Rayong	9/9, Moo 4, Nikom Pattana Sub-District, Nikom Pattana District, Rayong 21180

At present, PDITL has production capacity and actual production rate as follows:

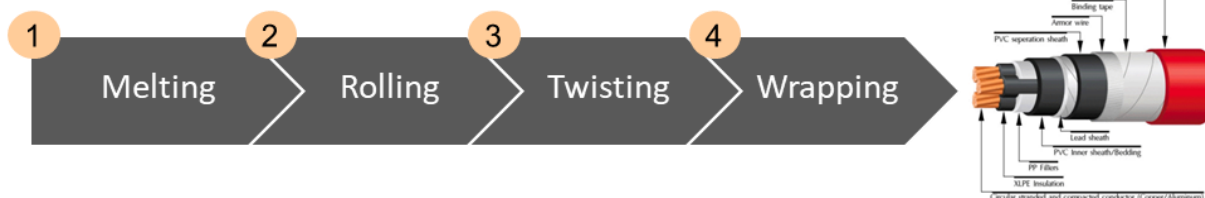
Product Group	Capacity per Year	Utilization Rate per Year
Copper Conductor wire	30,000 Metric Tons	24,000 Metric Tons (80 percent)
Aluminum conductor wire	20,000 Metric Tons	14,000 Metric Tons (70 percent)

Source of Important Material


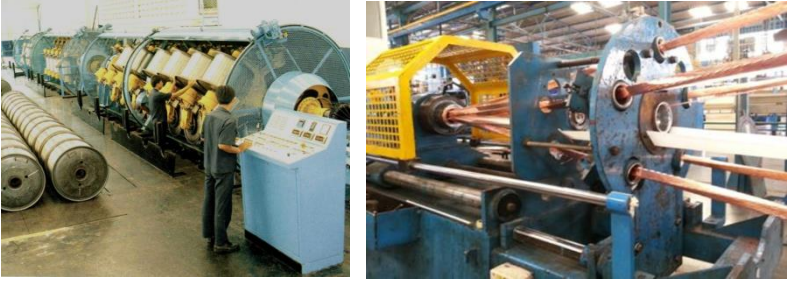

The important materials consist of copper and aluminum with 99.99 percent purity for copper (LME Grade A) and 99.70 percent purity for aluminum (EC Grade). PDITL procure those materials from strategic suppliers who are major trader. The price of those metals is referred from London Metal Exchange. For other materials, PDITL procure from domestic and foreign supplier according to specified standard.

Key Production Process

Production process of electric wire and cable has important production steps as follows:



Key Process	Details
1. Melting	<p>Melting copper cathode and aluminum ingot to get metal line with size as per specified.</p>
2. Rolling	<p>Rolling copper and aluminum coil to get specified size</p>

Key Process	Details
	
3. Twisting	<p>Twisting copper and aluminum line from rolling process</p> 
4. Wrapping	<p>Wrapping twisted copper and aluminum as per specified size and specification</p> 

(2) Electric Cable Relating Services



In 2017, PDITL started High Voltage Mobile Testing Unit or Mobile AC Resonance On-Site Test to provide high voltage testing service with international standard (The International Electrotechnical Commission: IEC) and on-site services. The first service device in Thailand.

At present, PDITL has one car with aforesaid service. The target group are entrepreneurs in various industries that need to use electric wire as component to operate business e.g. power plant, fundamental infrastructure system, public transportation system, petrochemical, oil, natural gas, and real estate (office building and department store) etc. who need to test their high voltage wire system to ensure safety by method and standard set.



2.2.5 Summary of Financial Statements

Statements of Financial Position

Statement of financial position statements as at December 31, 2016 to 2018

Phelps Dodge International (Thailand) Limited ("PDITL")			
Unit : Million Baht	Financial statement for the fiscal period ended		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Assets			
Current assets			
Cash and cash equivalent	691.68	480.11	534.60
Account receivable and other receivable	2,451.90	3,790.95	4,395.11
Short term loan	597.67	-	-
Inventory	1,634.71	2,712.86	3,358.72
Other current assets	30.94	40.42	64.89
Total current assets	5,406.90	7,024.33	8,353.32
Non – current assets			
Property, plant, and equipment	912.11	1,026.81	1,344.84
Investment in affiliates	20.00	20.00	20.00
Long term loan to shareholders and related companies	2,400.00	3,077.99	1,130.56
Advance payment for purchasing	7.33	27.83	23.95
Intangible assets	34.13	27.19	20.27
Deferred tax assets	8.40	-	-
Other non-current assets	0.80	6.26	5.67

Phelps Dodge International (Thailand) Limited ("PDITL")			
Unit : Million Baht	Financial statement for the fiscal period ended		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Total non-current assets	3,382.77	4,186.08	2,545.29
Total assets	8,789.67	11,210.41	10,898.61
Liabilities			
Current liabilities			
Financial institution creditor and other payable	1,137.12	600.00	200.00
Long-term loans from financial institutions (Due within 1 year)	-	356.30	2,506.65
Portion of liabilities under financial lease agreements (Due within 1 year)	-	6.94	7.32
Short-term loan to related companies	-	100.00	0.00
Short-term loan to related companies	-	0.00	145.00
Other short-term loan	-	550.00	450.00
Other long-term loan (Due within 1 year)	-	0.00	30.00
Forward contracts payable for hedging foreign exchange risk	-	9.52	38.54
Forward contracts payable for other purposes	-	61.50	14.27
Account payable and other payable	3,508.32	5,205.21	6,189.08
Tax payable	31.43	28.78	48.94
Other current liabilities	4.00	1.49	21.37
Current liabilities	4,680.87	6,919.74	9,651.17
Total non-current liabilities			

Phelps Dodge International (Thailand) Limited ("PDITL")			
Unit : Million Baht	Financial statement for the fiscal period ended		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Financial institution creditor and other payable	1,615.15	1,380.85	376.32
Liabilities under finance lease agreement	-	30.99	23.67
Deferred tax liabilities	-	3.36	23.57
Employee benefit obligation	115.58	82.72	100.11
Other non-current liabilities	8.37	20.70	20.09
Total non-current liabilities	1,739.11	1,518.62	543.76
Total liabilities	6,419.97	8,438.36	10,194.93
Shareholders' equity			
Paid-up capital	44.00	44.00	400.00
Retained Earnings			
Legal reserve	4.40	4.40	40.00
Unappropriated	2,321.29	2,723.65	263.67
Total shareholders' equity	2,369.69	2,772.05	703.67
Total liabilities and shareholders' equity	8,789.67	11,210.41	10,898.61

Statement of comprehensive Income

Statement of financial position statements as at December 31, 2015 to 2018 are as follow:

Phelps Dodge International (Thailand) Limited ("PDITL")			
Unit: Million Baht	Statement of comprehensive Income for the Fiscal Period Ended		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Revenues			
Revenues from sale and service	6,721.76	7,793.97	10,425.50
Interest income and dividend income	161.21	171.91	172.27
Gain from exchange rate - Net	59.88	91.73	67.58

Phelps Dodge International (Thailand) Limited ("PDITL")			
Unit: Million Baht	Statement of comprehensive Income for the Fiscal Period Ended		
	31 December 2016 (Audited)	31 December 2017 (Audited)	31 December 2018 (Audited)
Other income	3.63	8.92	9.29
Total revenues	6,946.48	8,066.52	10,674.64
Expenses			
Cost of sale & Service	(5,805.40)	(6,762.05)	(9,069.82)
Selling Expenses	(168.80)	(199.13)	(224.92)
Admin. expenses	(401.79)	(418.62)	(421.24)
Financial cost	(208.51)	(249.95)	(339.09)
Total expenses	(6,584.50)	(7,629.75)	(10,055.07)
Earning before tax	361.97	436.78	619.56
income tax expense	(91.22)	(67.81)	(156.60)
Net profit	270.75	368.96	462.96

Revenue from sale

Revenue from sale of PDITL is from sales of 2 groups of product which are electrical cable for electricity transmission and distribution and electrical cable for general use. Details are as follow:

1. *Electrical cable for electricity transmission and distribution* consists of Bare Wire, High Voltage Wire, and Medium Voltage Wire. Main customer group of this type of electrical cable is state enterprises (electricity authorities), power business customers, infrastructure business customers, and industrial customers.
2. *Electrical cable for general use* are Building Wire, Household Wire, telephone lines, cables, and other types of wire. Main customer group of this type of electrical cable is private sector and retail customers who purchase cable for general use.

Total revenue from sale during 2016 – 2018 were Baht 6,721.76 million, Baht 7,792.75 million, and Baht 10,420.00 million respectively. Revenue can be categorized according to type of products as follow:

Product	For the year ended					
	December 31, 2016		December 31, 2017		December 31, 2018	
	Baht million	%	Baht million	%	Baht million	%
Electrical cable for electricity transmission and distribution	2,971.52	44.21	4,025.67	51.66	4,974.19	47.74
Electrical cable for general use	3,750.24	55.79	3,767.07	48.34	5,445.81	52.26
Total revenue from sale	6,721.76	100.00	7,792.75	100.00	10,420.00	100.00

Total revenue from sale in 2017 increased by Baht 1,070.99 million from 2016 or equivalent to 15.93% increase. Such increase was mainly due to an increase in sales of electrical cable for electricity transmission and distribution of Baht 1054.15 million, equivalent to 35.48% increase from total revenue from sale of electrical cable for electricity transmission and distribution in 2016 which was a result of policy and increase in government investment in rural area development that require high voltage wire and increase in demand from power plant group and infrastructure group. As a result, PDITL had higher revenue from sales to government agencies and state enterprises in which PDITL or PDITL's partners won the bids.

Total revenue from sales in 2018 increased by Baht 2,627.26 million or equivalent to an increase of 33.71% from 2017. An increase in revenue was mainly due to an increase in sale of electrical cable for general use since PDITL has focused more on expansion of distribution channel to private and retail customers, resulting in higher sales of electrical cable for general use. Ratio of sales of electrical cable for general use increased from 48.34% of total revenue in 2017 to 52.26% of total revenue in 2018.

Product	For the year ended					
	December 31, 2016		December 31, 2017		December 31, 2018	
	Baht million	%	Baht million	%	Baht million	%
Domestic sale						
Electrical cable for electricity transmission and distribution	2,341.72	34.84	3,405.04	43.70	4,210.50	40.41
Electrical cable for general use	3,702.17	55.08	3,668.39	47.07	5,199.63	49.90

Product	For the year ended					
	December 31, 2016		December 31, 2017		December 31, 2018	
	Baht million	%	Baht million	%	Baht million	%
Total domestic sale	6,043.89	89.92	7,073.44	90.77	9,410.14	90.31
International sale						
Electrical cable for electricity transmission and distribution	629.80	9.37	620.63	7.96	763.69	7.33
Electrical cable for general uses	48.07	0.72	98.68	1.27	246.18	2.36
Total international sale	677.88	10.08	719.31	9.23	1,009.87	9.69
Total revenue from sale	6,721.76	100.00	7,792.75	100.00	10,420.00	100.00

During 2016 – 2018, PDITL had ratio of revenue from sale of electrical cable for electricity transmission and distribution to total revenue from sale of 44.21% - 51.56% and had ratio of revenue from sale of electrical cable for general use to total revenue of 48.34% - 55.79%.

When considering revenue from sales based on customers base area, PDITL had ratio of domestic sales to total revenue during 2016 – 2018 of 89.92% and 90.77% respectively while ratio of international sales to total revenue from sale during 2016 – 2018 were at 9.23% - 10.88% respectively. Most of international sale was from end users from government and private sectors.

Cost of sale and service

Cost of sale and service during 2016 – 2018 were at Baht 5,805.40 million, Baht 6,762.05 million, and Baht 9,069.82 million respectively. Cost of sales of PDITL consisted of cost of copper and aluminum which are core raw material for electrical cable manufacturing, cost of insulation and other raw materials, labor cost, and other relevant production cost.

In 2017, cost of sale and service increased by Baht 956.65 million or equivalent to 16.48% increase from 2016 in accordance with an increase in sale revenue. Ratio of cost of sale and service to total revenue from sale in 2017 was at 86.76%, increased from that of 2016 which was at 86.37%. Such increase stem from an increase in price of core raw material. In addition, PDITL has started lean management policy in 2017 in order to reduce production cost and increase production efficiency. As a result, ratio of other costs (cost of

insulation and other raw materials, labor cost, and other relevant production costs) to total revenue in 2017 dropped significantly from 2016.

In 2018, PDITL incurred an increase in cost of sale and service by Baht 2,307.77 million or equivalent to 34.13% increase from 2017 due to an increase in revenue from sale. Ratio of cost of sale and service to total revenue slightly decreased from 86.76% in 2017 to 87.00% in 2018 as a result of a slight decrease in cost of raw material and better cost management which is in accordance with the implementation of lean management policy of PDITL since 2017.

Gross profit

Gross profit in 2016 – 2018 were at Baht 916.36 million, Baht 1,031.92 million, and Baht 1,355.68 million, or equivalent to gross profit margin of 13.63%, 13.24%, and 13.00% respectively.

In 2017, PDITL had an increase of Baht 115.56 million in gross profit or equivalent to 12.61% increase from 2016. Such increase was a result of an increase in sale of electrical cable for electricity transmission and distribution due to government investment which lead to higher demand of bare wire and medium-to-high voltage wire.

In 2018, PDITL had an increase of Baht 323.76 million in gross profit or equivalent to 31.37% increase from 2017 as a result of an increase in sale of electrical cable for general use as well as the decrease in ratio of cost of sale to total revenue from sale due to the implementation of lean management policy.

Gain on foreign exchange

As PDITL had to import copper and aluminum for electrical cable manufacturing, it incurred foreign exchange rate risk on such imports.

PDITL had set its product price in accordance with cost of raw material and it generated revenue from sale in foreign currency which acted as natural hedge, therefore, it incurred lower risk from exchange rate fluctuation. However, international sale was at lower proportion when compare to domestic sale, PDITL then used forward contracts in order to prevent and lower foreign exchange rate risk. During 2016 – 2018, PDITL had gain on foreign exchange of Baht 59.88 million, Baht 91.73 million, and Baht 67.58 million respectively.

Other revenue

Other revenues of PDITL are from non-core business operation which equal to Baht 3.63 million, Baht 8.92 million, and Baht 9.29 million during 2016 – 2018 respectively, accounted for 0.05% - 0.11% of total revenue.

Selling and administrative expenses

Selling and administrative expenses during 2016 – 2018 were at Baht 570.59 million, Baht 617.75 million, and Baht 646.16 million respectively. Details of selling and administrative expenses can be summarized as follow:

Selling and administrative expenses in 2017 increase by Baht 47.16 million, equivalent to 8.27% increase from 2016. The increase was mainly due to an increase in cost of sale support, personnel expenses, transportation cost, and professional fee. According to lean management policy which focus on increase in production and personnel efficiency, PDITL could lower its ratio of selling and administrative expenses to total revenue to 7.66% in 2017.

In 2018, PDITL had higher selling and administrative expenses of Baht 28.41 million, equivalent to 4.60% increase from 2017. An increase was mainly due to the increase in cost of sale support, transportation cost, and allowance for doubtful account. Ratio of selling and administrative expenses to total revenue was reduced from 7.66% in 2017 to 6.05% in 2018 as a result of lean management policy which was implemented since 2017. In addition, PDITL has policy to continuously develop itself in order to increase its operational efficiency in the future.

Earnings Before Interest and Tax (EBIT)

Earnings Before Interest and Tax (EBIT) of PDITL during 2016 – 2018 were at Baht 570.48 million, Baht 686.73 million, and Baht 958.65 million, equivalent to 8.21%, 8.51%, and 8.98% of total revenue respectively.

In 2017, PDITL's EBIT increased from 2016 due to an increase in gross profit and implementation of lean management policy.

In 2018, PDITL's EBIT increased from 2017 due to an increase in gross profit while selling and administrative expenses dropped from 7.66% to 6.05% of total revenue in 2018 which was a result of the implementation of lean management policy since 2017.

Financial cost

During 2016 – 2018, financial cost were at Baht 208.51 million, Baht 249.95 million, and Baht 339.09 million, equivalent to 3.00%, 3.10%, and 3.18% of total revenue respectively.

Financial cost in 2017 increased by Baht 41.44 million or equivalent to 19.87% increase from 2016. Such increase was mainly due to an investment in machinery in order to increase production capacity to support future business expansion.

Financial cost in 2018 increased by Baht 89.14 million or equivalent to 35.66% increase from 2017 due mainly to an increase in long-term loan from financial institutions which was used as working capital to support PDITL's business expansion and used for procurement of solar rooftop according to long-term cost reduction plan.

Income tax expense

Income tax expense during 2016 – 2018 were Baht 91.22 million, Baht 67.81 million, and Baht 156.60 million respectively. Effective tax rate were at 25.20%, 15.52% and 25.28% of Earnings Before Tax respectively.

Income tax expense in 2017 dropped by Baht 23.41 million or equivalent to 25.66% decrease from 2016 due to over estimation of net profit of Baht 14.03 million.

Income tax expense in 2018 increased by Baht 88.79 million or equivalent to 130.94% increase from 2017 and effective tax rate was at 25.28% of Earnings Before Tax. Such increase was mainly due to under estimation of net profit of Baht 17.60 million.

Net profit

Net profit during 2016 – 2018 were Baht 270.75 million, Baht 368.96 million, and Baht 462.96 million respectively, equivalent to 3.90%, 4.57%, and 4.34% net profit margin respectively.

Net profit in 2017 increased by Baht 98.21 million, equivalent to 36.27% increase from 2016. Such increase due mainly to an increase in revenue from sale and service as well as an increase in net profit margin from 3.90% to 4.57% as PDITL could better manage cost of sale and service.

Net profit in 2018 increased by Baht 94.00 million, equivalent to 25.48% increase from 2017, due to an increase in revenue from sale. However, net profit margin slightly dropped from 4.57% to 4.34% as gross profit margin reduced as a result of an increase in sales of electrical cable for general use and a significant increase in financial cost.

Financial position

Assets

As at December 31, 2016, December 31, 2017, and December 31, 2018, PDITL had total assets of Baht 8,789.67 million, Baht 11,210.42 million, and Baht 10,898.61 million respectively. Most of PDITL's assets is current assets. At the end of 2017, 2018, and 2019, PDITL had current assets of approximately 62% - 76% of total assets and had non-current assets of approximately 24% - 38% of total assets accordingly.

Total Assets	December 31, 2016		December 31, 2017		December 31, 2018	
	Baht million	%	Baht million	%	Baht million	%
Current assets	5,406.90	61.51	7,024.34	62.66	8,353.32	76.65
Non-current assets	3,382.77	38.49	4,186.08	37.34	2,545.29	23.35
Total assets	8,789.67	100.00	11,210.42	100.00	10,898.61	100.00

1. Current assets

PDITL had current assets of Baht 5,506 million, Baht 7,024.34 million, and Baht 8,353.32 million as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively, equivalent to 61.51%, 62.66%, and 76.65% of total assets respectively. Details of the assets are as follow:

Cash and cash equivalents

PDITL had cash and cash equivalents of Baht 691.68 million, Baht 480.11 million, and Baht 534.60 million as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. In 2017, PDITL had lower cash and cash equivalents than in 2016 due to an investment in assets to expand production capacity for future business operation. In 2018, PDITL had more cash and cash equivalents than in 2017 as it had higher revenue from sales.

Account receivable and other receivable

PDITL had account receivable and other receivable of Baht 2,451.90 million, Baht 3,790.95 million, and Baht 4,395.11 million, accounted for 27.90%, 33.82%, and 40.33% of total assets as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. An increase in account receivable and other receivable was a result of an increase in revenue from sale.

Inventory

PDITL had inventory of Baht 1,634.71 million, Baht 2,712.86 million, and Baht 3,358.72 million, equivalent to 18.60%, 24.20%, and 30.82% of total assets as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. The increase in inventory was in accordance with business growth and increase in revenue from sale in 2017 and 2018.

2. Non-current assets

PDITL had non-current assets of Baht 3,382.77 million, Baht 4,186.08 million, and Baht 2,545.29 million, equivalent to 38.49%, 37.34%, and 23.35% of total assets as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. Details of non-current assets are as follow:

Investment in associated company

PDITL invested in 20% of Thai Copper Rod Company Limited ("TCR") which operates copper melting business. Investment value according to Cost Method equal to Baht 20.00 million in 2017 – 2018.

Long-term loan to shareholders and related company

PDITL had long-term loan to shareholders and related party of Baht 2,400 million, Baht 3,077.99 million, and Baht 1,130.56 million, equivalent to 27.30%, 27.46%, and 10.37% of total assets as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. PDITL received repayment of such loan in 2018, resulting in lower amount of loans to shareholders and related party.

Property, plant, and equipment

PDITL had property, plant, and equipment of Baht 912.11 million, Baht 1,026.81 million, and Baht 1,344.84 million, equivalent to 10.38%, 9.16%, and 12.34% of total assets as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. The increase in property, plant, and equipment was due to investment in machinery in order to expand production capacity to support future business operation.

Liabilities

Total Liabilities	December 31, 2016		December 31, 2017		December 31, 2018	
	Baht million	%	Baht million	%	Baht million	%
Current liabilities	4,680.87	72.91	6,919.74	82.00	9,651.17	94.67
Non-current liabilities	1,739.10	27.09	1,518.62	18.00	543.76	5.33
Total liabilities	6,419.97	100.00	8,438.36	100.00	10,194.93	100.00

1. Current liabilities

PDITL had total current liabilities of Baht 4,680.87 million, Baht 6,919.74 million, and Baht 9,651.17 million, equivalent to 72.91%, 82.00%, and 94.67% of total liabilities as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. Details of current liabilities are as follow:

Short-term loan from financial institution and others

PDITL had short-term loan from financial institution and others of Baht 800.00 million, Baht 1,150.00 million, and Baht 650 million, equivalent to 12.46%, 13.63%, and 6.38% of total liabilities as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. Short-term loan from financial institution and others were in form of promissory notes, bill of exchange, and unsubordinated debentures.

Current portion of long-term loan from financial institution

PDITL had current portion of long-term loan from financial institution of Baht 337.12 million, Baht 356.30 million, and Baht 2,506.65 million, equivalent to 5.25%, 4.22%, and 24.59% of total liabilities as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. Such loan increased

in 2018 as on December 31, 2018, PDITL was unable to comply with financial ratio condition as stated in loan agreement. Thus, PDITL has categorized all long-term loan as current portion of long-term loan from financial institution. However, on January 31, 2019, the lending financial institution issued waiver for restriction on financial ratio, such amount of loans shall then be categorized as long-term loan accordingly.

Account payable and other payable

PDITL had account payable and other payable of Baht 3,508.32 million, Baht 5,205.21 million, and Baht 6,189.08 million, equivalent to 54.65%, 61.69%, and 60.71% of total liabilities as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. The increase in account payable was a result of a rise in revenue from sale and an increase in average payment period.

2. Non-current liabilities

PDITL had non-current liabilities of Baht 1,739.10 million, Baht 1,581.62 million, and Baht 543.76 million, equivalent to 27.09%, 18.00%, and 5.33% of total liabilities as at December 31, 2016, December 31, 2017, and December 31, 2018 respectively. Details of non-current liabilities are as follow:

Long-term loan from financial institution and others

As at December 31, 2016, December 31, 2017, and December 31, 2018, PDITL had long-term loan from financial institution and others of Baht 1,615.15 million, Baht 1,380.85 million, and Baht 376.32 million, equivalent to 25.16%, 16.36%, and 3.69% of total liabilities respectively. Long-term loan from financial institution and others decreased in 2018 since on December 31, 2018, PDITL was unable to comply with financial ratio condition as stated in loan agreement. Thus, PDITL has categorized all long-term loan as current portion of long-term loan from financial institution. However, on January 31, 2019, lending financial institution issued waiver for restriction on financial ratio, such amount of loans shall then be categorized as long-term loan accordingly.

Shareholders' equity

As at December 31, 2016, December 31, 2017, and December 31, 2018, PDITL had shareholders' equity of Baht 2,369.69 million, Baht 2,772.05 million, and Baht 703.67 million, equivalent to 26.96%, 24.73%, and 6.46% of total assets respectively. In 2018, PDITL paid dividend of Baht 2,880 million, resulting in lower shareholders' equity.

Liquidity

In 2018, PDITL had net increase in cash and cash equivalent of Baht 534.60 million as follow:

	2017 (Baht million)	2018 (Baht million)
Cash flows from operating activities	(227.17)	389.64
Cash flows from investing activities	(216.85)	(728.44)
Cash flows from financing activities	232.45	393.29
Net increase (decrease) in cash and cash equivalents	(211.57)	54.49
Beginning cash and cash equivalents	691.68	480.11
Ending cash and cash equivalents	480.11	534.60

Cash flows from operating activities

PDITL had cash flows from operating activities of Baht (227.17) million and Baht 389.64 million in 2017 and 2018 respectively due to the business expansion which leads to higher profit and more demand for working capital for business operation.

Cash flows from investing activities

PDITL had cash flows from investing activities of Baht (216.85) million and Baht (728.44) million in 2017 and 2018 respectively. Such negative cash flows from investing activities were the result of investment in machinery to support future business expansion and the installation of solar rooftop to reduce energy consumption and long-term expenses.

Cash flows from financing activities

PDITL had cash flows from financing activities of Baht 232.45 million and Baht 393.29 million in 2017 and 2018 respectively. Such increase in cash flows was a result of the receipt of loan from financial institution, company, and others such as unsubordinated debenture in order to support investment plan and loan repayment in each accounting period.

Liquidity ratio

		2016	2017	2018
Current ratio	times	1.16	1.02	0.87
Average collection period	days	133.14	177.53	153.87
Average inventory day	days	102.78	146.43	135.17
Average payment period	days	220.58	280.97	249.07
Cash Cycle	days	15.34	43.00	39.97

PDITL had current ratio during 2017 – 2018 of 1.16 times, 1.02 times, and 0.87 time respectively. Current ratio in 2018 dropped from 2017 due to current portion of long-term loan from financial institution as mentioned earlier.

In 2016 – 2018, PDITL had average collection period of 133.14 days, 177.53 days, and 153.87 days respectively. Average collection period for the period ended December 31, 2018 was slightly lower than previous year due mainly to an increase in retail customers as a result of the focus on expansion of distribution channel which is in accordance with the rise in sale of such type of products in 2018.

PDITL had average inventory day of 102.78 days, 146.43 days, and 135.17 days in 2016, 2017, and 2018 respectively. Average inventory day in 2016 - 2018 constantly increased because PDITL had change in production policy by increase made to stock product to satisfy retail customers' demand in mass market. The increase in average inventory day was also due to an increase in production to support sales expansion.

PDITL had average payment period of 220.58 days, 280.97 days, and 249.07 days in 2016, 2017, and 2018 respectively. The increase in average payment collection was a result of a tremendous increase in revenue from sale which lead to high purchase of copper that has credit term of 270 days, longer than credit term from other suppliers.

Profitability and efficiency ratios

		2016	2017	2018
Return on Equity (ROE)	%	11.43	13.31	65.79
Return on Assets (ROA)	%	3.08	3.29	4.25

Return on equity for 2016 – 2018 of PDITL were at 11.43%, 13.31%, and 65.79% respectively. An increase in ROE in 2018 was due to the increase in profit and dividend payment.

PDITL's Return on Assets for 2016 – 2018 were at 3.08%, 3.29%, and 4.25% respectively. The increase in ROA was a result of the implementation of lean management policy since 2017.

2.3 PDTL Trading Company Limited (“PDTL Trading”)

2.3.1 General Information

Company Name	PDTL Trading Company Limited
Type of Business	Trading of general consumer product
Location	518/5, 16 Fl. Maneeya Building, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330
Registration Number	0105523000166
Registration Date	4 January 1980
Registered Capital	1,000,000 Baht
Paid-up Capital	1,000,000 Baht

2.3.2 List of shareholders

List of shareholders of PDTL Trading as of 30 April 2018

No.	Name-Surname	No. of Shares	% of Total Shares
1	Team A Holding 2 Company Limited	4,900	49.00
2	Tisco Bank Public Company Limited	1,000	10.00
3	Mr.Sraung Ruengsuk	800	8.00
4	Tisco Foundation for Charity	500	5.00
5	Mr.Choosak Komampachkul	300	3.00
6	Mr.Thammanith Angsusing	200	2.00
7	Ms.Pasaneer Husadin	200	2.00
8	Mrs.Sriwanik Husadin	200	2.00
9	Ms.Sineenaj Husadin	200	2.00
10	Mr.Aornnop Jantaraprapa	200	2.00
11	Others	1,500	15.0
Total		10,000	100.00

2.3.3 List of Directors

List of Directors of PDTL Trading as of 30 April 2018

No.	Name-Surname	Position
1	Mr.Sutat Ruengmanamongkol	Director
2	Mr.Pichet Lochanajit	Director
3	Mr.Niruth Jiekwathunyoo	Director
4	Mr.Chinnawat Assavaphokee	Director
5	Mr.Wanaratch Tangkarawakun	Director
6	Mr.Chanin Yensudjai	Director
7	Mr.Suttha Jantarasetthalert	Director
8	Mr.Seree Yuthanawaraporn	Director
9	Mr.Warut Wongwattanaseth	Director

2.3.4 Type of Business

PDTL Trading engages in trading of general consumer product. PDTL trading doesn't have significant operation.

2.3.5 Summary of Financial Statements

Statements of Financial Position

Statement of financial position statements as at December 31, 2015 to 2017

PDTL Trading Co., Ltd. ("PDTL Trading")			
Unit: Million Baht	Financial Statement for the Fiscal Period Ended		
	31 December 2015 (Audited)	31 December 2016 (Audited)	31 December 2017 (Audited)
Assets			
Cash and cash equivalent	32.33	31.96	32.31
Other current assets	5.69	5.84	5.95
Total current assets	38.02	37.80	38.26
Other long-term investment	5.00	5.00	5.00
Equipment	0.00	0.00	0.00
Total non-current assets	5.00	5.00	5.00

PDTL Trading Co., Ltd. ("PDTL Trading")			
Unit: Million Baht	Financial Statement for the Fiscal Period Ended		
	31 December 2015	31 December 2016	31 December 2017
	(Audited)	(Audited)	(Audited)
Total assets	43.02	42.80	43.26
Liabilities			
Other payable	0.37	0.05	0.06
Current liabilities	0.37	0.05	0.06
Total liabilities	0.37	0.05	0.06
Shareholders' equity			
Registered capital	1.00	1.00	1.00
Paid-up capital	1.00	1.00	1.00
Retained Earnings - Appropriate			
Legal reserve	0.10	0.10	0.10
Unappropriated	41.55	41.65	42.10
Total shareholders' equity	42.65	42.75	43.20
Total liabilities and shareholders' equity	43.02	42.80	43.26

Statement of comprehensive Income

Statement of comprehensive Income for the year ended 31 December 2015 to 2017

PDTL Trading Co., Ltd. ("PDTL Trading")			
Unit : Million Baht	Profit and loss statement		
	31 December 2015	31 December 2016	31 December 2017
	(Audited)	(Audited)	(Audited)
Revenues			
Other income			
Dividend income	0.5	1.25	1.5
Interest income	0.14	0.3	0.42
Total revenues	0.64	1.55	1.92
Expenses			
Admin. expenses	1.71	1.45	1.5

PDTL Trading Co., Ltd. ("PDTL Trading")			
Unit : Million Baht	Profit and loss statement		
	31 December 2015	31 December 2016	31 December 2017
	(Audited)	(Audited)	(Audited)
Total expenses	1.71	1.45	1.5
Net profit	(1.07)	0.10	0.42

2.4 Thai Copper Rod Company Limited (“TCR”)

In 1987, PDITL jointly established Thai Copper Rod Company Limited (“TCR”) with other electric cable manufacturer and distributor, in which PDITL having shareholding proportion of 20.00 percent of issued and paid-up shares, to provide copper rolling service. The important details are as follows:

2.4.1 General Information

Company Name	Thai Copper Rod Company Limited
Type of Business	Provide copper smelting and rolling service
Location	518/5, 16 Fl. Maneeya Building, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok 10330
Registration Number	0105530020002
Registration Date	27 April 1987
Registered Capital	100,000,000 Baht
Paid-up Capital	100,000,000 Baht

2.4.2 List of shareholders

List of shareholders of TCR as of 30 April 2018

No.	Name-Surname	No. of Shares	% of Total Shares
1	Bangkok Cable Company Limited ²	30,000	30.00
2	Phelps Dodge International (Thailand) Company Limited	20,000	20.00
3	Sumitomo Electric Industry Company Limited ²	12,500	12.50
4	Sumitomo Electric Wintec (Thailand) Company Limited ²	12,500	12.50
5	Thai Hitachi Enamel Wire Company Limited ²	7,000	7.00
6	HBC Telecom Company Limited ²	7,000	7.00
7	Hitachi Metals Company Limited ²	6,000	6.00
8	PDTL Trading Company Limited 1	5,000	5.00
Total		100,000	100.00

*Remark: 1. PDTL Trading Company Limited is a subsidiary of TAH2 which TAH2 holds 49.00%

2. Other shareholders are manufacturers and distributors of other electrical wires which is not related to PDITL

2.4.3 List of Directors

List of Directors TCR as of 30 April 2018

No.	Name-Surname	Position
1	Mr.Isao Ueoka	Director
2	Mr.Hideaki Kishimoto	Director
3	Mr.Sompong Nakornsri	Director
4	Mr.Chalermchart Karoon	Director
5	Mr.Termsak Honghirun	Director
6	Mr.Kasuhiko Okiyama	Director
7	Mr.Chanin Yensudjai ¹	Director
8	Mr.Niruth Jiekwathunyoo ¹	Director

Remark: 1. Directors representing of PDITL

2.4.4 Type of Business

TCR provide copper smelting and rolling service to electric wire manufacturer.

2.4.5 TCR's Financial Information

Financial Information

Statement of financial position statements as at December 31, 2015 to 2017

Thai Copper Rod CO., Ltd ("TCR")			
Unit: Million Baht	Financial statement for the fiscal period ended		
	31 December 2015 (Audited)	31 December 2016 (Audited)	31 December 2017 (Audited)
Asset			
Cash and cash equivalent	87.95	76.31	58.69
Account receivable and other receivable	20.13	24.94	20.52

Thai Copper Rod CO., Ltd (“TCR”)			
Unit: Million Baht	Financial statement for the fiscal period ended		
	31 December 2015 (Audited)	31 December 2016 (Audited)	31 December 2017 (Audited)
Inventory	30.66	30.45	33.22
Total current assets	138.73	131.70	112.42
Property, plant, and equipment	47.69	45.48	46.52
Other non-current assets	0.03	0.03	0.03
Total non-current assets	47.72	45.51	46.55
Total assets	186.45	177.21	158.97
Liabilities			
Account payable and other payable	13.51	11.56	12.34
Tax payable	1.63	0.27	0
Current liabilities	15.14	11.83	12.34
Employee benefit obligation	18.73	21.8	20.48
Total non-current liabilities	18.73	21.8	20.48
Total liabilities	33.87	33.63	32.82
Shareholders’ equity			
Registered capital	100	100	100
Paid-up capital	100	100	100
Retained Earnings			
Appropriate			
Legal reserve	10	10	10
Unappropriated	42.58	33.58	16.15
Total shareholders’ equity	152.58	143.58	126.15
Total liabilities and shareholders’ equity	186.45	177.21	158.97

Statement of comprehensive Income

Statement of comprehensive Income for the year ended 31 December 2015 to 2017

Thai Copper Rod CO., Ltd (“TCR”)			
Unit: Million Baht	Profit and loss statement		
	31 December 2015 (Audited)	31 December 2016 (Audited)	31 December 2017 (Audited)
Revenues			
Revenues from sale and service	170.88	149.78	135.20
Other income			
Revenue from sale of scarp	2.47	2.10	2.52
Other	2.38	2.35	1.47
Total revenues	175.74	154.22	139.18
Expenses			
Cost of sale & Service	117.86	109.87	99.66
Selling Expenses	6.84	4.56	3.98
Admin. expenses	21.25	19.14	19.28
Total expenses	145.94	133.57	122.92
Earning before tax	29.79	20.66	16.27
income tax expense	6.89	4.66	3.70
Net profit	22.90	16.00	12.57

3 Summary of Assets Appraisal of Siam Inter Multimedia Public Company Limited

SMM has appointed Asian Engineering Valuation Company Limited, Mr. Jessada Chuanukul (auditor) and Mr. Thanat Muangphrom (surveyor and appraiser), to appraise the value of assets with details as follows.

1. Land and 13-storey head office building.	
Type of Asset	Land and 13-storey head office building. The size of the land is 1-0-29.0 rai or 429 square wah.
Location	459 Soi Ladprao 48, Ladprao Road Samsen Nok, Huai Khwang, Bangkok
Land Title	Deed no. 36936 – 1 title deed
Ownership of Land and Building	Siam Inter Multimedia Public Company Limited
Contractual Obligation	Pledged as collateral with Krungthai Bank Public Company Limited
Objective of the Appraisal	To know the current market value of the property (for public purposes).
Appraisal Criteria	In accordance with market pricing criteria
Appraisal Approach	Market approach to appraise land value and cost approach to appraise building value.
Appraisal value	91,230,000.00 baht (in use for 23 years)
Appraisal date	23 January 2019
Factors used for appraisal	Distance from community, land size, land plot, land level, accessibility, land frontage, public utility, development, market demand, best use, city plan and relevant laws

Assets appraised as land with buildings. Therefore, it can determine the value of assets by Cost Approach has been divided into two parts which are;

- **Valuation of land**

The appraiser uses a market approach to analyze because a market approach is a method of determining the appraisal value of an asset, based on the selling price of similar items and situations could be a prior transaction involving the same business. market approach analyzes various factors that affect the value such as property size, land shape, land level, front/ Port Access Road, Public utility, growth, popularity of the market, Maximum usage benefit, City plan and related laws. Then the rating comparisons between Appraised property and property market data to calculate the average price of property valuation by choosing 4 sample comparison data as shown;

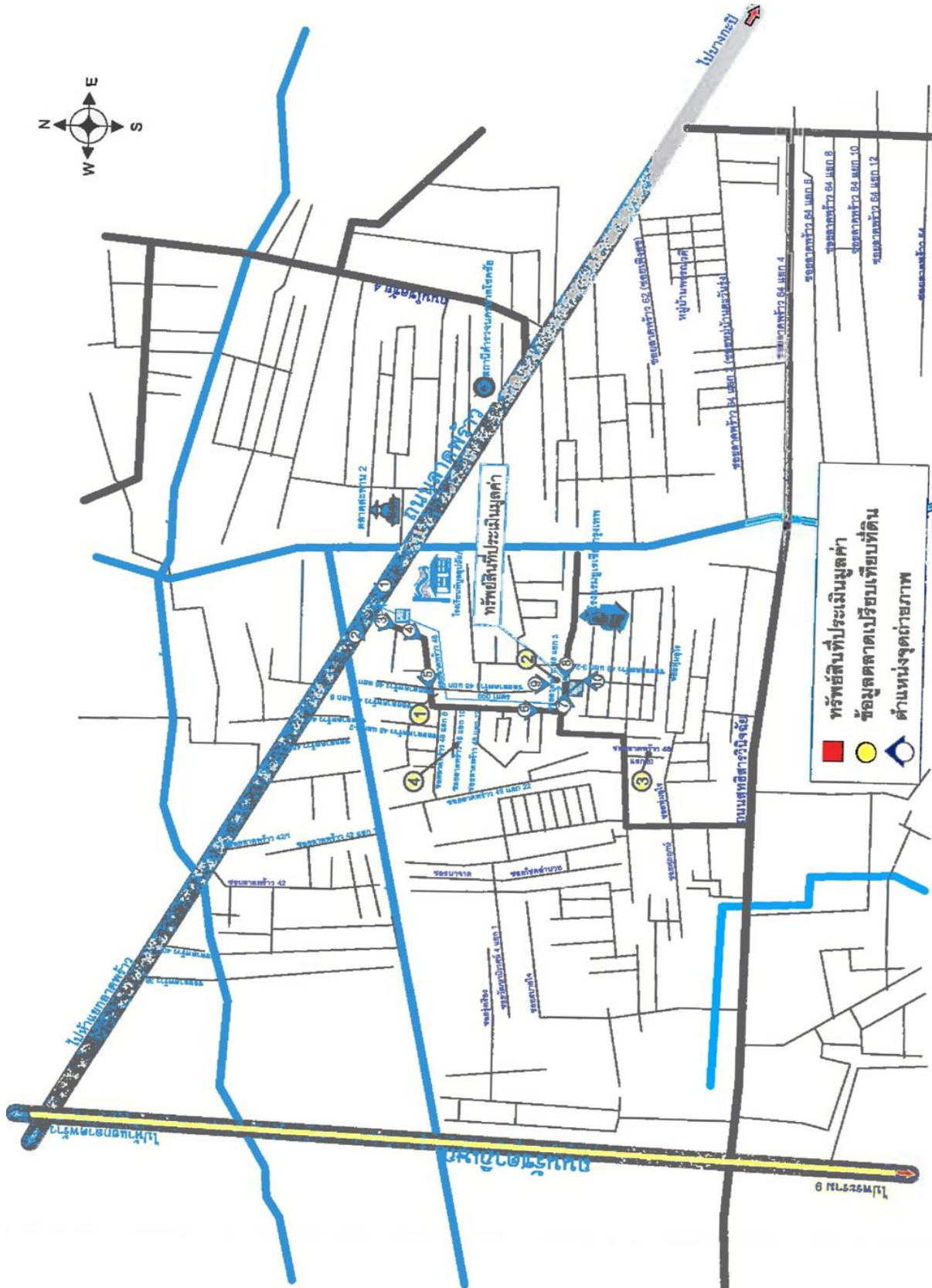


Diagram showing the location of the property and comparing with market data

The summary of the assets and information can be compared as follows.

No	Detail	Assets	Comparative price information			
			1	2	3	4
1	Asset Type	Land and Buildings	Unused Land	Unused Land	Unused Land	Unused Land
2	Location	Soi Lat Phrao intersection 3-2, Ladprao road	Soi Lat Phrao 48 intersection 6, Ladprao road	Soi Lat Phrao 48 intersection 3-1, Ladprao	Soi Lat Phrao 48 intersection 20	Soi Lat Phrao 48 intersection 10, Ladprao road
3	Front Road	Reinforced concrete with 2 traffic lanes wide 6.00 meter	Reinforced concrete with 2 traffic lanes wide 6.00 meter	Reinforced concrete with 2 traffic lanes wide 6.00 meter	Reinforced concrete with 2 traffic lanes wide 6.00 meter	Reinforced concrete with 2 traffic lanes wide 6.00 meter
4	Area Total	1--0-29.0 Rais or 429.0 Square Wahs	0-2-39.5 Rais or 239.5 Square Wahs	0-1-2.0 Rais or 102.0 Square Wahs	0-1-5.0 Rais or 105.0 Square Wahs	0-1-5.0 Rais or 105.0 Square Wahs
5	Land Shape	Rectangle	Rectangle	Rectangle	Rectangle	Rectangle
6	Width	Land width on the road 45 meters.	Land width on the road 50 meters.	Land width on the road 20 meters.	Land width on the road 16 meters.	Land width on the road 28 meters.
7	Land level	higher the Road about 0.20 Meter	Road level	Road level	Road level	Road level
8	Public Utility	Electricity, Pipeline Water, Telephone Cable, Street light and drain pipe	Electricity, Pipeline Water, Telephone Cable, Street light and drain pipe	Electricity, Pipeline Water, Telephone Cable, Street light and drain pipe	Electricity, Pipeline Water, Telephone Cable, Street light and drain pipe	Electricity, Pipeline Water, Telephone Cable, Street light and drain pipe

No	Detail	Assets	Comparative price information			
			1	2	3	4
9	City plan	Orange Color Zone - The medium-density residential zone	Orange Color Zone - The medium-density residential zone	Orange Color Zone - The medium-density residential zone	Orange Color Zone - The medium-density residential zone	Orange Color Zone - The medium-density residential zone
10	Telephone Number	-	Tel. 096-783-7779 (Jakky)	Tel. 083-895-3553 (Tau)	Tel. 099-606-6369	Tel. 086-405-6818
11	Offering Price	-	total 33,530,000 Baht or Land at the rate of 100,000.00 Baht / square wah	total 15,300,000 Baht or Land at the rate of 150,000.00 Baht / square wah	total 12,200,000 Baht or Land at the rate of 116,190.00 Baht / square wah	total 9,900,000 Baht or Land at the rate of 98,285 Baht / square wah
12	Date of receive	January 2019	January 2019	January 2019	January 2019	January 2019
13	Use of property	Commercial	Residential	Residential	Residential	Residential
14	Compare with property	-	Location similar to assets, Land size inferior to assets, Use of property and overall potential similar to assets.	Location similar to assets, Land size inferior to assets, Use of property and overall potential similar to assets.	Location similar to assets, Land size inferior to assets, Use of property and overall potential similar to assets.	Location similar to assets, Land size inferior to assets, Use of property and overall potential similar to assets.

From that information, the appraiser has considered the assessment by comparing the quality level of various factors of the property with the data to be compared to make the score and use various adjustment methods by Simple Regression Analysis and then analyzed by weighted method for the Valuation of land. can be summarized as follows;

Factors	weighted	Score calculation	Market data				Appraised property
			1	2	3	4	
Area Total		Sq.Wah	239.5	102.0	105.0	105.0	429.0
1 Location factors							
Distance from the community	15%	10	8	8	7	7	8
Front road / Access	10%	10	8	8	7	7	8
2 Physical factors							
Property size	10%	10	7	7	7	7	7
Land Shape	10%	10	7	8	7	6	7
Land level	10%	10	7	7	7	7	7
3 Environmental factors							
Public Utility	10%	10	7	7	7	6	7
Surrounding prosperity	10%	10	7	7	7	7	7
Market popularity	10%	10	8	8	7	7	7
4 Terms / Applicable law							
City plan/ Related laws	10%	10	7	7	7	7	7
Maximum Usage Benefit	5%	10	8	8	7	7	8
Total	100%	100	740.0	750.0	700.0	680.0	730.0
Offering Price		Baht / Sq.Wah	140,000	150,000	116,190	98,285	
Adjust the length of time / Price negotiable		Baht / Sq.Wah	2,800	7,500	2,324	983	
Indicated price		Baht / Sq.Wah	137,200	142,500	113,866	97,302	
Average score		Score	740.0	750.0	700.0	680.0	730.0
Coefficient of determination (R-Square)		99%	Land Value		130,644		Baht / Sq.Wah
Standard error (STDV)		2,055.32	sum of the land value		130,000		Baht / Sq.Wah
Min.		128,588	total area		429.0		Sq.Wah
Max.		132,699	Total value of Land		55,770,000		Baht

Property value of the head office land of SMM, approximate 130,000 Baht / square wah or Total land value is 55,770,000 Baht

● **Valuation of buildings**

For the valuation of buildings on land considered by Cost Approach or Replacement cost which is the current price in the construction of assets with similar utility or Reproduction Cost at the date of valuation and deducted by the accumulated depreciation of the lifetime of the physical depreciation, depreciation from utilization, Including depreciation from external factors that affect the value of the property Which the deduction of the depreciation of the building is based on the requirements Building life at 30 years according to SMM opinion and depreciation is straight line. Therefore, building depreciation is equal to 76 percent as shown in the table below.

No.	Description	Area (sq.m.)	Renewable construction costs		Depreciation of property			Value after depreciation (Baht)
			Unit (THB/Sq.w.)	Total (Baht)	Age (Y)	Total (%)	Total (Baht)	
1	Office building 13 storey.			121,308,000	23	76%	92,194,080	29,113,920
	- Living area inside the building (Office section)	7.352.00	16,500	26,443,400	23	76%	20,096,984	6,346,416
		2.426.00	10,900	147,751,400			112,291,064	35,460,336
Total building value (actual construction)				147,750,000				35,460,000

Property value of the building on the land of head office of SMM, Total land value is 35,460,000 Baht

The Summary of property value

The appraiser has an opinion on the value of the property, land and building, 13 storey office building as of 23 January 2019 by using the Cost Approach as follows.

Total land value: 1--0-29.0 Rais or 429.0 Square Wahs (130,000 Baht / square wah) 55,770,000 Baht

Total building value of Office building 13 storey. 35,460,000 Baht

Total assets value 91,230,000 Baht

2. Land and 2-storey commercial buildings with deck (extension) totaling 2 units (connecting)	
Type of Asset	Land and 2-storey commercial buildings with deck (extension) totaling 2 units (connecting). The size of the land is 0-0-20.0 rai or 20.0 square wah.
Location	160, 162 Nakhon Sawan Road, Wat Sommanatvihan, Pomprabsatrupai, Bangkok
Land Title	Deed no. 3382 – 1 title deed
Ownership of Land and Building	Siam Inter Multimedia Public Company Limited
Contractual Obligation	Pledged as collateral with Krungthai Bank Public Company Limited
Objective of the Appraisal	To know the current market value of the property (for public purposes).
Appraisal Criteria	In accordance with market pricing criteria
Appraisal Approach	Market approach
Appraisal value	13,500,000.00 baht (in use for 59 years)
Appraisal date	21 January 2019
Factors used for appraisal	Location, transportation, land frontage, public utility, environment, usable area, design, maintenance, building age

Because the property that is appraised is a small land with buildings, commercial buildings There are many similar assets. Therefore can reflect the value with the market approach , which is a method of analyzing the value from trading in the market.

If the market has sufficient trading, it can be compared directly with the appraised property. Which is a search for assets that are similar to those traded within the evaluation period Also known as market data, considering how similar or different from the appraised property And analyze various factors that affect value, such as location, land size, size of living space Road in front of the land, Public Utility, environment, building model, maintenance, building age, then make a comparison score between the appraised property and the property of the market data to calculate the appropriate average price of the appraised property. By selecting 4 comparison data samples that are within 1 kilometer of the appraised asset

The summary of the assets and information can be compared as follows.

No.	Details	Assets	Comparative price information			
			1	2	3	4
1	Asset Type	Land and Commercial building 2 storeys with roof floor (add a building) totaling 2 units	Land and Commercial building 3 storeys (including mezzanine floor)	Land and Commercial building 4 storeys (including mezzanine floor), totaling 2 units	Land and Commercial building 2 storeys (add a behind the building for 1 storey)	Land and Commercial building 3 storeys (including mezzanine floor) totaling 2 units
2	Location	Nakhon Sawan road	Nakhon Sawan road	Nakhon Sawan road	Mahachai Road	Soi Nak Bamrung
3	Distance from property	-	About 150 meters	About 20 meters Is opposite the property	About 900 meters	About 1 kilometer
4	Area Total	20.0 Square Wahs	9.5 Square Wahs	29.4 Square Wahs	10.3 Square Wahs	43.0 Square Wahs
5	Living area inside the building	161.70 (sq.m.)	150 (sq.m.)	350 (sq.m.)	200 (sq.m.)	410 (sq.m.)
6	Age of buildings	59 years	50 years	50 years	60 years	50 years
7	Building Condition / Maintenance	Fair	Moderate	Moderate	Moderate	Moderate
8	Front Road	Asphaltic Road wide 18 meter	Asphaltic Road wide 20 meter	Asphaltic Road wide 20 meter	Asphaltic Road wide 18 meter	Reinforced concrete wide 6 meter
9	Public Utility	Electricity, Pipeline Water, Telephone Cable and drain pipe	Electricity, Pipeline Water, Telephone Cable and drain pipe	Electricity, Pipeline Water, Telephone Cable and drain pipe	Electricity, Pipeline Water, Telephone Cable and drain pipe	Electricity, Pipeline Water, Telephone Cable and drain pipe

No.	Details	Assets	Comparative price information			
			1	2	3	4
10	Telephone number	-	Tel. 080-291-3291 (K.Somchai)	Tel. 098-435-5818 (K.Lek)	Tel. 098-272-3599 (K.Nut)	Tel. 098-465-6652 (K.Korn)
11	Offering Price	-	5,800,000 Baht/unit	20,000,000 Baht	7,500,000 Baht	29,000,000 Baht
12	Date of receive data	January 2019	January 2019	January 2019	January 2019	January 2019
13	Compare with property	-	Location similar to assets, Land size inferior to assets, Usable area similar to assets, Building Condition similar to assets, Overall potential similar to assets.	Location similar to assets, Land size superior to assets, Usable area superior to assets, Building Condition similar to assets, Overall potential superior to assets.	Location superior to assets, Land size inferior to assets, Usable area inferior to assets, Building Condition similar to assets, Overall potential superior to assets,	Location similar to assets, Land size superior to assets, Usable area superior to assets, Building Condition superior to assets, Overall potential similar to assets.
14	Maximum Usage Benefit	Commercial	Commercial	Commercial	Residential	Commercial

From that information, the appraiser has considered the assessment by comparing the quality level of various factors of the property with the data to be compared to make the score and use various adjustment methods by Simple Regression Analysis and then analyzed by weighted method for the Valuation of land. can be summarized as follows;

Factors	weighted	Score calculation	Market data				Appraised property
			1	2	3	4	
Size (Square Wahs / Unit)			9.5	29.4	10.3	43.0	20.0
Usable area (Square Wahs / Unit)			150.00	350.00	200.00	410.00	161.70
1 Location							
Location	15%	15	8	8	8	6	8
Environment	15%	15	5	5	5	8	5
2 Physical factors							
Size	30%	10	1	7	2	10	5
Usable area	10%	10	1	8	3	10	1
Age Of Buildings	0%	10	5	5	5	5	5
Building condition / building type	10%	10	6	6	5	8	6
Maintenance	15%	10	5	5	5	8	8
3 Environmental factors							
Front Road	5%	10	7	7	7	5	7
Public Utility	0%	10	8	8	8	8	8
Total	100%	100	405	655	445	835	570
Trading price / Offering Price		Baht	5,800,000	20,000,000	7,500,000	29,000,000	
Adjust the length of time / Price negotiable		(Baht / Square Wahs)	300,000	2,000,000	500,000	2,500,000	
Indicated Price		(Baht / Square Wahs)	5,500,000	18,000,000	7,000,000	26,500,000	
Average		score	405	655	445	835	570
Coefficient of determination (R-Square)		100%	Asset value			13,506,910	Baht
STDV		335,160	Total value of assets			13,500,000	Baht
Min		13,171,749					
Max		13,842,070					

Because the property is assessed as commercial buildings, 2 units to drill through. With one-way stairs
And built on a single plot of land Therefore, consider evaluating the total value of 2 booths for a single price.

Total Value of Assets

The appraiser's opinion on the value of Land and Commercial building 2 storeys with roof floor (add
a building) totaling 2 units (drill through) as of January 21, 2019 by Market Approach as follows

Land value of 20.0 Square Wahs and Commercial building 2 storeys with roof floor (add a building) totaling 2 units (drill through)	13,500,000 Baht
Total value of assets	13,500,000 Baht

4 Summary of Phelps Dodges Appraisal Report

PDITL hires First Star Consultant Co., Ltd., appraised by Mr. Sorayuth Pholsonserm and Mr. Chayut Jirapath (Appraiser) to appraise the value of the asset. The detail is below.

1. Land with Building (Bang Phil Factory)	
Type of Asset	Land with Building
Location	159 Moo 10. Theparak Rd., Km.17, Bang Pla, Bang Phli 10540 Samut Prakan Thailand
Property Right	Title Deed No. 35059-35065 7 deeds Title Deed No. 38747-38748 2 deeds
Land Area	81-2-3 Rai
Owner of Land and Building	Phelps Dodge International (Thailand) Limited
Collateral Assets	1. Kasikornbank PCL 2. ICBC Thai Commercial Bank
Purpose of Appraisal	Public
Appraisal Methodology	Depreciated Replacement Cost Approach
Assets Value	745,450,955.0 THB Consisted of Bang Phil Building THB 254.2 Million Use of Life 20 years Land with Bang Phil Factory THB 489.05 Million Land Improvement Bang Phil Factory THB 11.21 Million
Appraisal Date	16 October 2018
Appraisal Factors	Location, Type of Landscape, Logistic, Road, Surface, Utility Environmental and Urbanization, Building Area and Space usage, Type of Building, Construction and Decoration and Maintenance

2. Land with Building (Rayong Factory)	
Type of Asset	Land with Building
Location	No 9/9 Mo 4 Huipong-Nongbon Road Rayong Pattaya to Rayong Road (36 KM.) Nikhom Phatthana Subdistrict, Nikhom Phatthana District, Rayong 21150

2. Land with Building (Rayong Factory)	
Property Right	Title Deed No. 1137, 2421, 15207 and 16329
Land Area	85-2-72 Rai
Owner of Land and Building	Phelps Dodge International (Thailand) Limited
Collateral Assets	1. Kasikornbank PCL 2. ICBC Thai Commercial Bank
Purpose of Appraisal	Public
Appraisal Methodology	Depreciated Replacement Cost Approach
Assets Value	197,430,044.9 THB Consisted of Rayong Factory THB 63.69 Million Use of Life 20 years Land with Rayong Factory THB 128.52 Million Land Improvement Rayong Factory THB 5.22 Million
Appraisal Date	12 October 2018
Appraisal Factors	Location, Type of Landscape, Logistic, Road, Surface, Utility Environmental and Urbanization, Building Area and Space usage, Type of Building, Construction and Decoration and Maintenance

3. Land with Buildings and Land Bank 3 Groups		
Type of Asset	Land with Buildings and Land Bank 3 Groups	
Location	Group 1	N/A Public Soi without Name Junction North Samrong 7
	Group 2	N/A Public Soi without Name Junction North Samrong 7
	Group 3	N/A Public Soi without Name Junction North Samrong 9 Soi Sukhumvit 113 (Soi Wat Dan Samrong) Sukhumvit Samrong Samutprakarn District Samutprakarn Province
Property Right	Group 1	Title Deed No. 21278-21281, 21285-21287
	Group 2	Title Deed No. 21259-21262, 22106
	Group 3	Title Deed No. 21289
Land Area	Group 1	1-3-18 Rai

Group 2	0-3-63 Rai
Group 3	0-0-93 Rai
Owner of Land and Building	Phelps Dodge International (Thailand) Limited
Collateral Assets	1. Kasikornbank PCL 2. ICBC Thai Commercial Bank
Purpose of Appraisal	Public
Purpose	Determine Market Value
Appraisal Methodology	Market Comparison Approach
Assets Value	39,444,354.0 THB Consisting of Land Group 1 with Building THB 23.95 Million Land Group 2 THB 12.71 Million Land Group 3 THB 2.79 Million
Appraisal Date	12 October 2018

4. Machinery (Bang Phil Factory)	
Type of Asset	Machinery
Type of Machinery	Appraised Machinery consisted of Blending Machine Testing Machine and Packaging and Machine for twisting and pressing, aluminum boiler and related machinery producing wire cable
Location of Asset	159 Moo 10. Theparak Rd., Km.17, Bang Pla, Bang Phli 10540 Samut Prakan Thailand
List of Assets	No. of Assets 82 Assets
Purpose of Appraisal	Public
Purpose	Determine Market Value
Appraisal Methodology	Depreciated Replacement Cost Approach
Asset Value	THB 574,834,000
Appraisal Date	8 October 2018
Physical Life	2 Groups; 15 and 20 years
Use of Life	2 Groups; 3 and 5 years

4. Machinery (Bang Phil Factory)	
5. Machinery (Rayong Factory)	
Type of Asset	Machinery
Type of Machinery	Drawing, Packaging, Twisting, Pressing Machinery and related machinery producing wire cable
Location of Asset	No 9/9 Mo 4 Huipong-Nongbon Road Rayong Pattaya to Rayong Road (36 KM.) Nikhom Phatthana Subdistrict, Nikhom Phatthana District, Rayong 21150
List of Assets	No. Of Assets 42 Assets
Purpose of Appraisal	Public
Purpose	Determine Market Value
Appraisal Methodology	Depreciated Replacement Cost Approach
Asset Value	263,322,000 THB
Appraisal Date	8 October 2018
Physical Life	15 and 20 Years
Use of Life	5 – 14 Years
Appraisal Factors	Status of Machinery, Efficiency of Machinery, Depreciation of Machinery and Use of Life, Legal Status, Type of Asset, Suitable Usage for usage or future development

5 Checklist of Qualifications of SMM and SMM's Securities according to the Regulation of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities

Required Qualifications	Explanations						
<p>1. Qualifications of ordinary shares</p> <p>1.1 Ordinary share has par value of at least Baht 0.50 per share and are fully paid.</p> <p>1.2 Ordinary shares are in bearers' names.</p> <p>1.3 There is no restrictions on transfer of ordinary shares, unless the restrictions are in accordance with laws and are specified in the Articles of Association of the company.</p>	<p>1. Qualifications of ordinary shares</p> <p>1.1 As at December 31, 2018, SMM had registered capital of Baht 323.21 million at par value of Baht 1 per share. After the Private Placement and the Entire Business Transfer from TAH2, SMM shall have registered capital of Baht 22,823.21 million at par value of Baht 1 per share, all fully paid-up.</p> <p>1.2 Ordinary shares of SMM are in bearers' names.</p> <p>1.3 There is no restriction on transfer of ordinary shares and foreign shareholding at any period must not exceed 49% of paid-up shares. SMM reserves the right to deny any transfer of shares that make foreign shareholding exceed the said percentage.</p>						
<p>2. Qualifications of the applicant (Holding Company)</p> <p>2.1 Status</p> <p>- The applicant is a public limited company established under Thai law or juristic person established by a specific Thai law.</p> <p>2.2 Paid-up capital</p> <p>- The applicant has paid-up capital only in respect of ordinary shares in an amount not less than Baht 300 million.</p> <p>2.3 Holding company has one of the following qualifications:</p> <p>- Has a core company as its subsidiary</p> <p>- Hold at least 40% shareholding in core company and being able to prove that it has the power to manage core company in accordance with the proportion of its shareholding.</p>	<p>2. Qualifications of the applicant</p> <p>2.1 SMM is a public limited company established under Thai law.</p> <p>2.2 Paid-up capital of SMM:</p> <table data-bbox="877 1205 1436 1377"> <tr> <td>Current</td> <td>Baht 323.21 million</td> </tr> <tr> <td>Capital increase from Investor PP2 and TAH2 Shareholders</td> <td>Baht 22,500.00 million</td> </tr> <tr> <td>After capital increase</td> <td>Baht 22,823.21 million</td> </tr> </table> <p>2.3 Presently, TAH2 holds shares in PDITL (Core Company) and PDTL Trading at 99.28% and 49.00% respectively. After the Entire Business Transfer and the allotment of shares complete, SMM shall hold shares of PDITL and PDTL Trading at 99.28% and 49.00% respectively.</p>	Current	Baht 323.21 million	Capital increase from Investor PP2 and TAH2 Shareholders	Baht 22,500.00 million	After capital increase	Baht 22,823.21 million
Current	Baht 323.21 million						
Capital increase from Investor PP2 and TAH2 Shareholders	Baht 22,500.00 million						
After capital increase	Baht 22,823.21 million						
<p>2.4 Distribution of minority shareholding</p> <p>The applicant must have at least 150 minority shareholders and such minority shareholders must hold shares in aggregate of not less than 15% of paid-up capital.</p>	<p>2.4 Distribution of minority shareholding</p> <p>TAH2's shareholder shall receive the allotment of 21,500,000,000 new ordinary shares of SMM. After the allotment, TAH2 Shareholders and Investor PP2 shall hold total of 22,823,211,005 shares. TAH2 Shareholders shall hold 94.20% shareholding in SMM. Therefore, proportion of Free Float is less than 15% of registered and paid-up capital,</p>						

Required Qualifications	Explanations
	<p>meaning that its distribution of minority shareholding is not in accordance with the SET's required qualification to maintain status of listed company.</p> <p>SMM has plan to distribute its minority shareholding to increase Free Float by:</p> <ol style="list-style-type: none"> 1. Offer not more than 1,323,211,005 new ordinary shares to existing shareholders via Rights Offering. TAH2's shareholder has informed SMM that they will waive their right to subscribe the Rights Offering shares. In case that existing shareholders inform SMM of their subscription according to the Rights Offering as well as the oversubscription, and there is a recalculation of Rights Offering ratio by, new Rights Offering ratio (subtracting numbers of Rights Offering shares of TAH2 Shareholders) shall change to 1 existing share to 1 new share. It is expected that the Rights Offering shall increase SMM's minority shareholding to 11%, of which 6.8% of paid-up shares are of shareholders who are able to trade shares in the SET (if Rights Offering shares are fully subscribed). 2. After 6 months from the date of relisting, SMM shall offer new ordinary shares via Public Offering at the amount not exceed 1,800,000,000 shares, comprising of <ol style="list-style-type: none"> (1) Not more than 480,000,000 new ordinary shares at par value of Baht 1 per share. (2) Existing ordinary shares of SMM held by TAH2 Shareholders at the amount not exceed 1,320,000 shares at par value of Baht 1 per share. <p>In case that all shares from Public Offering are distributed to minority shareholders, SMM's minority shareholding shall increase to 18.1%, of which approximately 15.0% of issue and paid-up shares of the Company are of shareholders who are able to trade shares in the SET.</p>
<p>2.5 Public Offering</p> <ul style="list-style-type: none"> - In case that paid-up capital is less than Baht 500 million, the cumulative number of shares offered for sale shall not less than 15% of paid-up capital. - In case that paid-up capital is not less than Baht 500 million, the cumulative number of shares offered for sale shall not less than 10% of paid-up capital or total value of ordinary shares based on par value shall not less than Baht 75 million, whichever is higher. 	<p>2.5 Public Offering</p> <ul style="list-style-type: none"> - Since it is a merger of businesses, no share is offered to the public.

Required Qualifications	Explanations
<ul style="list-style-type: none"> - Shares are offered through underwriters. - Shares must have been filed with and approved by the SEC except in case that the applicant is juristic person established by a specific Thai law. 	<ul style="list-style-type: none"> - SMM is under the process of proposing to shareholders' approval on Private Placement and filing for an approval for such Private Placement from the SEC.
<p>2.6 Operating results</p> <p>The Company has net profit according to the requirements applicable to its core company as follow:</p> <p>(2) Has aggregate net profit during the latest 2 or 3 years prior to the filing of an application of not less than Baht 50 million, provided that net profit in the latest year prior to the filing of an application must not less than Baht 30 million and there must be an accumulated net profit in the period prior to the filing of an application; or</p> <p>(3) Has market capitalization of not less than Baht 7,500 million, and has Earnings before Interest and Tax in the latest year prior to the filing of an application.</p>	<p>2.6 Operating results can be determined based on 2 types of financial statements as follow:</p> <ul style="list-style-type: none"> - Based on consolidated financial statements of TAH2 <ul style="list-style-type: none"> ● TAH2 had net profit based on audited financial statements during the latest 2 years prior to the filing of an application equal to Baht 665.53 million, higher than Baht 50 million. In the latest year prior to the filing of an application, it had net profit based on audited financial statements of Baht 387.49 million, which is higher than Baht 30 million. - Based on pro forma consolidated financial statements of TAH2 and SMM <ul style="list-style-type: none"> ● SMM has net profit based on pro forma consolidated financial statements (details as shown in Attachment 9) of Baht 309.48 million. Thus, it has aggregate net profit from normal operation during the latest 2 years prior to the filing of an application of not less than Baht 50 million, and has net profit in the latest year prior to the filing of an application of not less than Baht 30 million.
<p>2.7 Financial position and liquidity</p> <ul style="list-style-type: none"> - The applicant must be able to prove that it is in a stable financial position and has sufficient working capital relative to the existing condition of business in related industries. - The applicant has shareholders' equity of not less than Baht 300 million and has shareholders' equity before the Public Offering of more than zero. 	<p>2.7 Financial position and liquidity</p> <ul style="list-style-type: none"> - Based on pro forma financial statement as at December 31, 2018, SMM had debt to equity ratio of 0.75 time. - Based on pro forma financial statement as at December 31, 2018, SMM had shareholders' equity of Baht 14,421.24 million.
<p>2.8 Management</p> <ul style="list-style-type: none"> - Director, management, and person who has controlling power have required qualifications in accordance with the law governing securities and exchange or the rules prescribed by the SEC and the SET and are not person who violate any rules and regulations 	<p>2.8 Management</p> <ul style="list-style-type: none"> - There shall be 7 directors of SMM after the business transfer, of which 3 are independent directors. - Director, management, and person who has controlling power have required qualifications in accordance with the law governing securities and exchange or the rules prescribed by the SEC and the SET

Required Qualifications	Explanations
<p>of the SET where such violation may materially adversely affect the rights and benefits or the decision of shareholders and investors, or the change in price of securities.</p> <p>- There is the scope of power and duties of the Board of Directors which comply with the rules prescribed in the notification of the Capital Market Supervisory Board.</p>	<p>and are not person who violate any rules and regulations of the SET where such violation may materially adversely affect the rights and benefits or the decision of shareholders and investors, or the change in price of securities. They have certified in letter of confirmation that they have no prohibited qualification.</p>
<p>2.9 Corporate governance and internal control</p> <p>- There is a good corporate governance system and has independent directors who have composition and qualifications as prescribed in the notification of the Capital Market Supervisory Board. In addition, there is an audit committee to monitor and control business operation to comply with standard and in good practice. An audit committee shall have the composition and qualifications and scope of work as prescribed by the SET.</p>	<p>2.9 Corporate governance and internal control</p> <p>- SMM has set its corporate governance system to appoint 3 independent directors out of 12 directors (not less than 1/3 of total numbers of directors) who have composition and qualifications as prescribed in the notification of the Capital Market Supervisory Board; and has 3 audit committee who have the composition and qualifications and scope of work as prescribed by the SET.</p>
<p>- There is an internal control system under the rules prescribed in the notification of the Capital Market Supervisory Board.</p>	<p>- SMM has established internal audit department that directly report to the audit committee and responsible for the assessment of internal control system according to rules and regulations of the SET and SEC. The internal audit department has reported to the audit committee and the audit committee opined that SMM has sufficient and appropriate internal control system. After the merger of business and disposition of investment in subsidiary which is the conditions precedent of the Transaction, SMM shall maintain its current internal control system.</p> <p>- TAH2 and its subsidiaries has appointed P & L Internal Audit Company Limited to assess the sufficiency of their internal control system. The internal auditor provided the opinion that TAH2 and its subsidiary have good and appropriate internal control system and in accordance with the Internal Control Assessment Form of the SEC. It has reported to the audit committee and the audit committee opined that TAH2 and its subsidiary have sufficient and appropriate internal control system.</p>
<p>2.10 Conflict of Interest</p> <p>- There is no conflict of interest under the rules prescribed in the notifications of the Capital Market Supervisory Board.</p>	<p>2.10 Conflict of Interest</p> <p>- The entering into the Entire Business Transfer from TAH2 does not create any conflict of interest both before and after the Transaction. SMM and TAH2's subsidiary are independent from each other and have</p>

Required Qualifications	Explanations
	<p>different group of management. SMM and TAH2's subsidiaries operate different business with no similar product and competition between the companies. SMM operates book publishing, media, and TV broadcast licensing businesses while TAH2's subsidiaries operate electrical cable manufacturing and distribution business.</p> <p>Moreover, TAH2 Shareholders and directors of TAH2 and PDITL do not hold shares or are directors in any company doing competitive business with TAH2's subsidiary.</p>
<p>2.11 Financial statements and auditor</p> <p>- The applicant has financial statements with the characteristics and in accordance with the rules prescribed in the notifications of the Capital Market Supervisory Board.</p>	<p>2.11 Financial statements and auditor</p> <p>- Financial statements of SMM and TAH2 are prepared in accordance with the financial reporting standards and in accordance with the rules prescribed in the notifications of the Capital Market Supervisory Board. Financial statements are audited or reviewed (in case of quarterly financial statements) by auditor whose name appear on the approved list of the SEC. In addition, the audit report prepared by the auditor shall not contain statement in the following manners:</p> <p>(1) The preparation and disclosure of the information in the financial statements are not in accordance with the financial reporting standard governing the preparation of such financial statements;</p> <p>(2) The auditor's scope of work with regard to auditing or reviewing, as the case may be, is limited by an action or failure to act of the issuing company or its director or executive.</p> <p>- TAH2's subsidiaries can prepare financial reports and can disclose such information to SMM so that SMM is able to prepare its financial statements in accordance with the accounting standards.</p> <p>- Pro forma financial statements of SMM and TAH2 for 2017 and 2018 are prepared by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, auditor whose name is on the approved list of the SEC. The auditor reported the confidence in collection of information for the preparation of pro forma financial statement of SMM under criteria and assumptions stated in the notes to pro forma financial statements.</p>
<p>- Auditor of the applicant shall be approved by the SEC.</p>	<p>- SMM's financial statements of 2016 – 2018 were audited by Mr. Chaiyuth Angsuwithaya CPA Registration No. 3885, or Mrs. Natsarak Sarochanunjeen CPA Registration No. 4563, or Miss Daranee Somkamnerd CPA Registration No. 5007, or Miss Jarunee Nuammae CPA Registration No. 5596 from A.M.T. & Associates, auditors whose name is on the approved list of the SEC.</p>

Required Qualifications	Explanations
	<p>- TAH2's consolidated financial statements of 2017 and 2018 were audited by Mr. Nantawat Samrounhan, CPA Registration No. 7731 from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an auditor whose name is on the approved list of the SEC.</p> <p>After Private Placement share allotment and the transfer of business complete, SMM's auditor shall change to Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an auditing firm that is approved by the SEC.</p>
<p>2.12 Provident fund</p> <p>- The applicant has a provident fund established according to the law governing provident funds.</p>	<p>2.12 Provident fund</p> <p>- SMM has a provident fund established according to the law governing provident funds. Currently, its provident fund is managed by Krungthai Asset Management Public Company Limited under the name Thai Munkhong Master Pooled Fund (Registered) (KTMF).</p> <p>- PDITL has a provident fund established according to the law governing provident funds. Currently, its provident fund is managed by TISCO Asset Management Company Limited under the name TISCO Master Pooled Fund.</p>
<p>2.13 Directors and management of the applicant has managed core company for not less than 1 year consecutively prior to the filing of an application, except the applicant is a financial institution of which the regulatory agency has otherwise prescribed rules in relation to directors and Management; or the core company has an investment in a project which is a Basic Public Utilities that is beneficial to Thailand.</p>	<p>2.13 Directors and management of SMM to be appointed after the transfer of business are the same as those responsible for management of PDITL (Core Company for not less than 1 year consecutively prior to the filing of an application (details as shown in Part 1: Asset Acquisition Transaction and Connected Transaction relating to the Entire Business Transfer and Private Placement of Shares as Considerations for the Entire Business Transfer.</p>
<p>2.14 The Applicant can prove that it has controlling power or has the power to manage core company in accordance with the proportion of its shareholding.</p>	<p>2.14 SMM has controlling power or has the power to manage Core Company in accordance with the proportion of its shareholding.</p>
<p>2.15 The applicant does not have characteristic and an investment company prescribed under the notifications of the the Capital Market Supervisory Board, whereby investment in other companies not operating core business must not exceed 25% of total assets.</p> <p>An investment in companies operating core business is an investment by the company in subsidiary or associated company in which total size of all companies operating core business shall not lower than</p>	<p>2.15 As previously mentioned that SMM shall restructure its business by transfer some assets and liabilities to SMMP and subsequently dispose SMMP shares. The remaining assets and liabilities shall be eventually disposed. SMM shall also receive the transfer of business from TAH2. As a result, assets and liabilities of SMM shall be those of TAH2. Thus, the IFA has considered qualification under this clause by taking consolidated financial statements of TAH2 at the end of 2018 into consideration.</p> <p>TAH2 has no investment other than in companies operating</p>

Required Qualifications	Explanations
<p>75% of total assets. In this regard, the size of subsidiaries shall be at least 25% of total assets of the applicant.</p>	<p>electrical cable manufacturing business which is its core business. It has investment in associated companies of Baht 65.20 million. Ratio of investment can be calculated as follow:</p> <ul style="list-style-type: none"> ● <u>Size of subsidiaries operating core business</u> $\frac{\text{Size of Holding Company}}{11,845.72} = \frac{11,845.72 - 65.20}{11,845.72} = 99.45\% \geq 25\%$ ■ <u>Size of companies operating core business</u> = 100% $\geq 75\%$ $\frac{\text{Size of Holding Company}}{\text{Size of Holding Company}} = 100\% \geq 75\%$ ■ <u>Size of other companies</u> = 0% $\leq 25\%$ $\frac{\text{Size of Holding Company}}{\text{Size of Holding Company}} = 0\% \leq 25\%$ <p>Thus, the structure of business operation of SMM does not have characteristic and an investment company as prescribed by the SEC.</p>
<p>2.16 The applicant has a core company as its core business and such core company poses required qualifications.</p>	<p>2.16 SMM shall have PDITL as its Core Company, in which its operation is core business of SMM; and PDITL has all required qualifications.</p>
<p>3. Securities registra</p> <p>The Applicant shall designate the Exchange or a third person approved by the Exchange to act as its listed securities registrar.</p>	<p>3. Securities registra</p> <p>SMM designates Thailand Securities Depository Company Limited to act as its listed securities registrar.</p>
<p>4. Qualifications of Core Company</p> <p>4.1 Paid-up capital</p> <ul style="list-style-type: none"> - Core Company has paid-up capital only in respect of ordinary shares in an amount not less than Baht 300 million. 	<p>4. Qualifications of Core Company</p> <p>4.1 Paid-up capital</p> <ul style="list-style-type: none"> - As at December 31, 2018, PDITL had registered and paid-up capital of Baht 400.00 million.
<p>4.2 Operating results</p> <ul style="list-style-type: none"> - Core company has the business operations under the management of most directors and management in the same group for not less than 1 year consecutively prior to the filing of an application and has operating results for not less than 3 years prior to the filing of an application. - Core company has operating results as follow: <ul style="list-style-type: none"> (1) Has net profit from normal business operation according to the audited financial statements during the latest 2 or 3 years prior to the filing of an application for 	<p>4.2 Operating results</p> <ul style="list-style-type: none"> - Management <ul style="list-style-type: none"> ● PDITL, as a Core Company, has the business operations under the management of most directors and management in the same group for not less than 1 year consecutively prior to the filing of an application and has operating results for not less than 3 years prior to the filing of an application. - It has operating results which is in accordance with the requirements as follow: <ul style="list-style-type: none"> ● Net profit requirement: PDITL had total net profit from normal business operation according to the audited financial statements during the latest 2 years prior to the filing of an application of Baht 831.93

Required Qualifications	Explanations
<p>an aggregate amount not less than Baht 50 million, provided that net profit in the latest year prior to the filing of an application must not less than Baht 30 million and there must be an accumulated net profit in the period prior to the filing of an application; or</p> <p>(2) Has market capitalization of not less than Baht 7,500 million, and has Earnings Before Interest and Tax (EBIT) in the latest year prior to the filing of an application and in the period prior to the filing of an application.</p> <p>* Calculation of market capitalization</p> <ul style="list-style-type: none"> - In case that the applicant <u>files an application to the SET within 1 year</u> from the last date of the public offering of its shares, the public offering price shall be applied; - In case that the applicant <u>files an application to the SET after 1 year</u> from the last date of the public offering, the fair price determined by the financial advisor shall be applied. - Core company: the fair price determined by the financial advisor shall be applied 	<p>million, higher than Baht 50 million. In 2018 (the latest year prior to the filing of an application), it had net profit of Baht 462.96 million, higher than Baht 30 million.</p>
<p>4.3 Financial position and liquidity</p> <ul style="list-style-type: none"> - Core Company must be able to prove that it is in a stable financial position and has sufficient working capital relative to the existing condition of business in related to industries. - Core Company has shareholders' equity of not less than Baht 300 million and shareholders' equity before Public Offering of more than zero. 	<p>4.3 Financial position and liquidity</p> <ul style="list-style-type: none"> - PDITL is in a stable financial position and has sufficient working capital relative to the existing condition of electrical cable manufacturing business in Thailand. - As at December 31, 2018, PDITL had shareholders' equity of Baht 703.67 million according to financial statements of 2018.
<p>4.4 Management</p> <ul style="list-style-type: none"> - Director, management, and person who has controlling power have required qualifications in accordance with the law governing securities and exchange or the rules prescribed by the SEC and the SET and are not person who violate any rules and regulations of the SET where such violation may materially adversely affect the rights and benefits or the decision of 	<p>4.4 Management</p> <ul style="list-style-type: none"> - Director, management, and person who has controlling power of PDITL have required qualifications in accordance with the law governing securities and exchange or the rules prescribed by the SEC and the SET and are not person who violate any rules and regulations of the SET where such violation may materially adversely affect the rights and benefits or the decision of shareholders and investors, or the change in price of securities.

Required Qualifications	Explanations
<p>shareholders and investors, or the change in price of securities.</p> <ul style="list-style-type: none"> - There is the scope of power and duties of the Board of Directors which comply with the rules prescribed in the notifications of the Capital Market Supervisory Board. 	
<p>4.5 Corporate governance and internal control</p> <ul style="list-style-type: none"> - Core Company has a good corporate governance system - Core Company has an internal control system as prescribed in in the notifications of the Capital Market Supervisory Board. 	<p>4.5 Corporate governance and internal control</p> <ul style="list-style-type: none"> - PDITL has a good corporate governance system in which TAH2, its shareholder, has set written guidelines and policy for corporate governance in order to promote transparency and efficiency of management, which eventually create shareholders', investors' and stakeholders' confidence. - PDITL appoints P & L Internal Audit Company Limited to assess sufficiency of Core Company's internal control system. The internal auditor provided an opinion that the Core Company has sufficient and appropriate internal control system which is in line with the Assessment of Sufficiency of Internal Control System Form of the SEC. SMM has adequate personnel to effectively implement the internal control system.
<p>4.6 Conflict of interest</p> <ul style="list-style-type: none"> - There is no conflict of interest under the rules prescribed in the notifications of the Capital Market Supervisory Board. 	<p>4.6 Conflict of interest</p> <ul style="list-style-type: none"> - Core Company has no conflict of interest under the rules prescribed in the notifications of the Capital Market Supervisory Board.
<p>4.7 Financial statements and auditor</p> <ul style="list-style-type: none"> - Core Company has financial statements with the characteristics and in accordance with the rules prescribed in the notifications of the Capital Market Supervisory Board. - The auditor of the Core Company shall be approved by the SEC. 	<p>4.7 Financial statements and auditor</p> <ul style="list-style-type: none"> - Financial statements of PDITL are prepared in accordance with the financial reporting standards for Publicly Accountable Entities (PAE) and are audited by the auditor. - PDITL can prepare financial reports and can disclose such information to TAH2 so that TAH2 is able to prepare its financial statements in accordance with the accounting standards as well as delivery of information to SMM for preparation of financial statements in the future. - PDITL's financial statements of 2017 and 2018 were audited by Mr. Nantawat Samrounhan, CPA Registration No. 7731 from Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an auditor whose name is in the approved list of the SEC.

Required Qualifications	Explanations
4.8 Provident fund - Core Company has a provident fund established according to the law governing provident funds.	4.8 Provident fund - PDITL has a provident fund established according to the law governing provident funds. Currently, its provident fund is managed by TISCO Asset Management Company Limited under the name TISCO Master Pooled Fund.
4.9 Core company does not have the status of a listed company.	4.9 PDITL does not have the status of a listed company.
4.10 Core company has its own main business operation.	4.10 PDITL operates electrical cable manufacturing business.

6 Electrical Cable Industry

Background

Value of electrical cable market in Thailand is approximately Baht 50,000 million. Electrical cable can be categorized into 3 types which are High Voltage Electrical Cable (230 – 500 kV), Medium Voltage Electrical Cable (69 – 115 kV), and Low Voltage Electrical Cable (11 – 33 kV). Market value of High Voltage Electrical Cable represents 60% of total market value. At present, there are 3 domestic manufacturers who can manufacture High Voltage Electrical Cable namely PDITL, Bangkok Cable Company Limited, and Thai-Yazaki Electric Wire Company Limited, of which PDITL's market share is approximately 20% when calculating based on PDITL's revenue of 2018.

Electrical cable manufacturing and distribution industry is an oligopoly market in which growth direction relies mainly on government's investment budget. The top 5 major operators' combined market share of 50% – 60% and the rest are from approximately 20 medium and small electrical cable manufacturers currently in production. The industry has high barrier of entry because it requires high amount of investment. Manufacturers located in foreign countries who are unable to control costs and expenses shall face competition difficulty as the import of products bear high transportation cost. In General, the main customer group of electrical cable manufacturer is state enterprises who responsible for public utilities such as Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA), and Metropolitan Electricity Authority (MEA) as well as other privatized state enterprises such as TOT Public Company Limited. In private sector, customer group are construction contractors, ranging from large to small, and general customers who purchase electrical cables for home use.

Market growth in electrical cable industry is expected to be supported by Mega Project's budget such as transportation network, electricity transmission and distribution network, and telecommunication project. Value of electrical cable to be used in each project accounts for 5% – 10% of value of each project. In addition, Transmission Line and Sub-station Development Plan of Electricity Generating Authority of Thailand and Provincial Electricity Authority as well as the underground cable and power cable project of the Metropolitan Electricity Authority and Provincial Electricity Authority is expected to help support the needs of electrical cables to rise continuously.

Electrical Cable Industry Trend

- Electricity demand

According to Research Department of Krungsri Securities Public Company Limited, electricity demand in the country during the past 10 years grow at 3.5% per year, or approximately 1.1 times of the annual GDP growth during the period. It is forecasted that market value of domestic electrical cable industry shall grow faster than growth rate of domestic electricity demand as there is also an increasing demand for electricity in foreign countries. According to information from the International Energy Agency (IEA), it is predicted that demand for electric power in Southeast Asian countries will grow at 3.7% per year (during 2016 - 2040), or twice the global average, mainly due to expansion of the city, the increase of population, economic growth, and per capita demand for electricity.

For economic expansion, the International Monetary Fund (IMF) projected that Southeast Asian countries will have an average economic growth of 5.2% per year since 2000 and there will be foreign direct investment of up to USD 120 billion per year, of which 70% will be used for infrastructure construction which is an energy sources. Electrical demand per capita in South East Asia is expected to increase twice in a 2040, but is still 30% lower than global average.

- Thailand Power Development Plan 2015 – 2036

Thailand Power Development Plan is the master plan for the country's electricity production in the 15-20 year period, focusing on systematic energy consumption planning, energy source management, and fuel diversification, to be in line with long-term economic growth of 3.94% per year. The Power Development Plan is prepared by the Office of the National Economic and Social Development Board (NESDB) by focusing on the 3 frameworks as follow:

1. Energy Security: dealing with an adequate power supply taking into account fuel diversification to lessen the dependency of one particular fuel with the goal to reduce the share of natural gas power generation from 64% to 30 – 40% in 2014.
2. Economy: maintaining an appropriate cost of power generation and implementing energy efficiency such as the use of nuclear power generation with targeted share of 5% of total power generation.
3. Ecology: reducing environmental and social impacts by lessening carbon dioxide intensity of power generation in order to comply with the Alternative Energy Development Plan (AEDP) which is a part of the Power Development Plan. The main target of the AEDP is to increase

the portion of renewable energy generation from currently 8% to 30% of the total power requirement in 2014 and increase the import of hydro power from neighboring countries.

In addition, the Power Development Plan 2015 – 2036 stated about major transmission system development of EGAT as follow:

1. 9 transmission system development projects to cope with the rising power demand.
 2. 7 transmission system development projects to reinforce power system reliability.
 3. 5 renovation and expansion projects of retired transmission systems.
 4. 9 transmission system development projects for power purchases from IPPs, SPPs and power import from neighboring countries.
 5. Transmission interconnection project (Grid to Grid).
 6. Smart grid system development to support the Decentralized Generation (DG) according to Thailand Smart Grid Development Master Plan 2015 – 2036.
- Investment budget for electrical infrastructure in Thailand

Three state enterprises, namely Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA) and Metropolitan Electricity Authority (MEA), responsible for electricity generation and transmission to the industrial and household sectors. The investment policy of such state enterprises will be developed by using the Power Development Plan 2015 – 2036 as framework. Investment from such 3 state enterprises is materially vital to growth of domestic electrical cable manufacturing industry. From a compilation of information, it is found that future investment of 3 state enterprises is as high as Baht 245,595 million as shown in the following table.

Budget and investment plan of EGAT, PEA, and MEA

State Enterprise	Year	Investment Plan	Value (Baht million)
EGAT	2016 – 2022	Construction of transmission lines, sub-stations, and switching stations.	60,000
		Improvement and repairment of existing transmission lines.	63,200
Total			123,200
PEA	2016 – 2020	Construction of transmission system phase	62,678
	2017 – 2021	1 Installation of underground electrical cable system in provincial areas.	11,000

State Enterprise	Year	Investment Plan	Value (Baht million)
Total			73,678
MEA	2016 – 2026	Installation of underground electrical cable system in Bangkok	48,717
Total			48,717
Grand Total			245,595

Source: EGAT, PEA, MEA, and Presentation from DEMCO

During 2008 – 2017, EGAT has expanded its transmission line by 3,557 circuit-kilometers to 12,258 circuit-kilometers, equivalent to an average annual growth of 3.5%. There is also the change of distribution system from a low-voltage transmission line (115kV) to a high-voltage transmission line (500kV) to support the growth of the industrial sector and households, reduce energy loss in transmission and distribution of electricity, and support electric vehicle charging station. According to the Power Development Plan 2015 – 2036, during the year 2018 – 2021, EGAT shall increase its generating capacity by 8,058 MW to 31,385 MW at the end of 2017, and target the country's electricity generating capacity to 49,655 MW within 2036. Therefore, in order for EGAT to reach such target, it has plans to construct power plants, including updating and expanding the transmission (2016 - 2022) as follows:

Project	Region	Construction Period	Generating Capacity (MW)	Type of Sub-station (kV)	Distance (Km)	Value (Baht million)
1	North East	2016 – 2019	1,600	500	348	32,828
2	South	2016 – 2019	260	230, 500	780	5,336
3	South	2017 – 2020	100	500	333	2,052
4	Central	2018 – 2021	460	500	183	9,436
5	South	2019 – 2022	30	500	313	616
6	North East	2020 – 2023	2,730	500	768	56,012
7	West	2016 – 2022	-	-	-	16,920
Total						123,200

Source: EGAT

During 2007 – 2016, PEA's assets had increased by Baht 43.3 billion, equivalent to average annual growth of 5.5% per year. Such increase mainly due to the improvement of transmission and

distribution lines in order to increase efficiency and reduce energy loss in the transmission system. Presently, PEA has investment plan for 16 projects with total investment value over Baht 110,000 million. PDITL is one of the important partners of PEA at all time.

MEA focuses on improvement of low voltage transmission line for household, by which it shall change from 12Kv transmission line to 24kV transmission line. It also has plan for underground cable and power cable installation, joint project with Bangkok Metropolitan Administration, of which is at 7% progress.

In addition to aforementioned investment projects of state enterprises, mega projects that support growth of electrical cable industries are as follow:

1. ASEAN Highway Network (AHN): a highway network connecting 10 ASEAN member countries with total distance of 38,400 kilometers.
2. Singapore Kunming Rail Link (SKRL): a network connecting 8 countries with distance of 5,382 kilometers. SKRL's main route shall pass through 6 countries which are Singapore, Malaysia, Thailand, Cambodia, Vietnam, and China, with 2 spur lines: Thailand – Loa PDR and Thailand – Myanmar.
3. ASEAN Power Grid (APG): The USD 5.9 billion project. It is one of seven ASEAN Plan of Action on Energy Cooperation 2016 – 2025 (APAEC 2016 – 2025) which is consistent with the projection of the International Energy Agency (IEA) who speculated that electricity demand in ASEAN shall increase by 80% during 2013 – 2040 and the major 8 Southeast Asian countries shall have as high as 1,985 terawatt of electricity demand in 2035.
4. Eastern Economic Corridor (EEC) which has more than USD 1,700 billion value.
5. Such said projects shall lead to investment in construction and the demand for more electrical cable in the future. When combined with total value of investment in government infrastructure projects waiting for construction of Baht 169,305 million at the end of 2018, domestic market for electrical cable shall be able to grow more than 5% per year in the next 10 years.

7 Name and Information of Specific Person which Shall be Offered and Allotted Newly Issued

Ordinary Shares

Name: Mr.Wanaratch Tangkarawakun

Address: 121 Soi Sunwichai 1, Bang Kapi, Huai Khwang, Bangkok,

Education: Bachelor's degree in Managerial Accounting, Chulalongkorn University

Experience:

Period	Position	company
2015 - Present	President and Chief Executive Officer	Phelps Dodge International (Thailand) Limited
Present	Director	Team A Holding 2 Co., Ltd.
2017 - Present	Director	TOA Holding Co., Ltd.
2014 - Present	President and Chief Executive Officer	MM Logistics Company Limited
2011 - Present	Director	Sherwood Chemical Public Company Limited
1998 - Present	Director and Executive Director	TOA Paint (Thailand) Public Company Limited)
Present	Director	British Paints Co., Ltd.
Present	Director	Imagica Co., Ltd.
Present	Director	TOA Paint (Vietnam) Co., Ltd.
Present	Director	TOA Paint Products Sdn. Bhd.
Present	Director	TOA Coating Sdn. Bhd.
Present	Director	TOA Co., Ltd.
Present	Director	TOA Auto Sales Co., Ltd.
Present	Director	TOA Chemical Industries Co., Ltd.
Present	Director	TOA Venture Holding Co., Ltd
Present	Director	TOA Holding Co., Ltd.
Present	Director	Erawan Sugar Co., Ltd
Present	Director	PT Real Estate Co., Ltd.
Present	Director	Poolpholsap Co., Ltd.
Present	Director	Wealth Business Co., Ltd.
Present	Director	Wealth Property Co., Ltd.
Present	Director	Wor.Patrawut (1987) Co., Ltd
Present	Director	iTOA Auto Sales Co., Ltd.
Present	Director	Best Auto Sales Co., Ltd.
Present	Director	Ekamai Charoensuk Holding Co., Ltd.
Present	Director	Erawan Power Co., Ltd.
Present	Director	N.E. BIO Energy Co., Ltd.

8 Information of The Best Books Company Limited (TBB)

The IFA requested various important documents about TBB from the Department of Business Development, Ministry of Commerce as summarized below;

8.1 General Information of the Company

Name	The Best Book Company Limited
Business	Book publishing and distribution
Location	459 Soi Ladprao 49, Ladprao Road, Sam Sen Nok Sub-district, Huay Kwang District, Bangkok 10310
Corporate registration number	0105551068004
Corporate registration date	June 26, 2008
Registered capital	Baht 5,000,000
Paid-up capital	Baht 5,000,000

8.2 Shareholding Structure

List of TBB's shareholders as at April 30, 2018 is as follow:

No.	Name	No. of Shares	% of Total Shares
1	Miss Natjanan Tongloy	445,000	89.00
2	Mrs. Duangta Tiemtat	50,000	10.00
3	Miss Darunee Sopalhang	5,000	1.00
Total		500,000	100.00

8.3 Board of Directors

List of TBB's directors as at September 10, 2018 is as follow:

No.	Name	Position
1	Miss Natjanan Tongloy	Director

8.4 Nature of Business

TBB was established on June 26, 2008 to operate book publishing and distribution business including entertainment magazines, astrology magazines, pocket books, and Chinese novels.

Presently, TBB has registered and paid-up capital of Baht 5,000,000.



Examples of TBB's publishing

TBB's milestones are as follow:

Year	Description
2008	<ul style="list-style-type: none"> - Registered the establishment of The Best Books Company Limited to operate book publishing and distribution, having Mr. Patinya Panwichien as its director. - TBB has Mrs. Soithip Sapyen who holds 46.50% shareholding and Miss Pirada Vitoonpanich who holds 46.50% shareholding as its major shareholders.
2008	<ul style="list-style-type: none"> - Changed director from Mr. Patinya Panwichien to Mr. Jeerakit Panwichien.
2009	<ul style="list-style-type: none"> - Changed of TBB's authorized director from Mr. Jeerakit Panwichien to Mr. Wasu Prawatchaikul.
2011	<ul style="list-style-type: none"> - TBB has Mr. Wasu Prawatchaikul who holds 45.00% shareholding, Miss Vipada Pimsri who holds 30.00% shareholding, and Miss Vorapin Sangsawang who holds 15% shareholding as its major shareholders.
2011	<ul style="list-style-type: none"> - TBB has Mr. Wasu Prawatchaikul who holds 49.50% shareholding and Miss Tanatcha Somkasettrin who holds 46.50% shareholding as its major shareholders.
2014	<ul style="list-style-type: none"> - Changed of TBB's authorized director from Mr. Wasu Prawatchaikul to Miss Natjanan Tongloy. - TBB has Miss Natjanan Tongloy who holds 89.00% shareholding and Mrs. Duangta Tientat who holds 10.00% shareholding as its major shareholders.
2015	<ul style="list-style-type: none"> - TBB acquired Meedees Content Company Limited, subsidiary of SMM, who owns Book Friend book shop. Presently, there are 8 branches of Book Friend at The Mall Tha Pra, The Mall Bangkapi, The Mall Ngamwongwan, The Mall Ramkhamhaeng, The Mall Bangkae, Siam Paragon, Jamjuree Square, and Secon Square. <div style="display: flex; justify-content: space-around;">   </div>

8.5 Summary of Financial Position

Balance Sheet

Balance sheet as of December 31, 2015 – 2017

The Best Books Company Limited (“TBB”)			
Balance Sheet	For the year ended		
Unit: Baht million	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Assets			
Current assets			
Cash and cash equivalents	0.23	0.04	0.08
Account receivables and other receivables	10.15	23.96	24.04
Inventories	7.35	3.06	1.36
Other current assets	0.33	0.37	0.37
Total current assets	18.06	27.43	25.85
Non-current assets			
Other long-term investments	19.94	19.94	19.94
Long-term loans	9.41	32.72	66.44
PP&E	0.04	0.02	0.01
Intangible assets	0.67	0.84	0.84
Total non-current assets	30.07	53.53	87.23
Total assets	48.13	80.96	113.08
Liabilities and shareholders’ equity			
Current liabilities			
Account payables and other payables	22.39	50.16	83.69
Short-term loans	-	5.96	5.78
Deferred tax payable	-	0.02	-
Other current liabilities	0.02	0.01	0.01
Total current liabilities	22.40	56.14	89.47
Non-current liabilities			
Other non-current liabilities	17.52	16.53	15.51
Total non-current liabilities	17.52	16.53	15.51
Total liabilities	39.92	72.67	104.98

The Best Books Company Limited (“TBB”)			
Balance Sheet Unit: Baht million	For the year ended		
	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Shareholders’ equity			
Registered and paid-up capital			
500,000 ordinary shares at par value of Baht 10 per share	5.00	5.00	5.00
Retained earnings (loss)			
Unappropriated	3.21	3.29	3.10
Total shareholders’ equity	8.21	8.29	8.10
Total liabilities and shareholders’ equity	48.13	80.96	113.08

Comprehensive Income Statement

Comprehensive income statement for the year ended December 31, 2015 – 2017

The Best Books Company Limited (“TBB”)			
Income Statement Unit: Baht million	For the year ended		
	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Revenue			
Revenue from sale or service	51.96	36.62	0.93
Other revenues	1.33	3.41	1.37
Total revenue	53.29	40.03	2.29
Expenses			
Other expenses	53.19	39.92	2.46
Total expenses	53.19	39.92	2.46
Earnings (loss) before interest and tax	0.10	0.11	- 0.17
Financial cost	-	- 0.01	- 0.02
Earnings (loss) before tax	0.10	0.10	-0.19
Tax expenses	- 0.03	- 0.02	-
Net profit (loss)	0.07	0.07	- 0.19

9 Pro Forma Consolidate Financial Statements of SMM and TAH2

The details regarding the entering into the restructuring transaction of SMM by transferring assets to SMMP, selling SMMP shares to TBB, offering of capital increase shares totaling 22,500,000,000 shares to the shareholders of TAH2 and investor PP2, and receiving of entire business transfer from TAH2 are mentioned in the beginning of this report. In order for the shareholders to see the overall SMM financial statements after entering into all these transactions, the management of TAH2 has prepared pro forma consolidated financial statements to show the consolidated financial statements. A detail is as follow.

SMM financial statement (before a restructuring process) means a financial statement of Siam Inter Multimedia Public Company Limited before a restructuring transaction which has audited by AMT Associates Company Limited.

Pro-forma of SMM and TAH2 means a financial statement of Siam Inter Multimedia Public Company Limited after a restructuring transaction which has audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited according to the International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagement for pro-forma financial statement as of 31 December 2018.

Key assumptions in preparing pro forma consolidated financial statements

TAH2 has prepared pro forma consolidated financial statements based on key assumptions which can be summarized below.

1. SMM is considered as having established SMMP to receive the transfer of existing business on 31 December 2018 and as having transferred all assets and liabilities to SMMP on 31 December 2018 except the following items which will remain at SMM.
 - Loans for financial institutions of approximately 449.87 million baht, with no interest payables on 31 December 2018.
 - Partial inventories of approximately 166.00 million baht based on SMM management estimates, assuming that SMM board of directors approves full amortization of the aforementioned inventories since TAH2 wishes not to continue to operate the existing business and wish to change the business to holding shares in other companies.
 - Non-transferrable assets such as purchase tax, withholding tax, deferred tax assets, various deposits, etc. of approximately 36.61 million baht. Assuming that SMM board of directors allows the amortization of deferred tax assets totaling 25.84 million Baht due to the change of business to hold shares in other companies that are expected not to be utilized in the future totaling 25.84 million baht, the remaining non-transferable assets will be approximately

10.77 million baht.

- Non-transferrable liabilities such as accrued income tax, etc. of approximately 3.99 million baht. Partial inventories, non-transferrable assets and non-transferrable liabilities remaining at the Company might be subject to change depending on the value on the day of business transfer to SMMP.

2. SMM is considered as having sold investments in SMMP to TBB on 31 December 2018, assuming that the sale follows this condition that the shares were sold at the adjusted book value as of 31 December 2018, with an assumption that the adjusted book value is approximately 396.43 million baht.

Items	Value
Net book value of SMMP as at 31 December 2018 ⁽¹⁾	350.00 million Baht
Add asset appraisal value in excess of book value ⁽²⁾	46.43 million Baht
Adjusted book value of SMMP as at 31 December 2018	396.43 million Baht

Remarks : (1) Based on net book value of assets and liabilities of SMM considered as having been transferred to SMMP as at 31 December 2018 from SMM financial statements for the year ended 31 December 2018, audited by A.M.T. Associate

- (2) Asset appraisal value in excess of book value is based on asset appraisal report by an independent asset appraiser Asian Engineering Valuation Company Limited, which is an independent asset appraiser in the list approved by the SEC. The appraisal was done on 21 and 23 January 2018 and have details as follows.

Details of Assets	Appraisal Value (Million Baht)
Land with head office of SMM	91.23
Land with 2-storey commercial buildings at Pom Prap Sattru Phai district, Bangkok	13.50
Total appraisal value	104.73
Asset book value as at 31 December 2018	58.30
Appraisal value in excess of book value	46.43

- (3) On 9 January 2019, SMM established SMMP, a subsidiary to receive the transfer of the business. SMM holds 99.97% of the registered capital of SMMP.

3. SMM is considered as having issued 1,000 million new ordinary shares with a par value of 1 baht per share and offers through private placement at an offering price of 0.60 baht per share totaling 600 million baht. The proceeds from the increase capital will be used to make loan repayment to financial institutions

totaling 449.87 million baht on 31 December 2018. The remaining amount of 150.13 million baht is maintained as SMM's cash.

4. SMM is considered as having increased capital to offer shares to TAH2, which has 3 shareholders, namely Mr.Wanaratch Tangkarawakun (holds 99.98% of the shares) Ms. Natdulaporn Kittikornpanich (holds 1 share) . Mr.Apichart Tang-ekjit (holds 1 share) for the amount not exceeding 21,500 million shares at par value of 1 Baht at the offering price of 0.4 Baht per share (fair value of TAH2 in accordance with IFA report) totaling 10,258.42 million Baht. SMM will purchase and receive the transfer of the entire business (assets, liabilities, rights, duties and obligations) from TAH2 (Entire Business Transfer – EBT) including 397,116 ordinary shares in PDITL and 4,900 ordinary shares in PDL Trading, a subsidiary of TAH2 and 5,000 ordinary shares of TCR, an indirect associate held by PDITL and PDL Trading.

Therefore, a pro forma of consolidated financial statements as at 31 December 2018 and the consolidated statements of income and other comprehensive income for the year end of SMM has included the consolidated financial statements of TAH2 as at 31 December 2018.

5. After the merger and transfer of the entire business, TAH2 will be a major shareholder who holds 94.20% of issued and paid up capital of SMM and has controlling authority over SMM. Hence, this is considered to be a reverse takeover in accordance with Financial Report Standard No. 3 on business integration without being considered a business integration in accordance with the definition in the aforementioned standard. SMM considers that the entering into the transaction is a reverse takeover with the purpose of purchasing the listed status of the company. Therefore the difference between the considerations transferred and net assets of SMM is considered to be purchase cost of the listed status of the company. The calculation is as follows.

Fair value of considerations transferred⁽¹⁾	631.35	Million Baht
<u>Net asset of SMM</u>		
Cash and cash equivalents	546.56	Million Baht
Other current assets	0.85	Million Baht
Other non-current assets	9.92	Million Baht
Other current liabilities	(3.99)	Million Baht
Total net asset value of SMM after the sale of investment in subsidiary and the issuance of increase capital to investors⁽²⁾	553.34	Million Baht
Purchase cost of the listed status of the company	78.01	Million Baht

Remarks: 1 Calculated from total number of shares of TAH2 to be issued in case that having to issue so that the

interest of SMM shareholders from the merger is proportionate with interest from reverse takeover. The fair value of TAH2 is determined to be 10,258.42 million Baht based on the fair valuation from IFA report.

2 Calculated from the net asset value of SMM after the sale of SMMP shares and the issuance of capital increase share of SMM as specified.

6. SMM considers the impact to expenses and financial positions from share-based payments for the issuance and offering of capital increase share to investors as specified in assumption no. 3 and no.4 to comply with the financial reporting standard no. 2 regarding share-based payment by comparing fair value of TAH2 of 0.48 Baht per share based on fair value from IFA report in place of fair value of SMM since the investors are interested and consider investing and offering price of ordinary shares to investors at 0.60 Baht per share. This is higher than the fair value of TAH2. Therefore, the issuance and offering of capital increase share to investors does not incur any share-based payments.

Statement of comprehensive income Unit: Million Baht	SMM	TAH2 (Consolidated)	Pro-forma SMM + TAH2 (Consolidated)
	31 December 2018	31 December 2018	31 December 2018
Revenue			
Sale revenue - net	341.05	10,425.50	10,420.00
Service revenue			5.50
Interest income		12.81	12.81
Gain from foreign exchange rate - net		67.58	67.58
Other revenues	20.59	8.09	8.09
Total revenues	361.64	10,513.98	10,513.98
Expense			
Cost of sales and services	(425.24)	(9,146.87)	(9,142.20)
Cost of service			(4.67)
Cost of sale	(18.45)	(224.92)	(224.92)
Cost of management	(85.79)	(240.45)	(240.45)
Cost of reverse takeover			(78.01)
Financial costs	(25.39)	(371.86)	(371.86)

Statement of comprehensive income Unit: Million Baht	SMM	TAH2 (Consolidated)	Pro-forma SMM + TAH2 (Consolidated)
	31 December 2018	31 December 2018	31 December 2018
Total cost of sales and expenses	(554.87)	(9,984.10)	(10,062.12)
Share of loss from investments in associated company		5.07	5.07
Profit (loss) before income tax expense	(193.23)	534.95	456.94
Income tax expense	9.59	(147.46)	(147.46)
Profit (loss) for the year	(183.64)	387.49	309.48

Revenue from pro-forma consolidated financial statements is revenue from sale and service of TAH2 that does not include revenue of SMM as it assumes that SMM will transfer its business to SMMP and sell to TBB. Therefore, it does not include revenue of SMM as well as cost of sales and other expenses such as cost of sale and management, financial costs and income tax expense which will include only those of TAH2 for the same reason. The pro-forma consolidated financial statements will have cost of reverse takeover in accordance with the financial reporting standard no. 3 regarding business integration (details mentioned in no.5). The difference between the fair value of consideration transferred and net assets of SMM is considered cost of reverse takeover totaling 78.01 million Baht (such cost is not a cash expense but an accounting expense that results from the preparation of the pro-forma consolidated financial statements); hence, the pro-forma consolidated financial statements for the year 2018 will have total profit of 309.48 million Baht, lower than net profit from TAH2 consolidated financial statements which has net profit of 387.49 million Baht. However, based on the pro-forma consolidated financial statements, SMM will return to profit.

Balance Sheet Unit: Million Baht	SMM	TAH2 (Consolidated)	Pro-forma SMM + TAH2 (Consolidated)
	31 December 2018	31 December 2018	31 December 2018
Total assets	780.96	11,845.72	12,403.06
Total liabilities	681.23	10,827.15	10,831.15
Shareholder's equity			
Share capital – 1 Baht per share			
Registered capital			
- Ordinary shares totaling 22,823,211,005	403.97		22,823.21

Balance Sheet Unit: Million Baht	SMM	TAH2 (Consolidated)	Pro-forma SMM + TAH2 (Consolidated)
	31 December 2018	31 December 2018	31 December 2018
Issued and paid-up capital - Ordinary shares totaling 22,823,211,005	323.21	1.00	22,823.21
Surplus (discount) from ordinary share value			
Surplus from ordinary share value	33.85		33.85
Discount from ordinary share value			(11,641.58)
Total paid-up capital and surplus or discount from ordinary share	357.06	1.00	11,215.48
Other capital surplus			
Surplus from change in proportion of shareholding in subsidiary		147.08	147.08
Adjusted capital from reverse takeover			(10,583.13)
Retained earnings (loss)			
Allocated – legal reserve	5.07	-	-
Unallocated	(262.40)	837.22	782.61
Others	-	-	-
Equity attributable to parent company	99.73	985.30	1,562.04
Non-controlling interests	-	33.28	9.87
Shareholder's equity	99.73	1,018.58	1,571.91
Total liabilities and shareholder's equity	780.96	11,845.72	12,403.06

Assets and liabilities of the pro-forma consolidated financial statements is the combined assets and liabilities between TAH2 consolidated financial statements and SMM adjusted financial statements.

SMM financial statements has been adjusted to reflect the increase in capital for investor PP2 totaling 600 million Baht and the repayment of financial institutions loan totaling 449.87 million Baht (details in no. 3) including the transfer of assets and liabilities for sale to TBB and the amortization assumptions. Remaining inventories are not transferred to SMMP and deferred tax assets cannot be transferred to SMMP.

Shareholder's equity from pro-forma consolidated financial statements

Since after the entire business transfer of TAH2 to SMM, TAH2 will be a major shareholder holding 94.20% of SMM issued and paid-up capital and has control over SMM. Hence, this is considered to be a reverse takeover (details mentioned in no. 5). This will result in share discount from the issuance and offering of shares to TAH2 shareholder and investor PP2 at less than 1 Baht per share par value. The calculation is as below.

Share discount from the issuance and offer of SMM shares to TAH2 shareholders	(Million Baht)	
Issuance of 21,500 million shares x 1 Baht per share par value	21,500	(1)
Value of TAH2 business based on IFA valuation	10,258.42	(2)
Representing shareholder's discount of	11,241.58	(1-2)
Share discount from the issuance and issue of SMM shares to investors PP2		
1 Baht per share par value x issuance of 1,000 million shares	1,000	(3)
0.60 Baht per share offering price x issuance of 1,000 million shares	600	(4)
Representing shareholder's discount of	400	(3-4)
Total shareholder's discount	11,641.58	(5)

Adjusted capital from reverse takeover of 10,583 million Baht was due to the restructuring of the shareholder's equity of SMM, a legal buyer (an account acquire of 11,215.48 million Baht is the value of TAH2 equities) which is a legal subsidiary (an account acquirer) combined with fair value of consideration transferred totaling 631.35 million Baht (value of TAH2) with details as follows.

(Unit: Baht)

Fair value of consideration transferred*	631,351,360
(+) Issued and paid-up capital of TAH2 at 31 December 2018	1,000,000
(-) Total paid-up capital and surplus of discount on ordinary shares from pro-forma consolidated financial statements of SMM + TAH2	(11,215,482,813)
Total	(10,583,131,453)

*Remarks: Calculated from total number of shares of TAH2 to be issued in case that having to issue so that the interest of SMM shareholders from the merger is proportionate with interest from reverse takeover. The fair value of TAH2 is determined to be 10,258.42 million Baht based on the fair valuation from IFA report.

In summary, although the consolidated financial statements will be highly affected by the discount value of shareholder's equity and adjusted equity from reverse takeover, the shareholder's equity as at

year-end 2018 of SMM from the pro-forma financial statements totaling 1,571.91 million Baht is an increase from the shareholders equity of SMM of 99.73 million Baht.

10 TCR stock valuation

IFA does not include the value of TCR in the valuation of TAH2's business in accordance with Section 1.4.3 of the valuation of TAH2 business by combining the value of each business. However, IFA has evaluated TCR by various methods as follows:

1. Book Value Approach

The evaluation by this method will consider the equity value of TCR which appears in the book value at any given moment. The assessment based on this method is based on the book value of TCR from the audited financial statements by the authorized auditor from the SEC, which is Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd. as of December 31, 2017 by Mr.Nantawat Sumraunhant, License No. 7731.

As at December 31,2017	(UNIT : BAHT)
Paid-up share capital	100,000,000
Share Premium	-
Appropriated retained earnings - statutory reserve	10,000,000
Profit (loss) Unappropriated retained	16,149,884
Shareholders' Equity	126,149,884

Book value of TCR based on the latest financial statements as of December 31, 2017 was THB 126.15 million. The book value approach takes into consideration only the book value of shareholders' equity at only a certain point in time, without taken into consideration the market value of assets and operating performance in the future. Therefore, the IFA believes that the book value approach is not an appropriate valuation method since it does not suggest real value of TCR. Hence, for conservative approach, IFA has an opinion that TCR valuation shall not be included in this valuation due to the limited access to information.

2. Adjusted Book Value Approach

TCR does not hire appraiser to adjust book value in which IFA cannot appraise TCR value by adjusted book value approach TCR.

3. Market Comparable Approach

3.1 Price to Book Value Ratio Approach : P/BV Ratio

As TCR is copper boiler and pressing factory in which all materails will supply to wire cable manufacturers to TCR's shareholders; (1) Bangkok Wire Cable Co., Ltd. (2) Phelps Dodge International

(Thailand) Co., Ltd. (3) Sumitomo Electric Industries Co., Ltd. and (4) Sumitomo Electric Vintage (Thailand) Co., Ltd. in which Bangkok Wire Cable and Phelps Dodge International produces and distributes wire and cable hold more than 50.00% Hence, IFA has an opinion that TCR is one of supply chain of wire cable manufacturer so that peers of PDITL can be used to compare.

IFA uses the average P/BV of 15-180 days since December 20, 2018, the last business day before SMM announced the resolution of the Board of Directors to acquire TAH2 business.

The Valuation Formula is as follows:

Value of TCR = P/BV Ratio averaged 3 listed compaiens X Shareholder's equity of TCR on consolidated financial statement

The summary of Valuation of TCR according to Price to Book Value Method

No.	Symbol	P / BV ratios from December 20, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	Prysmian Group	1.81	1.79	1.96	3.00	2.96	3.00
2	Nexans	0.84	0.78	0.75	0.87	0.9	0.92
3	LS Cable & System	1.41	1.38	1.49	1.64	1.64	1.77
Average P/BV Ratio		1.35	1.31	1.40	1.84	1.84	1.90
Shareholder's Equity of TCR based on P/BV (THB Million)		170.30	165.26	176.61	232.12	232.12	239.68

The valuation of share based on the price to book value ratio approach results in the share value of TAH2 of THB 165.26 - 239.68 million. The IFA views that the price to book value ratio approach is the method that uses market price to compare with the book value of comparable companies. This approach suggests the value that investors are willing to pay over the book value. However, it does not reflect future performance of TAH2 and is not suitable for determining a fair price.

3.2 Price to Earnings per Share Ratio Approach : P/E Ratio

The Valuation Formula is as follows:

Value of TCR = P/E Ratio averaged 3 listed compaiens X Net Profit of TCR at 31 December 2017

The summary of Valuation of TCR according to Price to Earning Method

No.	Symbol	P / E ratios from December 20, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	Prysmian Group	17.35	17.08	18.7	24.56	24.26	22.41
2	Nexans	18.59	18.22	19.66	18.44	18.53	16.23
3	LS Cable & System	15.83	14.71	14.09	16.46	17.07	10.43
Average P/E Ratio		17.26	16.67	17.49	19.82	19.95	16.35
Shareholder's Equity of TCR based on P/E (THB Million)		216.95	209.54	219.84	249.13	250.76	205.51

The valuation of share based on the price to book value ratio approach results in the share value of TCR of THB 205.51 – 250.76 million. The IFA views that the price to book value ratio approach is the method that uses market price to compare with the book value of comparable companies. This approach suggests the value that investors are willing to pay over the book value. However, it does not reflect future performance of TCR and is not suitable for determining a fair price.

4. TCR valuation by Discounted Cash Flow approach

Financial Assumption

TCR is copper boiler and pressing manufactures in which TCR received a scrapped copper and refined into reused copper bar. As PDITL's management informs that TCR's business policy is mainly based on a copper from TCR's shareholders companies in which shareholders will supply a large quantity of copper to TCR to refine in order to keep the boiler operate continuous and maintain profit in each year. In the past, TCR's capacity is at the installed capacity and due to PDITL, holding only 20.0% of TCR and 2th shareholders, does not have an absolute control so that the access to information is limited. Hence, IFA forecast financial model based on the interview by PDITL's management. The details is below;

1. Sales and Service Income

PDITL's management has an opinion that TCR operates at the installed capacity and has no further plan to expand the factory. In order to align with the current business policy, IFA estimates the growth rate of revenue based on 1.88% per annum (based on the average growth of 10-years inflation rate : Bank of Thailand) from income in FY2017.

IFA forecasts that TCR revenue will sustain a growth rate at the same level of inflation rate of the country which will increase cost of good solds or related expenses¹.

2. Cost of Good Solds

Most of cost of good sold is related with the refinery copper process in which majority of the cost is salary expenses, utility, maintenance and raw materials. Hence, gross profit margin of TCR in FY2017 is at 32.6%. Hence, IFA will use this profit margin in the forecast cost of good sold.

3. Selling and Administrative Expense

Due to its fixed variable, IFA has applied growth of 1.88% per year (based on the average growth of 10-years inflation rate : Bank of Thailand) from the expense of year-end 2016. Depreciation expense is calculated according to accounting policy of TCR.

4. Depreciation and Amortization Expense is based on TCR's policy.

5. Assumption on corporate income tax

Assumption on corporate income tax is equal to corporate tax at 20.0%.

6. Assumption on working capital:

Collection period, inventory period and account payable period are based according to the policy of TCR as follows;

	Days
Accounts Receivable	60
Inventory	120
Account Payable	45

7. Assumption on additional investment

IFA forecasts that additional investment to maintain productivity in which the forecast figure will be in-line with the depreciation expense each year in order to ensure that the asset value for production will maintain stable level and in-line with the forecast.

Unit : THB Million	FY2018 onwards
Investment Expenses	9.0

Depreciation expenses between 2016 – 2017 is equal to THB 8.55 per year.

8. Assumptions on borrowing and interest rate

TCR has no interest bearing debt.

9. Assumption on discount rate:

The discount rate used to estimate the net present value of the cash flow of TCR is calculated from the Weighted Average Cost of Capital which is formulated as follows:

$$WACC = K_e \times (E/V) + K_d \times (1-T) \times (D/V)$$

by

K_e = Cost of equity based on Capital Asset Pricing Model (CAPM) as shall be further

K_d = TCR has no interest-bearing debt

T = Corporate Tax is 20.0%

E = Shareholder's Equity

D = Interest-bearing debt

V = $E+D$

D/E of TCR from FY2016-2018 is equal to 0 so that WACC entitles to K_e to calculate based on Capital Asset Pricing Model (CAPM) is formulated as below.

$$K_e = R_f + \text{Beta} \times (R_m - R_f) + \text{LRP}$$

by

R_f = The risk free rate based on the 49 year Government Bond Yield as of 21 Dec 2018 which equivalents to 3.73 percent (Source: www.thaibma.or.th) with the assumption that TCR can maintain their business for all over the forecasted period.

R_m = The market return on equity expected from the SET since the Stock Exchange of Thailand was established. (The SETSMART system of the Stock Exchange of Thailand) from April 1975 to Dec 2018 was 14.24 per annum, cover for all excessive fluctuation climate of stock market exchange.

Beta = Beta co-efficient between the return of share price and the change in the Stock Exchange. As TCR is not listed in the stock exchange of Thailand, IFA decides to use 3 years historical Beta from Prysmian, Nexans and LS Cable & System which are the listed companies that operate in distributing wire cable. As part of business chained, TCR will be responsible of raw materials procurement so that will reflect Unlevered Beta (Bu) to use in calculation.

LRP = Liquidity Risk IFA adjust return on equity to 1.00% to reflect Liquidity Risk Premium as TCR is not listed company

The details of calculation average Unlevered Beta is belows;

	Companies	Beta	Interest Bearing Debt/ Equity	Corporate Tax	Unlevered Beta
1	Prysmian	0.80	1.31	27.9%	0.41
2	Nexans	1.20	0.77	33.3%	0.79
3	LS Cable & System	0.50	0.47	25.0%	0.37
		Average	0.85	28.7%	0.52

Unlevered Beta is equal to 0.52 in which Levered Beta can be calculated as below;

	Unlevered Beta	Interest Bearing Debt to Shareholder's Equity of TCR*	Tax	Levered Beta
TCR	0.52	0	20.0%	0.52

*Note: D/E Ratio of TCR is 0 as there is no interest bearing debt.

Ke is equal to 10.24 which equal to WACC as TCR has D/E ratio equal to 0.

10. Terminal Value

IFA forecasts the discounted cash flow of TCR in the next 10 years equal to terminal growth rate at 1.88% per annum (based on the average growth of 10-years inflation rate : Bank of Thailand)

Profit and Loss Forecast

(Unit: Million THB)	Actual		Forecast										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenues	151.9	137.7	157.6	160.6	163.6	166.7	169.8	173.0	176.2	179.5	182.9	186.4	189.9
Costs of sales	100.4	91.2	109.8	105.3	107.3	109.3	111.3	113.4	115.6	117.7	120.0	122.2	124.5
Gross Profit Margin	51.5	46.5	56.3	55.3	56.3	57.4	58.4	59.5	60.7	61.8	63.0	64.1	65.3
Sales and Administrative expenses	23.2	22.7	29.3	29.3	29.9	30.4	31.0	31.6	32.2	32.8	33.4	34.0	34.7
Other Revenues	2.3	1.5	5.9	-	-	-	-	-	-	-	-	-	-
Earning before interest , tax, depreciation and amortization (EBITDA)	30.7	25.3	33.4	25.9	26.4	26.9	27.4	27.9	28.5	29.0	29.5	30.1	30.7
Depreciation and amortization	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Earning before interest and tax (EBIT)	20.7	16.3	24.4	16.9	17.4	17.9	18.4	19.0	19.5	20.0	20.6	21.1	21.7
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Earning before tax (EBT)	20.7	16.3	24.4	16.9	17.4	17.9	18.4	19.0	19.5	20.0	20.6	21.1	21.7
Tax expenses	4.7	3.7	4.8	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3
Net profit	16.0	12.6	19.7	13.6	13.9	14.3	14.8	15.2	15.6	16.0	16.4	16.9	17.3
Revenue growth rate (%)		(9.3%)	14.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Profit growth rate (%)		(21.4%)	56.50%	(31.1%)	2.9%	2.8%	2.8%	2.8%	2.8%	2.7%	2.7%	2.7%	2.7%
Gross profit margin (%)	33.9%	33.8%	35.7%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%
Net profit margin (%)	10.5%	9.1%	12.5%	8.4%	8.5%	8.6%	8.7%	8.8%	8.8%	8.9%	9.0%	9.1%	9.1%

Statement of Financial Position

(UNIT: MB.)	Actual		Forecast										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
ASSETS													
Cash and cash equivalents	76.3	58.7	70.6	80.3	93.3	106.7	120.5	134.7	149.3	164.3	179.7	195.6	211.9
Trade and other current receivables	24.9	20.5	26.0	26.8	27.3	27.8	28.3	28.8	29.4	29.9	30.5	31.1	31.6
Inventories	30.4	33.2	31.5	32.3	32.9	33.6	34.3	35.0	35.7	36.4	37.2	37.9	38.7
Total current assets	131.7	112.4	128.1	139.3	153.5	168.1	183.1	198.5	214.4	230.7	247.4	264.6	282.2
Property, plant and equipment	45.5	46.5	192.3	192.3	192.3	192.3	192.3	192.3	192.3	192.3	192.3	192.3	192.3
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total non-current assets	45.5	46.6	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4
Total assets	177.2	159.0	320.4	331.7	345.9	360.5	375.5	390.9	406.7	423.0	439.7	456.9	474.5
Current liabilities													
Trade and other current payables	11.6	12.3	14.4	12.1	12.4	12.6	12.9	13.1	13.4	13.7	13.9	14.2	14.5
Corporate income tax payable	0.3	0.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total Current Liabilities	11.8	12.3	15.3	12.9	13.2	13.4	13.7	14.0	14.2	14.5	14.8	15.1	15.3
Non-current liabilities													
Provisions for employee benefit	21.8	20.5	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9	43.9
Total liabilities	33.6	32.8	59.1	56.8	57.0	57.3	57.6	57.8	58.1	58.4	58.6	58.9	59.2
SHAREHOLDERS' EQUITY													
Paid-up share capital	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Retained earnings	43.6	26.1	161.3	174.9	188.8	203.2	217.9	233.1	248.7	264.7	281.1	298.0	315.3
Total shareholders' equity	143.6	126.1	261.3	274.9	288.8	303.2	317.9	333.1	348.7	364.7	381.1	398.0	415.3
Total liabilities and shareholders' equity	177.2	159.0	320.4	331.7	345.9	360.5	375.5	390.9	406.7	423.0	439.7	456.9	474.5

Discounted Cash Flow

(UNIT : MB.)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Earnings before interest and tax (EBIT) x (1-Corporate Tax)	20.75	26.42	26.92	27.42	27.94	28.46	29.00	29.55	30.10	30.67
Plus Depreciation and Amortization expenses	8.99	8.99	8.99	8.99	8.99	8.99	8.99	8.99	8.99	8.99
Change in working Capital	(3.87)	(0.92)	(0.93)	(0.95)	(0.97)	(0.99)	(1.00)	(1.02)	(1.04)	(1.06)
Investment	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)	(8.99)
Operating Cashflow	16.87	25.51	25.99	26.47	26.97	27.48	27.99	28.52	29.06	29.60
Terminal Value										289.21
Cashflow TCR	16.87	25.51	25.99	26.47	26.97	27.48	27.99	28.52	29.06	318.82
Discounted Cashflow of TCR	15.31	20.99	19.40	17.93	16.57	15.31	14.15	13.08	12.09	120.31
Net Present Value of TCR	265.13									
Plus Cash as of 31 Dec 2018	70.58									
Minus Interest Bearing Debt as of 31 Dec 2018	-									
Present Value of Shareholders	335.71									

11 PDTL Trading Share Valuation

The IFA has determined value of PDTL Trading by other valuation approach than the Book Value Approach as aforementioned in Clause 1.4.3 TAH2 Valuation under Sum of the Parts Approach as follow:

1. Adjusted Book Value Approach

PDTL Trading does not have material assets as well as does not appoint asset appraiser to appraise assets, thus, the IFA is unable to determine value of PDTL Trading by the Adjusted Book Value Approach.

2. Market Comparable Approach

2.1 Price to Book Value Ratio Approach: P/BV Ratio

The IFA used 15 – 180 days historical average of P/BV Ratio until December 20, 2018 which is the latest date prior to the date that SMM announced its Board of Directors' resolution for the acquisition of TAH2's business. Comparable companies are the same set as those used in valuation of PDITL.

Formula for P/BV Ratio Approach Valuation

Firm value of PDTL Trading = Average P/BV Ratio of 3 companies X Shareholders' equity of PDTL

Trading as at December 31, 2017

Summary of PDTL Trading valuation based on the P/BV Ratio Approach

No.	Security	Average Historical P/BV Ratio until December 20, 2018					
		15 days	30 days	60 days	90 days	120 days	180 days
1	Prysmian Group	1.81	1.79	1.96	3.00	2.96	3.00
2	Nexans	0.84	0.78	0.75	0.87	0.9	0.92
3	LS Cable & System	1.41	1.38	1.49	1.64	1.64	1.77
Average P/BV Ratio		1.35	1.31	1.40	1.84	1.84	1.90
Shareholders' equity of PDTL Trading		43.20					
Equity value of Trading based on P/BV Ratio Approach (Baht million)		58.45	56.80	60.34	79.29	79.34	81.94

In summary, PDTL Trading's value based on P/BV Ratio Approach is at approximately Baht 58.45 - 81.94 million. The IFA views that the P/BV Ratio Approach determine value by comparing market value to the book value of comparable companies that operate similar business. Value comparison is done by determining ratio of market value to book value which reflect value that investor prefer to invest over book value. However, as PDTL Trading currently does not operate any business, therefore,

information regarding P/BV Ratio of comparable companies which still have business operation may not be an appropriate method for fair value determination.

2.2 Price to Earnings per Share Ratio Approach: P/E Ratio

As PDTL Trading does not operate any business and generates no revenue from core business, the IFA views that P/E Ratio Approach is inappropriate for fair value determination as the comparable companies still operate business, unlike PDTL Trading. Thus, the P/E Ratio Approach cannot reflect actual value of PDTL Trading.

3. Discounted Cash Flow Approach

Since PDTL Trading generates no revenue from core business, thus, the IFA views that the Discounted Cash Flow Approach cannot reflect actual value of PDTL Trading.