

**-Translation Version -**

**Opinion of the Independent Financial Advisor  
On Assets Acquisition and Connected Transaction**

**of**



**Master Ad Public Company Limited**

**Prepared by**



**Silom Advisory Company Limited**

**13 June 2018**

13 June 2018

To Shareholders  
Master Ad Public Company Limited

Subject Opinion of the Independent Financial Advisor On the Assets Acquisition and Connected Transaction

As the Board of Directors' Meeting No. 6/2018 of Master Ad Public Company Limited (the "Company" or "MACO") held on 17 May 2018, resolved to approve the acquisition of 75 percent of shares in VGI Global Media (Malaysia) Sdn. Bhd ("VGM"), at the purchasing price of 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), a major shareholder of the Company (the "VGM Share Acquisition Transaction") and to propose the same at the general meeting of shareholders for consideration and approval.

The transaction is considered as;

(1) A acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547, dated 29 October 2004, and the amendments thereto (collectively called "the Notification on Asset Acquisition or Disposal") with a maximum transaction size of 23.91 percent of net tangible assets referred from consolidated financial statement audited by certified public accountant as of 31 March 2018. After computation of the foregoing with the transaction size of the Company's other acquisition transactions within the past 6 months, the total transaction size is equivalent to 37.72 percent, which is considered as Type 2 transaction according to the Notification on Asset Acquisition or Disposal. Hence the Company is obligated to disclose information in respect of the transaction to the Stock Exchange of Thailand ("SET") immediately and send a notice to shareholders of the Company within 21 days after the disclosure of information concerning of the transaction to SET.

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546 dated 19 November 2003, and the amendments thereto (collectively called "the Notification on Connected Transaction") as it is transaction with VGI, which is the Company major shareholders and hold 30.38 percent of the Company paid-up capital with a transaction size of 47.31 of the Company's net tangible assets (NTA) which is over than 3.00 percent of NTA's book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders' meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of related party.

Hence, the Company has appointed Silom Advisory Co., Ltd (the "IFA") as the independent financial advisory to provide an opinion on acquisition of ordinary shares of VGM at 75.00 percent of VGM's total shares with transaction price of totaling 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), who are major shareholder of the Company and considered as the connected transaction, to the Company's shareholders to use as support information for consideration.

As for the calculations, decimal numbers presented in this report are possible rounded from second or third decimal places (case by case), therefore, the actual calculated value may defer from the value presented in the report.

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## Glossary

| <b>Abbreviation</b>                                  | <b>Definition</b>   |
|--|---|
| MACO or the Company                                  | : Master Ad Public Company Limited  |
| VGI  | : VGI Global Media Public Company Limited   |
| BTSG   | : BTS Group Holdings Public Company Limited   |
| VGM  | : VGI Global Media (Malaysia) Sdn. Bhd.   |
| PBSB   | : Puncak Berlian Sdn. Bhd.  |
| TCSB   | : Titanium Compass Sdn. Bhd.  |
| AVA  | : PT Avabanindo Pekasa  |
| MUSB   | : Meru Utama Sdn. Bhd.  |
| FMN  | : Focus Media (Network) Sdn. Bhd.   |
| RBO  | : Redberry Outdoor Sdn. Bhd.  |
| RMSB   | : Redberry Media Sdn. Bhd.  |
| PCSB   | : Point Cast (M) Sdn. Bhd.  |
| TPSB   | : Ten Plus Resources Sdn. Bhd.  |
| NBSB   | : Nova Berry Sdn. Bhd.  |
| Senandung Sonik                                      | : Senandang Sonik Sdn. Bhd.   |
| Tea FM   | : Tea FM Radio Sdn. Bhd.  |
| ECSB   | : Eyeball Channel Sdn. Bhd.   |
| MOSB   | : MACO Outdoor Sdn. Bhd.  |
| MRT Corp   | : Mass Rapid Transit Corporation Sdn. Bhd.  |
| IFA of the Independent<br>Financial Advisor          | : Silom Advisory Company Limited  |
| Exchange rate  | : MYR rate that use in this report, referred from historical average monthly rate of 1 year from May 2017 to April 2018 of the Bank of Thailand which is THB 8.0653 per MYR. RUPEE rate that use in this report, referred from historical average monthly rate of 1 year from May 2017 to April 2018 of the Bank of Thailand which is THB 0.0026 per RUPEE. |
| SEC  | : The Office of Securities and Exchange Commission  |
| SET  | : The Stock Exchange of Thailand  |
| The IFA Report                                       | : Opinion of the Independent Financial Advisor On the Assets Acquisition and Connected Transaction of Master Ad Public Company Limited  |
| The Notification on Asset<br>Acquisition or Disposal | : The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and  |

| <b>Abbreviation</b>                       | <b>Definition</b>   |
|---|---|
|   | Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547, dated 29 October 2004, and the amendments thereto   |
| The Notification on Connected Transaction | : the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546 dated 19 November 2003, and the amendments thereto |
| The Notification on Business Takeover     | : Notification of Capital Market Supervisory TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover dated 13 May 2011 (as amended)  |
| Public Limited Companies Act              | : Public Limited Companies Act, B.E. 2535 (as amended)  |
| Securities and Exchange Act               | : Securities and Exchange Act B.E 2535 (as amended)   |
| P/E                                       | : Price to earnings ratio   |
| P/BV                                      | : Price to book ratio   |
| Sum of the Sections approach              | : Method to combine value of each businesses  |

## Section 1: Executive Summary

As the Board of Directors' Meeting No. 6/2018 of Master Ad Public Company Limited (the "Company" or "MACO") held on 17 May 2018, resolved to approve the acquisition of 75 percent of shares in VGI Global Media (Malaysia) Sdn. Bhd ("VGM"), at the purchasing price of 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), a major shareholder of the Company (the "VGM Share Acquisition Transaction") and to propose the same at the general meeting of shareholders for consideration and approval. The Transaction has significant precedent conditions as follows:

### The Company's Obligations

1. The Company has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction. The shareholders' meeting shall be held on 5 July 2018.
2. The Company has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.

### VGI's Obligations

1. VGI has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction.
2. VGI has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.
3. VGI has completed the investment restructuring of VGM before entering into the VGM Share Sale Transaction as follows:
  - VGI has procured VGM to obtain 25.10 percent of the total issued shares of MUSB
  - VGI has procured VGM and PBSB to obtain 10 and 25 percent of the total issued shares of AVA (respectively).
  - VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB to VGM.
4. VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB (as defined below) to VGM.

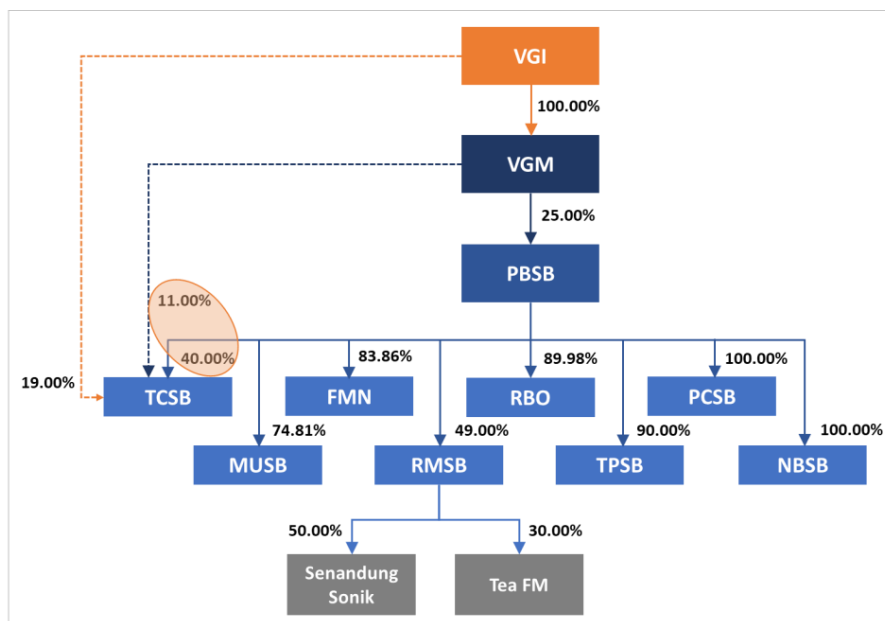
### Other Obligations

1. There is no change or event which may have a material adverse effect on VGM, its subsidiaries or affiliates;
2. There are no legal proceedings, claims, or actions that have been brought by any governmental agency or any person for the termination of the VGM Share Sale Transaction.

In addition, the shareholding structure of the Company before and after entering into the transaction are as follows

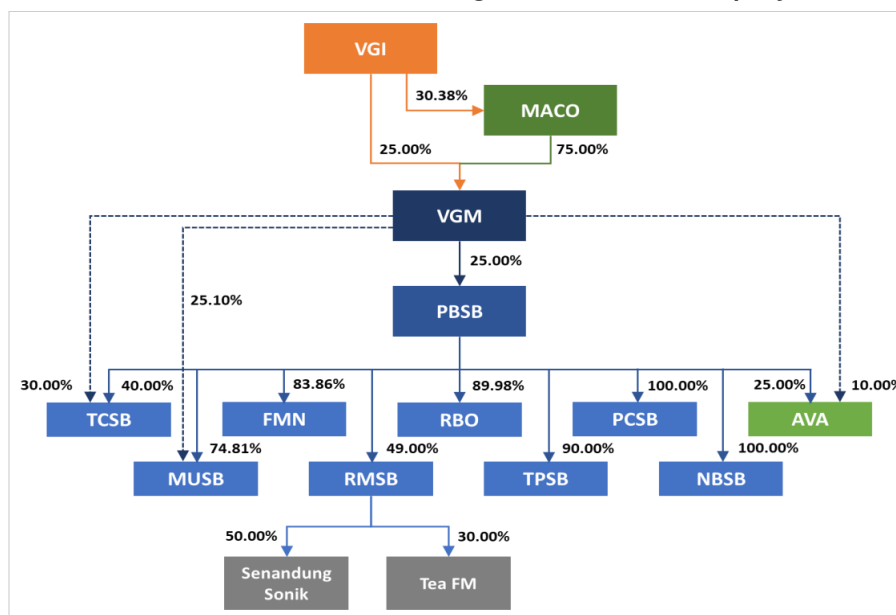


**Pre-transaction shareholding structure of the Company**



Source: The Company

**Post-transaction shareholding structure of the Company**



Source: The Company

**Remark** (1) At present, VGI and PBSB hold 19 percent and 51 percent of the total issued shares of TCSB (respectively) where PBSB holds 11 percent of the total issued shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB and VGI dated December 28, 2017 since PBSB is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, PBSB will sell such shares to VGM at the par value.

In addition, before entering into the VGM Share Sale Transaction, VGI will transfer its beneficial interest in 19 percent of the total issued shares of TCSB to VGM since VGI is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, VGI will transfer such shares to VGM at the par value.

At present, VGM's core business is investment in the securities of other companies (as a holding company). At present, VGM has direct and indirect shareholdings in 9 entities, and before the consummation of the Transaction, VGM will directly and indirectly acquire the shares in AVA, resulting in a total of 10 companies, a summary of which is as follows:

| No. | Name                                    | Place of Incorporation | VGM Shareholding (after restructure) | Business Type  |
|-----|---|------------------------|--------------------------------------|--|
| 1   | Puncak Berlian Sdn. Bhd. ("PBSB")       | Malaysia               | 25.00%                               | Invests in the securities of other entities (as a holding company)             |
| 2   | Titanium Compass Sdn. Bhd. ("TCSB")     | Malaysia               | 30.00% and hold through PBSB 40%     | Operates the media in the MRT SBK Line, a mass rapid transit system            |
| 3   | Meru Utama Sdn. Bhd. ("MUSB")           | Malaysia               | 25.10% and hold through PBSB 74.81%  | Operates the media at the Kuala Lumpur International Airport and Senai Airport |
| 4   | Focus Media (Network) Sdn. Bhd. ("FMN") | Malaysia               | hold through PBSB 83.86%             | Operates the media in cinemas and LCD screens                                  |
| 5   | Redberry Outdoor Sdn. Bhd. ("RBO")      | Malaysia               | hold through PBSB 89.98%             | Operates the media on billboards and buses                                     |
| 6   | Redberry Media Sdn. Bhd. ("RMSB")       | Malaysia               | hold through PBSB 49.00%             | Invests in the securities of other entities (as a holding company)             |
| 7   | Point Cast (M) Sdn. Bhd. ("PCSB")       | Malaysia               | hold through PBSB 100.00%            | Operates the media at cashiers within major supermarkets throughout Malaysia   |
| 8   | Ten Plus Resources Sdn. Bhd. ("TPSB")   | Malaysia               | hold through PBSB 90.00%             | Operates the digital media on power poles                                      |
| 9   | Nova Berry Sdn. Bhd. ("NBSB")           | Malaysia               | hold through PBSB 100.00%            | At the present, the Company doesn't have any business operation                |
| 10  | PT Avabanindo Pekasa ("AVA")            | Indonesia              | 10.00% and hold through PBSB 25.00%  | Operates the media in the MRT system in Indonesia                              |

Source: Information memorandum of the Company disclosed via the SET

**Remark** (1) At present, VGI and PBSB hold 19 percent and 51 percent of the total issued shares of TCSB (respectively) where PBSB holds 11 percent of the total issued shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB and VGI dated December 28, 2017 since PBSB is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, PBSB will sell such shares to VGM at the par value.

In addition, before entering into the VGM Share Sale Transaction, VGI will transfer its beneficial interest in 19 percent of the total issued shares of TCSB to VGM since VGI is unable to transfer such shares to VGM pursuant

to the restrictions under a concession agreement. In the future, VGI will transfer such shares to VGM at the par value.

- (2) At present, VGM holds the shares in MUSB through PBSB, which holds 74.81 percent of the total issued shares of MUSB. In addition, before entering into the VGM Share Sale Transaction, VGM must buy 25.10 percent of total issued shares of MUSB.
- (3) At present, PBSB and VGM do not hold any shares in AVA. In this regard, PBSB and VGM are in the process of negotiation concerning the AVA share acquisition. However, before entering into the VGM Share Sale Transaction, VGM will acquire 10 percent of the total issued shares of AVA and PBSB will obtain 25 percent of the total issued shares of AVA.

**Summary table of paid-up capital of 10 companies directly and indirectly held by VGM**

| No. | Company | Place of Incorporation | VGM Shareholding (after restructure) | Paid-up capital         |
|-----|---------|------------------------|--------------------------------------|-------------------------|
| 1   | PBSB    | Malaysia               | 25.00%                               | MYR 17,125,105          |
| 2   | TCSB    | Malaysia               | 30.00% and hold through PBSB 40%     | MYR 1,000,000           |
| 3   | MUSB    | Malaysia               | 25.10% and hold through PBSB 74.81%  | MYR 1,100,000           |
| 4   | FMN     | Malaysia               | hold through PBSB 83.86%             | MYR 4,483,800           |
| 5   | RBO     | Malaysia               | hold through PBSB 89.98%             | MYR 5,000,000           |
| 6   | RMSB    | Malaysia               | hold through PBSB 49.00%             | MYR 100,000             |
| 7   | PCSB    | Malaysia               | hold through PBSB 100.00%            | MYR 2,500,000           |
| 8   | TPSB    | Malaysia               | hold through PBSB 90.00%             | MYR 100,000             |
| 9   | NBSB    | Malaysia               | hold through PBSB 100.00%            | MYR 2                   |
| 10  | AVA     | Indonesia              | 10.00% and hold through PBSB 25.00%  | RUPEE<br>18,391,500,000 |

Source: Information memorandum of the Company disclosed via the SET

The transaction is considered as;

- (1) A acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547, dated 29 October 2004, and the amendments thereto (collectively called "the Notification on Asset Acquisition or Disposal") with a maximum transaction size of 23.91 percent of net tangible assets referred from consolidated financial statement audited by certified public accountant as of 31 march 2018. After computation of the foregoing with the transaction size of the Company's other acquisition transactions within the past 6 months, the total transaction size is equivalent to 37.72 percent, which is considered as Type 2 transaction according to the Notification on Asset Acquisition or Disposal. Hence the Company is

obligated to disclose information in respect of the transaction to the Stock Exchange of Thailand (“SET”) immediately and send a notice to shareholders of the Company within 21 days after the disclosure of information concerning of the transaction to SET.

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546 dated 19 November 2003, and the amendments thereto (collectively called “the Notification on Connected Transaction”) as it is transaction with VGI, which is the Company major shareholders and hold 30.38 percent of the Company paid-up capital with a transaction size of 47.31 of the Company’s net tangible assets (NTA) which is over than 3.00 percent of NTA’s book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders’ meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of related party.

From studies of various information e.g. conditions for entering into the Transaction, advantage and disadvantage of entering into the Transaction, risk from entering into the Transaction, advantage and disadvantage of not entering into the Transaction as well as appropriateness of acquisition of VGM’s shares of 75.00 percent of VGM’s shares. The IFA’s opinion can be summarized as follows:

**Advantages of entering into the transaction**

1. Increase the diversity of the Out-of-Home Media category of the Company.

This investment will allow the company to enhance the variety of out of home media types of the Company. Even though the company operates as a major outdoor media provider in Thailand for more than 29 years providing marketing communication channel for operators and product owners to reach consumers and target groups effectively with the objective to provide the most comprehensive outdoor advertising services to customers to maximize their satisfaction. The investment in VGM will, however, provide the company more various types of advertising media which will meet and reach various target audience of different advertising media types as detailed below.

| Company        | Media types         |  | Target audiences   |
|----------------|---------------------|--|--|
| MACO<br>(Thai) | 1. Bill Board       | 1.1 Large Bill Board   | Big cities and down town areas                                 |
|                |                     | 1.2 Medium Bill Board  | Commercial areas, districts with busy traffic                  |
|                |                     | 1.3 Lightbox in gas station –<br>PTT, Jiffy                            | Gas station, PTT and Jiffy for 139 stations<br>across Thailand |
|                | 2. Street Furniture | On foot path or road shoulder in the hub of<br>towns with busy traffic |  |

|                   |                            |                        |   |
|-------------------|----------------------------|------------------------|---|
|                   | 3. Digital                 | 3.1 Digital Bill Board | 31 dense area in 31 provinces with high purchasing power  |
|                   |                            | 3.2 Ad media – Yummy   | 250 HD TV LED Ads. installed in popular restuarants   |
|                   | 4.Creative Ad media        |                        | Creative Ad media made to order to customer requirement, such as Projector slides ,Mock up including marketing events |
| VGM<br>(Malaysia) | 5. Ad media on air-plane   |                        | KL international airport 1 and 2  |
|                   | 6. Ad media on train       |                        | 2 MRT lines in Malaysia and Indonesia   |
|                   | 7. Ad media in cinema      |                        | 302 cinemas   |
|                   | 8. Ad media in supermarket |                        | 52 supermarkets   |
|                   | 9. Bus Wrap                |                        | 918 Buses in Kuala Lumpur and Penang  |

## 2. Expansion of the company's business to the region

This investment is an expansion of the Company's overseas business to the regional area. It is the first business expansion into Indonesia and the increase of investment value in Malaysia from the past that the company has expanded its Out-of-Home advertising business to Malaysia since 2015 by an establishment of a subsidiary named Mako Outdoor Co., Ltd. to invest 40% in Eye Ball Channel Company Limited (EYEBALL)

| Company                                   | Country   | Detail  |
|---|-----------|---|
| MACO                                      | Thai      | Bill board and Digital advertising media services   |
| EYEBALL<br>(Subsidiary of the<br>Company) | Malaysia  | Bill board Out-of-Home advertising media production services  |
| VGM                                       | Malaysia  | Direct Investment and investment through PBSB who invests in different companies who provide various services of advertising media, e.g. Metro, airport, cinema, buses, highway etc.                                      |
|   | Indonesia | AVA who is the subsidiary of the Company and got the concession from PT Mass Rapid Transit Jakarta for 20 years to provide advertising media services on trains which the services are expected to operate in Q1 of 2019. |

So, this investment will increase the Company's growth prospects by expanding the business of the company from just inside the country with limited growth to more opportunities and channels in the region to share the market share from the original player. This is to create new markets in countries where competition is still not so severe and economic growth has high potential like Indonesia etc.

3. Enhance the Company's capability to generate revenue in the future.

This investment will increase the Company's capability to generate revenue and return in the future as VGM and PBSB invest in a variety of media which can reach the target audience and widely meet the requirements of its customers. In addition, TCSB, MERU and AVA hold the long-term concession to solely provide advertising services on the Metro and in the airport. This provides the company more opportunity to generate more income and more return in the future.

4. Diversify Company Risk

This investment diversifies the company's risks. The current risk of Thailand caused by political and potential unrest including economic risks. Foreign investment thus diversifies those risks. In addition, this transaction is also investing in a variety of Out-of-Home Media under long-term concession. This reduces the risk of non-renewal of concession from the owner. In particular, the lease of space to install the billboard, which is the main media of the company is usually up to a maximum of only 3 years for large signage and only 1-2 years for small signage.

5. Create new knowledge in doing business abroad with various media types.

In this investment, the Company can create knowledge in expanding its business abroad in terms of consumer behavior, customs, culture, local law, and so others, from local partnerships. This reduces risk better when compared to the expanding business overseas by the company alone. The Company can also learn about other types of Out-of-Home advertising business, such as Metro, cinemas, supermarkets, buses, etc.

6. Create alliance and presence of the company abroad

This investment makes the Company become an alliance with foreign companies which is less risky than entering into a foreign business alone. By partnering with local companies, the Company will gain benefit of knowledge and business networks. This will pave the way to opportunities for cooperation and expansion of the regional business of the company in the future.

7. Eliminate conflict of interest with the Company's major shareholders

This investment is a restructuring of the business between the Company and VGI, which is the Company's major shareholder. As at May 31, 2018, VGI holds shares in the Company for 30.38% of the Company's issued shares. The purpose is to maximize the benefits to the Company, to reduce duplication and eliminate conflicts of interest in the Out-of-Home media business in Malaysia between VGI and the Company. As the Company now extends its outdoor media business to Malaysia through a subsidiary named MOSB to invest on 40% stake in ECSB, a provider of Out-of-Home advertising which overlapped and competed with RBO, which is the company that VGM, a subsidiary of VGI, indirectly holds shares through PBSB who also provides advertising services in Malaysia. The Company has a policy to eliminate conflicts of interest between VGI and the Company after the transaction, which can be summarized as follows:

|   | <b>Master Ad Public Company Limited (MACO)</b>  | <b>VGI Global Media Public Company Limited (VGI)</b>   |
|---|---|--|
| <b>Before entering into transaction</b> | <p><u>Advertising media business performing in Thailand</u></p> <p>Major performing on Out of Home Advertising</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway area of the city of Kuala Lumpur, Malaysia through ECSB of which MOSB, the company's subsidiary holds 40.00% shares.</p> <p><b>There are conflicts of interest with VGI since RBO does the same business and compete with ECSB.</b></p> | <p><u>Advertising media business performing in Thailand</u></p> <p>Performing as follows</p> <ul style="list-style-type: none"> <li>● Advertising media in mass transit system</li> <li>● Advertising media in office building and others</li> <li>● Digital Advertising media</li> </ul> <p>Excluding outdoor advertising media</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway of the city of Kuala Lumpur, Malaysia through RBO, the subsidiary of PBSB of which VGM, the company's subsidiary holds 25% shares.</p> <p><b>There are conflicts of interest with MACO since ECSB does the same business and compete with RBO.</b></p> |
| <b>After entering into transaction</b>  | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p> <ul style="list-style-type: none"> <li>● Policy to eliminate conflicts of interest between VGI and the company</li> <li>● The company will continue to do the Out of Home Advertising business.</li> <li>● The company will do all kind of advertising media business in Malaysia, Indonesia and other south east Asia countries. However, if the company or VGI can get other</li> </ul>                           | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p> <ul style="list-style-type: none"> <li>● VGI will continue to do current business but will not do Out of Home advertising media business like the company does.</li> <li>● VGI will not do any advertising media business in Malaysia, Indonesia and other Southeast Asia countries. However, if the company or VGI can get other additional business opportunity in</li> </ul>  |

|  |  |  |
|--|--|--|
|  | <p>additional business opportunity in Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</p> <ul style="list-style-type: none"> <li>● MOSB will do business through only acquiring shares in ECSB. Business growth of ECSB in the future will be determined by Mr. Lim Chee Seng who is the major shareholder who owns 50.00% of ECSB.</li> </ul> | <p>Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</p> |
|--|--|--|

Source : The Company

Therefore, this investment of the company is a business re-structuring to look forward to becoming a leader of outdoor advertising business in Southeast Asia in the future business and will help eliminating potential conflicts of interest between VGI and the Company in the international market in the future.

**Disadvantages of entering into the transaction**

1. The Company has a risk in investing in newly established companies.

This transaction is an investment in outdoor advertising media services which the Company has never done before on Metro, cinema, supermarket, buses etc. It is quite a risky investment; the Company has no experience in managing this type of media. In addition, in some companies that PBSB has invested, they have just started operation and still have no clear operational results.

However, this investment is the strategic investment to extend the business boundary in foreign market and type of media and leverage the knowledge of MACO’s alliances e.g. VGI, the major shareholder of the company, which will hold share in VGM 25.00% after the transaction complete and Ancom Berhad, the listed company in Malaysia holding 75.00% share in PBSB, which has knowledge in managing various types of media and doing business in Malaysia, therefore the Company risk is less than self-doing business in by MACO

2. The Company is exposed to the risk of doing business abroad

This investment is an overseas investment through VGM, which owns shares of PBSB , a company that invests in outdoor media in Malaysia and Indonesia. There may be some risks in doing business in foreign countries, both in Malaysia and Indonesia, such as economic risk, political risk, financial system risk, and regulatory risk. Risk) etc. Malaysia and Indonesia have ethnic issue between the Chinese and local ethnic which are the difference of race and religion that might cause the political issue effect to the investment and business. However, the IFA take in to account the factors and risk of each country effect to the valuation e.g. Market Risk



Premium and Country Risk Premium in calculation of the discount rate to reflex the risk and return expected of each country, moreover the sensitivity analysis by growth of advertising rate which might be effected by economic and politic.

3. The Company has limited power to control.

This investment is an overseas investment through VGM, who owns only 25.00% stake in PBSB which is a Holding Company. By holding only 25.00% stake in PBSB, VGM has no power to control over PBSB. Therefore, the Company may not receive important information and not be able to monitor and control the performance of subsidiaries whom PBSB has invested in.

4. The Company is required to raise funds for the purchase of VGM's shares.

This investment of the company needs to raise additional funds to pay for VGM shares. The Company will purchase 75% of VGM's shares at a total amount of 360,000,000 Baht totally in cash. The company does not have enough cash to pay for such shares by its own so It is necessary to raise capital by increasing the shareholding proportion of the existing shareholders (Rights Offering) at the rate of 5 existing ordinary shares to 1 new ordinary share at 2.00 Baht per share. This causes obligation to existing shareholders to pay up capital to maintain the proportion of shareholding or to accept a lower stake if they do not want to buy shares for capital increase in this time. If the shareholders do not have sufficient capital to buy VGM shares, the Company may have to seek other source of funds for the transaction, such as lending from financial institutions which will cause the Company to have interest burden on this transaction.

**Advantages of not entering into the transaction**

1. The Company will not be exposed to any investment risk for this project.

If the company does not decide to enter into this transaction, the company does not need to bear the risk on making investment in this project as mentioned in below 4.9.

2. The Company does not need to increase capital to enter into the transaction.

If the company does not decide to enter into this transaction, there is no need for the Company to increase the registered capital in order to pay for the transaction of 360 million Baht. Shareholders who do not wish to exercise their rights to increase their share capital will not be affected by the dilution of shareholding and do not have to pay for the capital increase. In addition, the Company has no obligation to seek other sources of funds in case the capital increase from the shareholders is not enough.

**Disadvantages of not entering into the transaction**

1. The Company will lose the opportunity to invest in this project.

If the company decides not to participate in this transaction, it will cause the company on loss of opportunity to increase revenue as well as the loss of opportunity to earn a return on investment in VGM and rapid expansion into the region.

2. The Company has to study further for an investment in other projects.

If the company decides not to enter into this transaction, the Company will lose the opportunity to enter the overseas media business rapidly. Such investment is in a company that has significant period of concessions and is ready to proceed to generate revenue and return to the Company. It will take longer time if the company wants to grow business by its own or by finding other good potential companies for acquiring which needs prices negotiation and may face uncertain trading conditions. In addition, other projects that the Company considers in the future may yield lower returns and/or has higher risk of project implementation than this project resulting in less feasibility of the investment for future projects.

3. The Company loses the opportunity to diversify its business risks.

If the company decides not to enter into this transaction, the Company will lose the opportunity to diversify its business to foreign countries by increasing its investment value in Malaysia as well as new investments in Indonesia. The proportion of the Company's business will remain only in Thailand which is exposed to the risk of its local businesses. If there are political unrests or economic crisis that are warping, it may directly impact the company's performance. In addition, the company has also lost the opportunity to increase the variety of outdoor advertising media. In particular, the long-term concession for media services in TCSB's and AVA's Metro, which reduces the risk of short term lease contract of spaces not being renewed for Billboards.

4. The company loses the opportunity to build its alliance abroad.

If the company decides not to enter into this transaction, the company will lose the opportunity to build local partners abroad which is an important factor in expanding international market presence in the future both in terms of business experience and familiarity in consumer behavior, customs and local law to be learned from local partners.

5. The Company loses the opportunity to create new knowledge.

If the company decides not to enter into this transaction, the company will lose the opportunity to build new knowledge in overseas businesses from the knowledge of local partners and the opportunity to learn how to manage other type of Out-of-Home advertising in addition to outdoor billboards. This will be an important learning to build a strong base in Malaysia and to further expand investment to Southeast Asia.

**Risk from entering into the transaction**

1. Risk from operating results and returns is not as expected.

With this investment of the company, there may be a risk of operating results and the return is not as expected due to external factors from the risk of overseas business operations in Malaysia and Indonesia, such as economic risk, political risk, financial system risk and regulatory risk, which may affect operations. This includes the uncertainty of number of passengers using the new MRT lines in Malaysia and Indonesia which may affect the demand of advertising services for MRT lines of TCSB and AVA. However, VGI, a major shareholder of the Company, who will hold 25% of VGM after the transaction. (for both direct and indirect shareholdings in TCSB and AVA) can bring business knowledge of VGI, which provides advertising services on the MRT in the same

manner to apply with the services in Malaysia and Indonesia to increase profitability and to control cost to mitigate the impact on revenue and profitability of TCSB and AVA.

2. Risk of delays in operation of MRT in Indonesia

With this investment of the company, there is a risk of delays in the construction and operation of the MRT in Indonesia. This will affect AVA in delaying its AVA advertising business. According to the PT Jakarta's Rapid Transit's plan, the line will be operational in the first quarter of 2019. However, as of March 25, 2018, progress has been made for 92.5% and the handover of the first train from Japan was made on April 4, 2018. The delay of the opening, will only affect the delay of revenue recognition of the Company. The cost incurred by the concession will also be postponed but it will not affect the concession period as the lapse of the concession starts when the MRT starts to be on operation.

3. Risks on renewal of the concession in the future

The Company may be exposed to risk due to the uncertainty that concession may not be renewed in the future from the companies that PBSB has invested in, which may affect future business continuity. Currently, PBSB is investing in the following companies who has significant concessions to earnings in the future.

| Concession holder | Description   | Start-End of Concession  | Period (Year) | Remaining (Year) |
|-------------------|---|--|---------------|------------------|
| MUSB              | MUSB has got concession from Kuala Lumpur International Airport 1 and Kuala Lumpur International Airport 2 for Ad media on plane.           | 1 May 2014 -<br>1 May 2021<br><br>(with right of 3 years renewal after the expiry of the concession) | 7             | 4                |
| TCSB              | TCSB has got concession for Ad media on SBK line of MRT's train which is a new line in Malaysia with 31 train stations along 51 kilometers. | 16 December 2016 -<br>15 December 2025   | 10            | 9                |
| AVA               | AVA has got concession from PT Mass Rapid Transit Jakarta for Ad media on the first MRT line of Indonesia.                                  | Concession period starts when MRT's train is operated by Q1 of 2019                                  | 20            | 20               |

However, considering the remaining concession period of TCSB and AVA., the period still remains for a long time. TCSB has a remaining concession period of 9 years due to the launch of the SBK MRT Line's service in December 2016 whereas AVA's concession of media business in Indonesia has not yet begun. The AVA's concession period still remains as the full concession period. Both companies are still in a long term

business. Although the MUSB, who has been granted a concession from Kuala Lumpur International Airport to be the sole service provider of advertising media in the airport, it has left for only 4 years, But from the interview with VGM's management, MUSB expects to be able to renew its concession on expiry due to its good relationship and being with Kuala Lumpur International Airport for a long time. Thus, It is not likely to affect the continuity of business in the future. Nevertheless, the financial advisor evaluates the fair value of the said company's share only over the remaining concession period with the conservative basis. As such, if the company receives renewal of concession in the future, it will allow the company to upside its share value in addition to the valuation made by the advisor.

4. Risk from lack of power to control

The Company may be exposed to risk due to lack of power to control in PBSB. If the Company enters into such transaction, VGM will hold 25.00% in PBSB, the holding company who invests in a variety of media businesses. By holding only 25% shares in PBSB, VGM has limited power to control over PBSB. Therefore, the Company may not receive important information and not be able to monitor and control the performance of subsidiaries whom PBSB has invested in. But holding 25.00% shares in PBSB maybe reasonable for VGM to expand its investment in Malaysia since VGM and the Company have no experience in doing business overseas. Being a partner of local company who has more equity could be a right strategy to expand businesses overseas with minimum risks of VGM and leverage the knowledge of doing business in Malaysia by local partner, especially for Ancom Berhad (ANCOM), who is listed in the Malaysian Stock Exchange and holds 75.00% in PBSB through Redberry Sdn. Bhd. (RBS). In addition, according to the agreement, PBSB's directors will comprise of 3 representatives from RSB and 2 from VGI. Currently, Mr. Pong Chin Kook, Executive Chairman and Chief Executive Officer of the Company is the representative from VGI to be a board member in PBSB. This reduces risk on lacking of monitoring and control power on operations of companies that PBSB has invested in.

5. Risks from exchange rate fluctuation

The Company may be exposed to risks from fluctuations in exchange rates, both the Ringgit from the investment of VGM in Malaysia and the Rupiah from the investment of VGM in Indonesia. The risk is that the two currencies may weaken. VGM dividends are in Thai Baht. Therefore, if the baht strengthen against the Ringgit, it would result in a lower profit sharing from the dividend received from the VGM. The company also has to report this investment made in VGM by preparing the consolidated financial statements in Thai Baht. So, if the baht strengthens, the consolidated financial statements which has to convert from Ringgit to Thai Baht will result in decrease of the company's recognition of income and profit of VGM as recorded in the income statement of the Company.

|                                   | <b>14 May<br/>2018</b> | <b>1 Month</b> | <b>3 Months</b> | <b>6 Months</b> | <b>1 Year</b> | <b>3 Years</b> |
|-----------------------------------|------------------------|----------------|-----------------|-----------------|---------------|----------------|
| Exchange Rate<br>(Baht : Ringgit) | 8.1144                 | 8.1870         | 8.1681          | 8.1524          | 8.0672        | 8.3834         |

|   |   |       |       |       |       |       |
|---|---|-------|-------|-------|-------|-------|
| Difference comparing to average exchange rate on 14 May 2018* | - | 0.89% | 0.66% | 0.47% | 0.58% | 3.32% |
|---|---|-------|-------|-------|-------|-------|

\* Exchange rate applied in the transaction size calculation which is exchange rate in 14 May 2018 referred from Bank of Thailand.

The average of exchange rate in past 3 years is 8.3834 Baht per 1 Ringgit differ from the exchange rate on 14 May 2561 3.32%, therefore the company expects there will be no significant impact. If there are loss from the consolidated financial statement it might be just the accounting loss not impact to the cashflow, while the cash dividend payment is able to be managed by financial instrument.

#### 6. Risk from not being able to raise enough capital fund

The Company may have risk on entering into the transaction when it is unable to raise enough funds to purchase VGM's ordinary shares on the amount of 360,000,000 Baht. The resolution of the Board of Directors' Meeting No. 6/2018 agreed to propose the Extraordinary General Meeting of Shareholders to approve the transaction by increasing the registered and paid-up capital by increasing the shareholding proportion of the existing shareholders (Rights Offering) at the ratio of 5 existing ordinary shares to 1 new ordinary share at the value of 2.00 baht per share, totaling 1,375,564,146 Baht to be a source of funds to acquire 75.00 percent shares of VGM for 360 million baht.

The Company has some risk that the shareholders will not exercise their rights to purchase such shares, which may cause the Company of insufficient capital to pay for VGM's ordinary shares. Other sources of funding such as lending from financial institutions will cause the Company to have interest burden on this transaction. However, the Company expects that VGI Global Media Public Company Limited, the major shareholder of the Company, who holds 1,044,710,300 shares, representing 30.38% (as of the closing date of the registered book on 5 May 2018) and sells VGM ordinary shares for 75.00% in order to restructure, manage and eliminate conflicts of interest in foreign markets of the Group, will exercise the right to increase the capital proportion. It is also expected that BTS Group Holdings Public Company Limited who holds shares in the Company as of May 31, 2018 at 18.09% and holds shares in VGI at the book closing date on June 1, 2018 at 13.91%, will maintain the shareholding in the Company by subscribing for this capital increase. This will make the company having sufficient funds to purchase 75% of VGM's ordinary shares.

|   | Major Shareholders      | Nos. of shareholding in the Company (Share) | Nos. of shares per 5:1 Capital Increase (Share) | Amount gain from Capital Increase at 2.00 Baht / Share (Baht) |
|---|-------------------------|---|---|---|
| 1 | VGI Global Media Plc.   | 1,044,710,300                               | 208,942,060                                     | 417,884,120   |
| 2 | BTS Group Holdings Plc. | 621,973,000                                 | 124,394,600                                     | 248,789,200   |

**Appropriateness of the Transaction price**

For the appropriateness of the Transaction price, the IFA has appraised fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company with various approaches with details as follows:

| Valuation Approach                | Fair value of shareholders' equity of VGM after the restructuring in accordance with the investment proportion of the company (Million Baht) |
|-----------------------------------|--|
| Book Value Approach               | 162.97   |
| Adjusted Book Value Approach      | 162.97   |
| Market Comparable Approach - P/E  | N/A  |
| Market Comparable Approach - P/BV | 109.01 - 133.57  |
| Sum of the Parts Approach         | 342.30 – 423.63  |

In conclusion, the IFA opine that fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company appraised by Sum of the Sections approach is the most appropriateness as such approach is only approach that best reflect fair value of VGM's shareholders' equity after the restructuring. In addition, such approach also accounts for ability to generate future cashflow of each VGM's subsidiaries. The fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company appraised by Sum of the Sections approach **is between 342.30 – 423.63 million baht.**

From aforesaid reason, the IFA opines that the acquisition of ordinary shares of VGM at 75.00 percent of VGM's total shares with transaction price of totaling 360,000,000 baht from VGI is **appropriate in perspective of transaction price** and thus opine that the Company's shareholders **should approve the Transaction.** However, the shareholders should consider reasonableness and risks in which the IFA has mentioned in the IFA report. The IFA's opinion based on the assumption that information, document, draft information and document as well as interview with management and relevant person is true, complete, reasonable, accurate, and reliable. The IFA opines that the assumption used in preparing the financial projection is reasonableness; however, those assumptions is based on industry circumstance and information in the study period. As such, the IFA cannot responsible for result of financial projection in this IFA Report. A decision to approve/not approve the Transaction is depended on the shareholders' discretion.

**Remark** After the Transaction, VGM may incur expenses from transfer of TCSB's shares of 30 percent or 300,000 shares in which presently held by VGI of 19 percent and PBSB of 11 percent at par value of MYR 1, totaling value of MYR 300,000. (PBSB holds 11 percent shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB as those shares cannot be transferred due to concession restriction).

## **Section 2: Practice an information used in the preparation of report**

The IFA considered and studied the acquisition of ordinary shares of VGI Global Media (Malaysia) Sdn. Bhd. ("VGM") at 75.00 percent of VGM's total shares with transaction price of totaling 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), who are major shareholder of the Company in which the Transaction is considered as a connected transaction of the Company in accordance with the Notification on Connected Transaction. The IFA received information from VGM and the Company, the management's interviews of VGM and the Company, public information, and other relevant information including, but not limited to;

1. The resolution of the Board of Directors and the information memorandum of the Company, disclosed to SET, regarding the acquisition of VGM's ordinary share at 75.00 percent of VGM's total shares from VGI which is considered as a connected transaction of the Company in accordance with the Notification on Connected Transaction.
2. Documents of the Company and VGI as well as VGM and companies directly and indirectly invested by VGM such as affidavit, memorandum of association, and article of association etc.
3. Draft proforma audited financial statement for the year 2018 ended 31 March 2018 of VGM which is audited by Malaysian accounting firm.
4. Audited financial statement of TCSB, MUSB, FMN, RBO, RMSB, PCSB, TPSB and NBSB for the year ended 31 May 2017, audited by BDO, Chartered Accountants which is accounting firm who audit financial statement of Ancom Berhad, a listed company in Malaysia Stock Exchange.
5. Internal income statement of TCSB, MUSB and FMN for the year ended 31 May 2017, in which the IFA receive from VGM.
6. TCSB's business plan
7. AVA's financial projection which used on project bidding in 2017
8. The interviews with the Company, VGM and relevant parties.
9. Annual registration statement (form 56-1) of the Company.
10. Statistic from Malaysia and Indonesia stock exchange, and industry information

The IFA's opinion based on the assumption that information and/or document in which the IFA receive as well as interview with the Company and management and VGM as well as relevant person were true and accurate. The Advisor has carefully considered and studied such information to comply with professional standard. Moreover, the Advisor considered that all contracts and business agreements were effective and legally enforceable and the conditions of such agreement will not be changed, revoked or canceled, and there is no circumstance or any condition which might significantly affect the acquisition of VGM's ordinary share at 75.00 percent of VGM's total shares from VGI transaction.

Therefore, in case that information and/or documents which the IFA received is untrue and/or inaccurate or the contracts and business agreements are not effective and/or not legally enforceable and/or the conditions of contracts and business agreements are changed, revoked or canceled, and/or there is any circumstance or condition that might cause significant effect to the acquisition of VGM's ordinary share at 75.00 percent of VGM's

total shares from VGI transaction which may affect opinion of the IFA. The IFA, therefore, will not be able to provide an opinion on such effect to the Company and its shareholders.

The IFA's opinion was prepared based on the information received by the IFA including information on the industry, economic condition, and other factors occurred during the preparation, which may significantly change later and affected the IFA's opinion. The Advisor does not have an obligation to edit the report on the IFA Report.

The IFA Report was prepared for the Company's shareholders as a reference to consider the connected transaction according to the Notification on the Connected Transaction. Thus, a decision to approve or not to approve is up to shareholder's consideration. Nonetheless, shareholders should carefully study the information and document enclosed with the invitation to the shareholders meeting, to make an appropriate decision.

However, the IFA Report does not guarantee success of the transaction, including possible impacts, and the IFA will not be able to, either directly or indirectly, response for any impact cause from entering into the transaction.



### **Section 3: Characteristic and detail of the Transaction**

#### **3.1 General detail of the Transaction**

As the Board of Directors' Meeting No. 6/2018 of Master Ad Public Company Limited (the "Company" or "MACO") held on 17 May 2018, resolved to approve the acquisition of 75 percent of shares in VGI Global Media (Malaysia) Sdn. Bhd ("VGM"), at the purchasing price of 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), a major shareholder of the Company (the "VGM Share Acquisition Transaction") and to propose the same at the general meeting of shareholders for consideration and approval. The Transaction has significant precedent conditions as follows:

#### The Company's Obligations

1. The Company has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction.
2. The Company has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.

#### VGI's Obligations

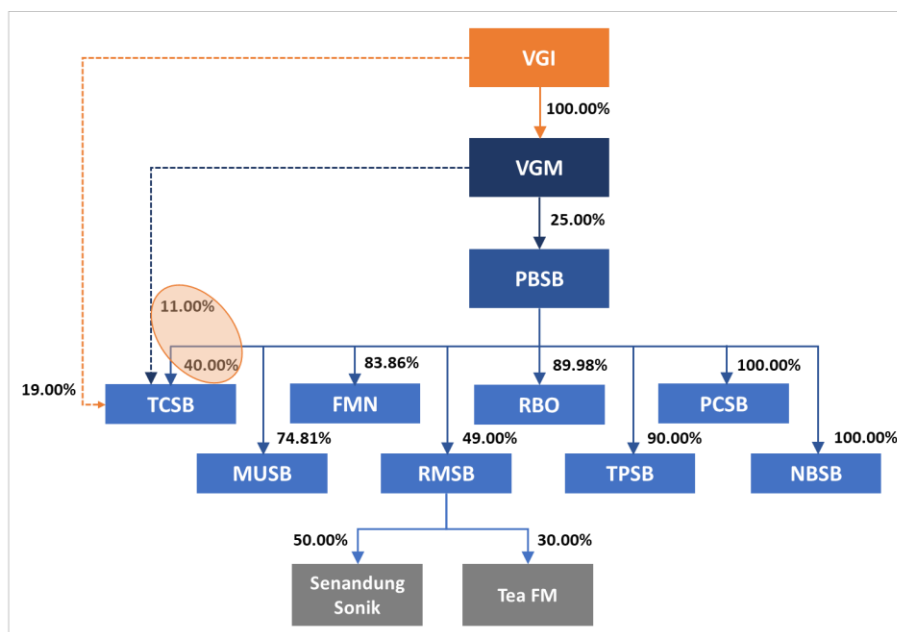
1. VGI has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction. The shareholders' meeting shall be held on 5 July 2018.
2. VGI has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.
3. VGI has completed the investment restructuring of VGM before entering into the VGM Share Sale Transaction as follows:
  - VGI has procured VGM to obtain 25.10 percent of the total issued shares of MUSB
  - VGI has procured VGM and PBSB to obtain 10 and 25 percent of the total issued shares of AVA (respectively).
  - VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB to VGM.
4. VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB (as defined below) to VGM.

#### Other Obligations

3. There is no change or event which may have a material adverse effect on VGM, its subsidiaries or affiliates;
4. There are no legal proceedings, claims, or actions that have been brought by any governmental agency or any person for the termination of the VGM Share Sale Transaction.

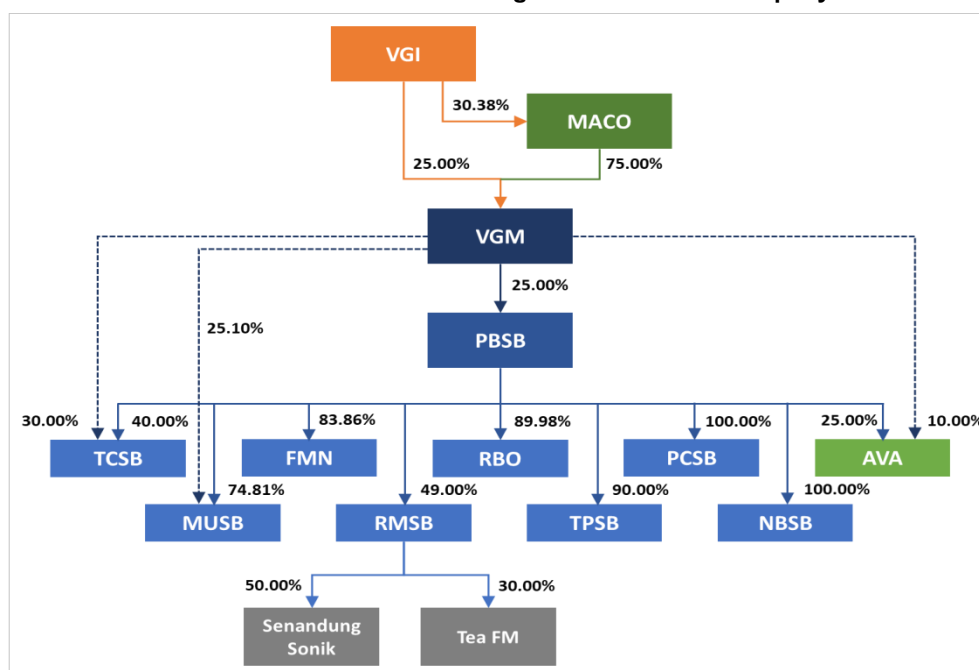
In addition, the shareholding structure of the Company before and after entering into the transaction are as follows:

#### **Pre-transaction shareholding structure of the Company**



Source: The Company

**Post-transaction shareholding structure of the Company**



Source: The Company

**Remark** (1) At present, VGI and PBSB hold 19 percent and 51 percent of the total issued shares of TCSB (respectively) where PBSB holds 11 percent of the total issued shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB and VGI dated December 28, 2017 since PBSB is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, PBSB will sell such shares to VGM at the par value.

In addition, before entering into the VGM Share Sale Transaction, VGI will transfer its beneficial interest in 19 percent of the total issued shares of TCSB to VGM since VGI is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, VGI will transfer such shares to VGM at the par value.

At present, VGM's core business is investment in the securities of other companies (as a holding company). At present, VGM has direct and indirect shareholdings in 9 entities, and before the consummation of the Transaction, VGM will directly and indirectly acquire the shares in AVA, resulting in a total of 10 companies, a summary of which is as follows:

| No. | Name                                    | Place of Incorporation | VGM Shareholding (after restructure) | Business Type  |
|-----|---|------------------------|--------------------------------------|--|
| 1   | Puncak Berlian Sdn. Bhd. ("PBSB")       | Malaysia               | 25.00%                               | Invests in the securities of other entities (as a holding company)             |
| 2   | Titanium Compass Sdn. Bhd. ("TCSB")     | Malaysia               | 30.00% and hold through PBSB 40%     | Operates the media in the MRT SBK Line, a mass rapid transit system            |
| 3   | Meru Utama Sdn. Bhd. ("MUSB")           | Malaysia               | 25.10% and hold through PBSB 74.81%  | Operates the media at the Kuala Lumpur International Airport and Senai Airport |
| 4   | Focus Media (Network) Sdn. Bhd. ("FMN") | Malaysia               | hold through PBSB 83.86%             | Operates the media in cinemas and LCD screens                                  |
| 5   | Redberry Outdoor Sdn. Bhd. ("RBO")      | Malaysia               | hold through PBSB 89.98%             | Operates the media on billboards and buses                                     |
| 6   | Redberry Media Sdn. Bhd. ("RMSB")       | Malaysia               | hold through PBSB 49.00%             | Invests in the securities of other entities (as a holding company)             |
| 7   | Point Cast (M) Sdn. Bhd. ("PCSB")       | Malaysia               | hold through PBSB 100.00%            | Operates the media at cashiers within major supermarkets throughout Malaysia   |
| 8   | Ten Plus Resources Sdn. Bhd. ("TPSB")   | Malaysia               | hold through PBSB 90.00%             | Operates the digital media on power poles                                      |
| 9   | Nova Berry Sdn. Bhd. ("NBSB")           | Malaysia               | hold through PBSB 100.00%            | At the present, the Company doesn't have any business operation                |
| 10  | PT Avabanindo Pekasa ("AVA")            | Indonesia              | 10.00% and hold through PBSB 25.00%  | Operates the media in the MRT system in Indonesia                              |

Source: Information memorandum of the Company disclosed via the SET

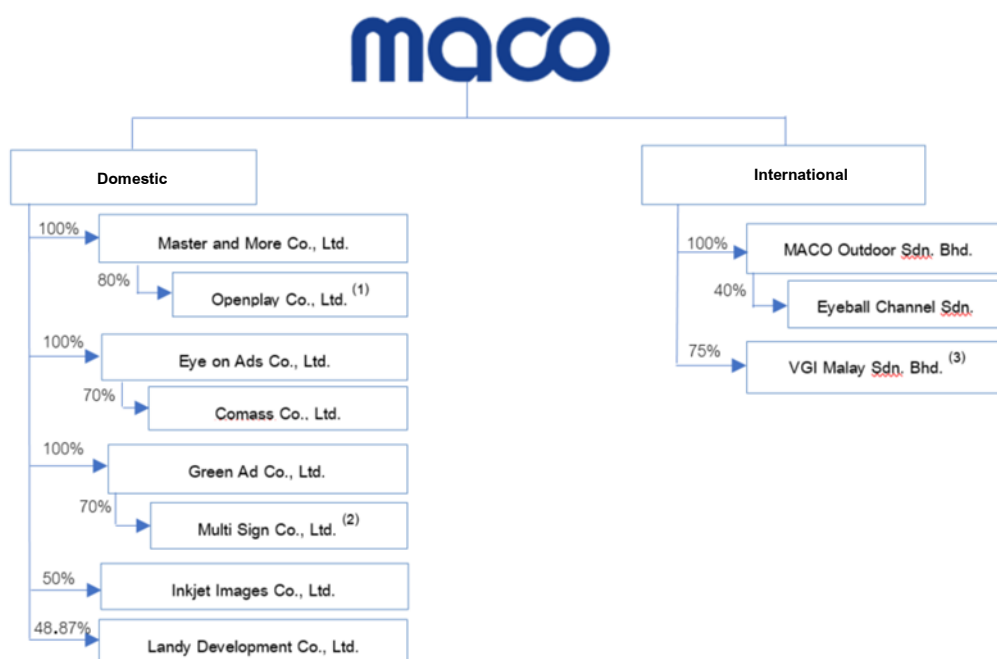
**Remark** (1) At present, VGI and PBSB hold 19 percent and 51 percent of the total issued shares of TCSB (respectively) where PBSB holds 11 percent of the total issued shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB and VGI dated December 28, 2017 since PBSB is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, PBSB will sell such shares to VGM at the par value.

In addition, before entering into the VGM Share Sale Transaction, VGI will transfer its beneficial interest in 19 percent of the total issued shares of TCSB to VGM since VGI is unable to transfer such shares to VGM pursuant

to the restrictions under a concession agreement. In the future, VGI will transfer such shares to VGM at the par value.

- (2) At present, VGM holds the shares in MUSB through PBSB, which holds 74.81 percent of the total issued shares of MUSB. In addition, before entering into the VGM Share Sale Transaction, VGM must buy 25.10 percent of total issued shares of MUSB.
- (3) At present, PBSB and VGM do not hold any shares in AVA. In this regard, PBSB and VGM are in the process of negotiation concerning the AVA share acquisition. However, before entering into the VGM Share Sale Transaction, VGM will acquire 10 percent of the total issued shares of AVA and PBSB will obtain 25 percent of the total issued shares of AVA.

After the Transaction, the Company shall have business structure as follows:



**Remark** (1) Within May 2018, Master and More Co., Ltd (“Master and More”) shall acquire residual shares of Openplay Co., Ltd (“Openplay”), representing 20 percent of total shares of Openplay. After the Openplay’s shares acquisition, Master and More shall hold shares in Openplay of 100 percent of total shares (according to board of director meeting no.5/2018).

(2) Within June 2018, Green AD Co., Ltd (“Green AD”) shall acquire residual shares of MultiSign Co., Ltd (“MTS”), representing 30 percent of total shares of MTS. After the MTS’s shares acquisition, Green AD shall hold shares in MTS of 100 percent of total shares (according to executive committee meeting no. 3/2018).

**Summary table of paid-up capital of 10 companies directly and indirectly held by VGM**

| No. | Company | Place of Incorporation | VGM Shareholding (after restructure) | Paid-up capital      |
|-----|---------|------------------------|--------------------------------------|----------------------|
| 1   | PBSB    | Malaysia               | 25.00%                               | MYR 17,125,105       |
| 2   | TCSB    | Malaysia               | 30.00% and hold through PBSB 40%     | MYR 1,000,000        |
| 3   | MUSB    | Malaysia               | 25.10% and hold through PBSB 74.81%  | MYR 1,100,000        |
| 4   | FMN     | Malaysia               | hold through PBSB 83.86%             | MYR 4,483,800        |
| 5   | RBO     | Malaysia               | hold through PBSB 89.98%             | MYR 5,000,000        |
| 6   | RMSB    | Malaysia               | hold through PBSB 49.00%             | MYR 100,000          |
| 7   | PCSB    | Malaysia               | hold through PBSB 100.00%            | MYR 2,500,000        |
| 8   | TPSB    | Malaysia               | hold through PBSB 90.00%             | MYR 100,000          |
| 9   | NBSB    | Malaysia               | hold through PBSB 100.00%            | MYR 2                |
| 10  | AVA     | Indonesia              | 10.00% and hold through PBSB 25.00%  | RUPEE 18,391,500,000 |

Source: Information memorandum of the Company disclosed via the SET

The transaction is considered as;

(1) A acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E.2547, dated 29 October 2004, and the amendments thereto (collectively called “the Notification on Asset Acquisition or Disposal”) with a maximum transaction size of 23.91 percent of net tangible assets referred from consolidated financial statement audited by certified public accountant as of 31 march 2018. After computation of the foregoing with the transaction size of the Company’s other acquisition transactions within the past 6 months, the total transaction size is equivalent to 37.72 percent, which is considered as Type 2 transaction according to the Notification on Asset Acquisition or Disposal. Hence the Company is obligated to disclose information in respect of the transaction to the Stock Exchange of Thailand (“SET”) immediately and send a notice to shareholders of the Company within 21 days after the disclosure of information concerning of the transaction to SET.

(2) A connected transaction according to the Notification of the Capital Market Supervisory Board No.TorChor 21/2551 Re: Rules on Connected Transaction, dated 31 August 2008, and the amendments thereto, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546 dated 19 November 2003, and the amendments thereto (collectively called “the Notification on Connected Transaction”) as it is

transaction with VGI, which is the Company major shareholders and hold 30.38 percent of the Company paid-up capital with a transaction size of 47.31 of the Company's net tangible assets (NTA) which is over than 3.00 percent of NTA's book value and worth over than 20.00 million Baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders' meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of related party.

### 3.2 Transaction date

Master Ad Public Company Limited (the "Company" or "MACO") will acquire 75 percent of shares in VGM, at the purchasing price of 360,000,000 baht from VGI, a major shareholder of the Company (the "VGM Share Acquisition Transaction") after the VGM Share Acquisition Transaction has been approved by the Extraordinary General Meeting of the Shareholders No.1/2018, which will be held on 18 July 2018, as well as complete all precedent conditions which is expected to completed by quarter 4 of 2018

### 3.3 Counterparty and relationship between counterparty

Seller : VGI Global Media Public Company Limited ("VGI")  
 Buyer : Master Ad Public Company Limited ("MACO" or the "Company")  
 Relationship with the Company : VGI is major shareholder of the Company. As of 31 May 2018, VGI holds 30.38 percent of total issued and paid-up shares of the Company. Moreover, VGI is also subsidiary of BTS Group Holding Public Company Limited ("BTSG") which is major shareholder of the Company. BTSG holds 18.09 percent of total issued and paid-up shares of the Company (as of 31 May 2018). As such VGI is considered as the connected person pursuant to the Notification on Connected Transaction.

### 3.4 Criteria used for specifying value of acquired assets

#### 3.4.1 Acquisition of assets transaction

The VGM Share Acquisition Transaction of 75 percent of VGM's shares at purchasing price of 360,000,000 baht from VGI is considered as acquisition of assets according to the Notification on Acquisition and Disposition of Assets, from the calculation of transaction size base on the Company's consolidated financial statement for the 3-month period ended 31 March 2018, reviewed by Siraporn Aueanatkul, certified public accountant no. 3844 of EY Company Limited. The details of calculation are as follows;

| Criteria                        |   | Calculation   |
|---------------------------------|---|---|
| <b>Net Tangible Asset Value</b> | = | $\frac{\text{(Acquired proportion x Net tangible assets of VGM)}}{\text{Net tangible assets of the Company}}$ |
|                                 | = | $\frac{75.00\% \times 242.61 \text{ Million Baht}}{760.95 \text{ Million Baht}}$                              |

| Criteria  |   | Calculation   |
|---|---|---|
|   | = | 23.91 percent   |
| <b>Net profit from operation</b>                  | = | Cannot calculate as VGM has net loss for last twelve months operation.  |
| <b>Value of consideration</b>                     | = | $\frac{\text{Total value of consideration}}{\text{Total assets of the Company}}$                                |
|   | = | $\frac{360.00 \text{ Million Baht}}{2,022.12 \text{ Million Baht}}$   |
|   | = | 17.80 percent   |
| <b>Value of securities issued for the payment</b> | = | Not applicable as the Company does not issue any newly issued ordinary shares to compensate of acquired assets. |

According to the above calculation, the maximum transaction size of 23.91 percent of net tangible assets referred from consolidated financial statement audited by certified public accountant as of 31 March 2018. After computation of the foregoing with the transaction size of the Company's other acquisition transactions within the past 6 months, the highest total transaction size is equivalent to 37.72 percent. As the VGM Share Acquisition Transaction is considered as Type 2 transaction according to the Notification on Asset Acquisition or Disposal. Hence the Company is obligated to disclose information in respect of the transaction to the Stock Exchange of Thailand ("SET") immediately and send a notice to shareholders of the Company within 21 days after the disclosure of information concerning of the transaction to SET.

### 3.4.2 Connected transaction

The VGM Share Acquisition Transaction of 75 percent of VGM's shares at purchasing price of 360,000,000 baht from VGI is considered as connected transaction in category of transaction relating to assets and services according to the Notification on Connected Transaction as it is transaction with VGI, which is the Company major shareholders and hold 30.38 percent of the Company paid-up capital with a transaction size of 47.31 of the Company's net tangible assets (as of 31 March 2018, net tangible assets is 760.95 Million Baht) which is over than 3.00 percent of NTA's book value and worth over than 20.00 million baht. Therefore, the Company has an obligation to immediately disclose information in respect of the transaction to SET, appoint an independent financial advisor to provide an opinion concerning the transaction, and arrange a shareholders' meeting to consider and approve the transaction. The transaction requires three-fourths of shareholder approval from the shareholders attending the meeting and have voting right; with an exclusion of related party. The related party consist of VGI and BTS Group Holding Public Company Limited ("BTSG") as VGI is major shareholder of the Company with shareholding in the Company of 30.38 percent of total issued and paid-up shares of the Company. Moreover, VGI is also subsidiary of BTSG which is major shareholder of the Company with shareholding in the Company of 18.09 percent of total issued and paid-up shares of the Company. As such, VGI and BTSG is considered as the connected person pursuant to the Notification on Connected Transaction and is considered as related party and not have rights to vote in this agenda in shareholders' meeting.

**3.5 Details of acquired assets****3.5.1 General information of VGM**

|                      |   |  |
|----------------------|---|--|
| Company's name       | : | VGI Global Media (Malaysia) Sdn. Bhd. ("VGM")  |
| Head office location | : | Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia   |
| Registered capital   | : | MYR 29,154,175 consist of 29,154,175 shares at par value of MYR 1 per share.   |
| Paid-up capital      | : | MYR 29,154,175 consist of 29,154,175 shares at par value of MYR 1 per share.   |
| Type of business     | : | Invests in the securities of other entities (as a holding company). At present VGM directly and indirectly hold in 9 companies, and before entering the Transaction, VGM will acquire directly and indirectly shareholding in AVA. Thus, there will be investment in 10 companies with the details as follows: |

| No. | Name                                       | Place of Incorporation | Paid-up capital | Type of business   |
|-----|--|------------------------|-----------------|--|
| 1   | Puncak Berlian Sdn. Bhd.<br>("PBSB")       | Malaysia               | MYR 17,125,105  | Invests in the securities of other entities (as a holding company)             |
| 2   | Titanium Compass Sdn. Bhd.<br>("TCSB")     | Malaysia               | MYR 1,000,000   | Operates the media in the MRT SBK Line, a mass rapid transit system            |
| 3   | Meru Utama Sdn. Bhd.<br>("MUSB")           | Malaysia               | MYR 1,100,000   | Operates the media at the Kuala Lumpur International Airport and Senai Airport |
| 4   | Focus Media (Network) Sdn. Bhd.<br>("FMN") | Malaysia               | MYR 4,483,800   | Operates the media in cinemas and LCD screens                                  |
| 5   | Redberry Outdoor Sdn. Bhd.<br>("RBO")      | Malaysia               | MYR 5,000,000   | Operates the media on billboards and buses                                     |
| 6   | Redberry Media Sdn. Bhd.<br>("RMSB")       | Malaysia               | MYR 100,000     | Invests in the securities of other entities (as a holding company)             |
| 7   | Point Cast (M) Sdn. Bhd.<br>("PCSB")       | Malaysia               | MYR 2,500,000   | Operates the media at cashiers within major supermarkets throughout Malaysia   |
| 8   | Ten Plus Resources Sdn. Bhd.<br>("TPSB")   | Malaysia               | MYR 100,000     | Operates the digital media on power poles                                      |



|    |                                  |           |                       |   |
|----|----------------------------------|-----------|-----------------------|---|
| 9  | Nova Berry Sdn. Bhd.<br>("NBSB") | Malaysia  | MYR 2                 | At the present, the Company doesn't have any business operation |
| 10 | PT Avabanindo Pekasa<br>("AVA")  | Indonesia | MYR<br>18,391,500,000 | Operates the media in the MRT system in Indonesia               |

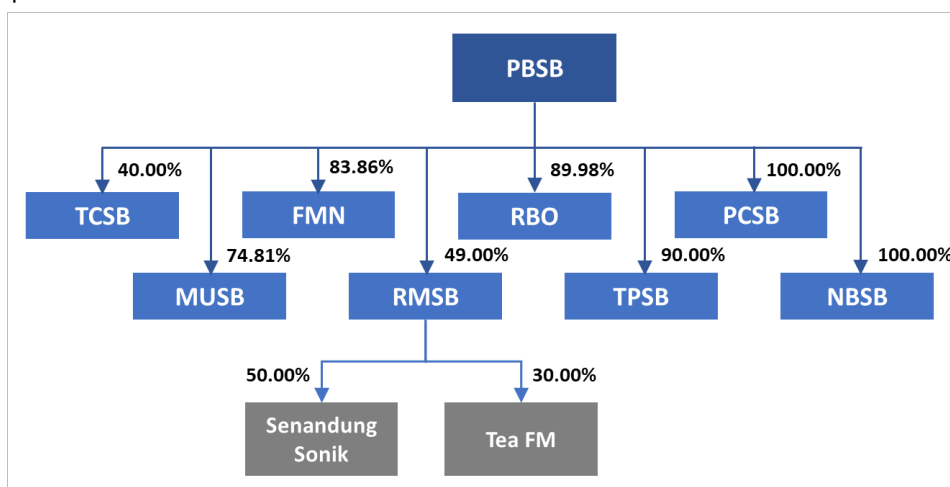
Source: Information memorandum of the Company disclosed via the SET

### 1) PBSB

At present, VGM holds shares in PBSB of 4,281,277 shares at par value of 1 Baht per share, representing 25.00 percent of PBSB's total paid-up shares. The other 75 percent of PBSB shares is held by Ancom Berhad and its subsidiary. Ancom Berhad is the listed company in Malaysia stock exchange (major shareholders of Ancom Berhad consist of (1) Dato' (Dr) Siew Ka Wei, who directly and indirectly hold 43,800,113 shares or 20.35 percent, (2) Chan Thye Seng, who directly and indirectly hold 42,797,402 shares or 19.89 percent, (3) Pacific & Orient Berhad, who directly and indirectly hold 42,467,402 shares or 19.73 percent, (4) Siew Nim Chee & Son Sdn. Bhd., who directly and indirectly hold 14,558,987 shares or 6.77 percent. In this regard, those people is not related or have any stake with the Company or the Company's connected person) and engage in various businesses i.e.

1. Agricultural chemical product
2. Industrial chemicals/ polymer product
3. Logistics & warehouse
4. Information technology
5. Media & advertising

PBSB is engaging in investing in securities of other entities (as a holding company) which operate in media business at various place e.g. airport, mass transit system, office building, and retails shops. The main revenues come from (1) MUSB (2) FMSB and (3) ROSB, respectively. At present, PBSB has shareholding in various companies as follows:



Source: Information memorandum of the Company disclosed via the SET

**2) TCSB**

TCSB is joint venture company established by (1) VGI (2) PBSB (3) Utusan Airtime Sdn. Bhd. and (4) Ikatan Asli Sdn. Bhd. with initial registered capital of MYR 1 Million . At present, VGI and PBSB hold shares in TCSB 19 percent and 51 percent of TCSB's total paid-up shares, respectively. PBSB holds 11 percent of the total issued shares of TCSB for and on behalf of VGM under the Declaration of Trust between PBSB and VGI dated December 28, 2017 since PBSB is unable to transfer such shares to VGM pursuant to the restrictions under a concession agreement. In the future, PBSB will sell such shares to VGM at the par value.

In addition, before entering into the VGM Share Sale Transaction, VGI will transfer its beneficial interest in 19 percent of the total issued shares of TCSB to VGM. As such another 30 percent of TCSB's shares is held by Utusan Airtime Sdn. Bhd. and Ikatan Asli Sdn. Bhd. of 20 percent and 10 percent, respectively. Those two companies are media company in Malaysia.

TCSB is engaging in media in the MRT SBK Line which is the new electric train line in Malaysia with 58 fleets and 51 kilometers of distance covering 31 stations. TCSB got 10-year concession from Mass Rapid Transit Corporation Sdn. Bhd. from 16 December 2016 to 15 December 2026.

**3) MUSB**

At present, VGM indirectly holds shares in MUSB through PBSB, in which PBSB holds shares in MUSB of 822,800 shares at par value of MYR 1, representing 74.80 percent of total issued and paid-up shares of MUSB.

In addition, before the VGM Share Acquisition Transaction is completed, VGM must acquire additional shares in MUSB of 276,100 shares at par value of MYR 1, representing 25.10 percent of total issued and paid-up shares of MUSB.

MUSB is engaging in media business at terminal 1 and terminal 2 of Kuala Lumpur International Airport. MUSB got 7-year concession from Kuala Lumpur International Airport 1 and Kuala Lumpur International Airport 2 from 1 May 2014 to 30 April 2021 and MUSB has rights to extend concession for 3 years from the expiration of current concession.

**4) FMN**

At present, VGM indirectly holds shares in FMN through PBSB, in which PBSB holds shares in FMN of 3,760,144 shares at par value of MYR 1, representing 83.90 percent of total issued and paid-up shares of FMN. The other 16 percent of FMN's shares is held by founders of FMN.

FMN is engaging in media business by acting as agent to sell media in cinemas and operates digital media business in office building.

**5) RBO**

At present, VGM indirectly holds shares in RBO through PBSB, in which PBSB holds shares in RBO of 4,499,000 shares at par value of MYR 1, representing 90.00 percent of total issued and paid-up shares of RBO. The other 10 percent of RBO's shares is held by founders of RBO.

RBO is engaging in media on bus and billboard located at various express way in Malaysia. RBO got concession from 2 major express way operators e.g. (1) Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. for operating media on KAJANG SILK Highway for 10 years from 1 March 2015 to 1 March 2024 and RBO has rights to extend concession for 12 years from the expiration of current concession and (2) Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd. for operating media on Duta Ulu-Kelang Expressway (DUKE) for 1 year from 1 October 2016 to 1 October 2017 and RBO has rights to extend for 2 years from the expiration of first concession in which RBO is using rights to extend concession which will be expired on 1 October 2019 and RBO has planned to extend the concession after the extended period is matured.

**6) RMSB**

At present, VGM indirectly holds shares in RMSB through PBSB, in which PBSB holds shares in RMSB of 49,000 shares at par value of MYR 1, representing 49 percent of total issued and paid-up shares of RMSB. The other 51 percent of RMSB's shares is held by Malaysian strategic partner.

At present, RMSB holds shares in Tea FM Radio Sdn. Bhd. of 30 percent of total issued and paid-up shares of Tea FM Radio Sdn. Bhd., and holds shares in Senandang Sonik Sdn. Bhd. of 50 percent of total issued and paid-up shares of Senandang Sonik Sdn. Bhd. Both companies are engaging in radio business with concession in east area of Malaysia.

**7) PCSB**

At present, VGM indirectly holds shares in PCSB through PBSB, in which PBSB holds shares in PCSB of 2,500,000 shares at par value of MYR 1, representing 100 percent of total issued and paid-up shares of PCSB.

PCSB is engaging in media at cashiers within major supermarkets throughout Malaysia.

**8) TPSB**

At present, VGM indirectly holds shares in TPSB through PBSB, in which PBSB holds shares in TPSB of 90,000 shares at par value of MYR 1, representing 90 percent of total issued and paid-up shares of TPSB. The other 10 percent of TPSB's shares is held by Malaysian strategic partner. At present, TPSB is engaging in digital media on power poles in Malaka State, Malaysia.

**9) NBSB**

At present, VGM indirectly holds shares in NBSB through PBSB, in which PBSB holds shares in NBSB of 2 shares at par value of MYR 1, representing 100 percent of total issued and paid-up shares of NBSB. At present, NBSB doesn't have any business operation.

**10) AVA**

Before entering to the VGM Share Acquisition Transaction, VGM must acquire AVA's shares of 10 percent of total issued and paid-up shares of AVA and PBSB must acquire AVA's shares of 25 percent of total

issued and paid-up shares of AVA. The other 65 percent of AVA's shares are held by PT Beyond Media and PT Alternative Media Group in which each company hold 32.50 percent.

AVA is engaging in the MRT system in Indonesia which got concession from PT Mass Rapid Transit Jakarta for 20 years from the commercial operation date of MRT. It is expected that the first MRT line will start its commercial operation in quarter 1 of 2019.

### 3.5.2 List of VGM's shareholders (as of 17 May 2018)

|    | List of shareholders                    | Shareholding before entering the Transaction (%) | Shareholding after entering the Transaction (%) |
|----|---|--|---|
| 1. | VGI Global Media Public Company Limited | 100.00%  | 75.00%  |
| 2. | Master Ad Public Company Limited        | -  | 25.00%  |
|    | <b>Total</b>                            | <b>100.00%</b>                                   | <b>100.00%</b>                                  |

Source: Information memorandum of the Company disclosed via the SET

### 3.5.3 List of VGM's directors (as of 17 May 2018)

|    | Name                       | Position |
|----|----------------------------|----------|
| 1. | Mr. Ong Peng Woon          | Director |
| 2. | Mr. Marut Arthakaivalvatee | Director |
| 3. | Mr. Chan Kin Tak           | Director |

Source: Information memorandum of the Company disclosed via the SET

**Remark** After the Transaction, MACO shall appoint director as VGM's director according to its shareholding in which the proportion of director in VGM appointed by the Company shall be 3:1.

### 3.5.4 Summary financial information of VGM

| Financial information | 2017 financial statement (Unit : MYR) |
|-----------------------|---------------------------------------|
| Total assets          | 30,464,105                            |
| Total liabilities     | 3,522,979                             |
| Shareholders' equity  | 26,941,126                            |
| Total revenues        | 690,819                               |
| Total expenses        | 2,903,868                             |
| Net profit            | (2,213,049)                           |

Source: Information memorandum of the Company disclosed via the SET

**Remark** Above financial statement is referred from proforma consolidated financial statement for the year 2018 ended 31 March 2018 of VGM audited by Malaysian audit firm.

### 3.6 Source of fund used in entering into the Transaction

The Company will use the proceeds from the issuance and allocation of newly issued ordinary shares of the Company to existing shareholders pro rata to their shareholdings to purchase the price of VGM's share at

ratio of 5 existing shares to 1 newly issued ordinary shares at offering price of 2 Baht per shares, totaling 1,375,564,146 Baht to use as funding to purchase VGM's shares of 75 percent at value of 360 Million Baht.

However, the Company expects that VGI, a major shareholder of the Company of 1,044,710,300 shares of 30.38 percent (as of book closing date on 5 May 2018) and the seller of share in VGM of 75 percent in order to conduct organization restructuring and eliminate conflict of interest in the group international business, shall exercise its rights according to aforesaid proportion. BTS Group Holding Public Company Limited who holds shares on the Company of 18.09 percent and holds shares in VGI of 13.91 percent at book closing date on 1 June 2018 shall exercise its rights to subscribe shares to retain its shareholding in the Company. As such the Company shall have enough fund to entering the Transaction.

|   | Major shareholders                       | Shareholding in the Company (shares) | No of newly issued ordinary shares at ratio of 5:1 (shares) | Proceed from capital increased at 2 Baht per share (Baht) |
|---|--|--------------------------------------|---|---|
| 1 | VGI Global Media Public Company Limited  | 1,044,710,300                        | 208,942,060   | 417,884,120   |
| 2 | BTS Group Holding Public Company Limited | 621,973,000                          | 124,394,600   | 248,789,200   |

### 3.7 Expected benefits to the Company

The purchase of 75 percent of total issued shares of VGM, at the purchase price of 360,000,000 baht from VGI will be benefit to the business of the Company and enhance the diversity and strengthen the advertising business in Malaysia as the Company already holds 40 percent of the shares in Eyeball Channel Sdn. Bhd. ("ECSB"), a media service provider and outdoor media producer in Malaysia, through MACO Outdoor Sdn. Bhd., a subsidiary of the Company holding 100 percent of shares. The acquisition of shares in VGM, will support the business operation of the Company in Malaysia and strengthen the bargaining power with clients as well as create an economy of scale. In addition, it will help reduce the overlapping business and conflicts of interest in South East Asia between the Company and MACO, especially advertising media in Malaysia.

### 3.8 Condition for entering into the Transaction

The Company will pay the transaction price of 360,000,000 baht in cash to VGI and VGI will deliver share transfer instrument to the Company in same day.

The Company will be entering into the Transaction if the Extraordinary General Meeting of the Shareholders No.1/2018, which will be held on 18 July 2018 resolve to approve such Transaction with voting rights not less than three-fourth of total voting rights of the shareholders attending the meeting and will not count voting rights of shareholders who have interests in denominator as well as all condition precedents is completed. The significant precedent conditions are as follows:

#### The Company's Obligations

1. The Company has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction.
2. The Company has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.

#### VGI's Obligations

1. VGI has obtained approval at its shareholder's meeting to enter into the VGM Share Acquisition Transaction.
2. VGI has obtained necessary approval (if any) for acquiring the shares in VGM or for completing the transaction.
3. VGI has completed the investment restructuring of VGM before entering into the VGM Share Sale Transaction as follows:
  - VGI has procured VGM to obtain 25.10 percent of the total issued shares of MUSB
  - VGI has procured VGM and PBSB to obtain 10 and 25 percent of the total issued shares of AVA (respectively).
  - VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB to VGM.
4. VGI has transferred its beneficial interest in 19 percent of the total issued shares of TCSB (as defined below) to VGM.

#### Other Obligations

1. There is no change or event which may have a material adverse effect on VGM, its subsidiaries or affiliates;
2. There are no legal proceedings, claims, or actions that have been brought by any governmental agency or any person for the termination of the VGM Share Sale Transaction.

### **3.9 Procedure to prevent conflict of interest**

After the VGM's shares acquisition transaction, the Company shall have subsidiary engage in Malaysia advertising business of 2 companies i.e. (1) Maco Outdoor Sdn. Bhd. ("MOSB"), subsidiary in which the Company hold 100 percent shares (at present, MOSB holds 40 percent shares in ECSB which is the company engage in outdoor media in Malaysia), (2) VGM, subsidiary in which the Company shall jointly held with VGI of 75 percent and 25 percent respectively. In this regard, VGI shall retain its shareholding in VGM of 25 percent as VGI is leader in media in mass transit system and have experience and expertise. As such, to yield the benefit on bidding of mass transit project by VGM in future as well as managing of VGM's media in mass transit in Southeast Asia, shareholding by VGI shall increase VGM's business opportunity and competence.

To prevent conflict of interests which may arose in future between the Company, VGI, MOSB, and VGM, the Company has policy and procedure to prevent conflict of interests as follows:

1. If the Company or VGI get business opportunity of outdoor media in Malaysia or other countries in Southeast Asia, the Company and VGI shall operate the business through VGM and/or company which shall be establish by the Company and VGI with the Company and VGI shareholding proportion equal to the Company and VGI shareholding in VGM. VGI shall not engage in outdoor media in Southeast Asia to prevent conflict of interests. For MOSB, it shall operate business through ECSB, in which the future expansion of ECSB shall be in accordance plan of Mr. Lim Chee Seng who is major shareholders

of ECSB and holds 50 percent shares in ECSB. Mr. Lim Chee Seng does not have any relationship or stake with the Company or the Company's connected person.

2. VGI shall allow VGM's director and management to independently specify management policy of VGM for the best benefit of VGM as there will receive compensation for perform duty for VGM. In this regard, VGI has policy that encourage VGM's management to act professionally and shall not have relationship or stake with VGI.

Moreover, to specify management policy between the Company and VGI to be independent, director, executive director, and management of each company shall act for the best benefit of each company and shareholder. VGI shall manage its agents who are the Company's director and management to aware of duty and responsibility for the Company's best benefit and comply with related rules laws and regulations which enforce in that time.

The Company and VGI shall implement those measures if VGI shall still be major shareholder and controlling person of the Company.

## Part 4 : Reasonableness of the Transaction

### 4.1 Objective and Necessity of entering into the transaction

Currently, the company wholly owns 100% shares in a company in Malaysia named MACO Outdoor Sdn. Bhd. ("MOSB"). MOSB holds 40.00% of shares in Eyeball Channel Sdn. Bhd. ("ECSB") meaning that the company invests in the advertising media business in Malaysia through ECSB who operates the Out of Home Advertising : OOH Advertising business in Malaysia. This business duplicates with VGM's who is a subsidiary of the major shareholder of the company called VGI. VGM holds 25.00% of PBSB's shares and one of PBSB's subsidiary is RBO who operates outdoor billboard advertising which is a direct competitor of ECSB.

To restructure the business between VGI and the Company in order to maximize the benefits of both companies by reducing the conflict of interest of outdoor advertising business in Malaysia aiming to make the company to become a leader in Southeast Asia's outdoor advertising business. The meeting of the Board of Directors No. 6/2561 held on May 17, 2018 has, therefore, approved the Company to acquire 75% of total shares of VGI Global Media (Malaysia) Sdn. Bhd. ("VGM") at a total price of 360,000,000 Baht from VGI, who is the Company's major shareholder. The meeting also agreed to seek approval from extraordinary general shareholder meeting to approve on entering to this transaction on July 18, 2018 as a policy to eliminate conflicts of interest between VGI and the Company which can be summarized as follows

|  | Master Ad Public Company Limited<br>(MACO)   | VGI Global Media Public Company<br>Limited (VGI)   |
|--|--|--|
| <b>Before</b><br>entering into<br>the<br>transaction | <p><u>Advertising media business performing in Thailand</u></p> <p>Major performing on Out of Home Advertising</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway area of the city of Kuala Lumpur, Malaysia through ECSB of which MOSB, the company's subsidiary holds 40.00% shares.</p> | <p><u>Advertising media business performing in Thailand</u></p> <p>Performing as follows</p> <ul style="list-style-type: none"> <li>● Advertising media in mass transit system</li> <li>● Advertising media in office building and others</li> <li>● Digital Advertising media</li> </ul> <p>Excluding outdoor advertising media</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway of the city of Kuala Lumpur, Malaysia through RBO, the subsidiary of PBSB of which VGM, the company's subsidiary holds 25% shares.</p> |



|   |   |   |
|---|---|---|
|   | <p><b>There are conflicts of interest with VGI since RBO does the same business and compete with ECSB.</b></p>  | <p><b>There are conflicts of interest with MACO since ECSB does the same business and compete with RBO.</b></p>   |
| <p><b>After</b> entering into the transaction</p> | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p> <ul style="list-style-type: none"> <li>● The company will continue to do the Out of Home Advertising business.</li> <li>● The company will do all kind of advertising media business in Malaysia, Indonesia and other south east Asia countries. However, if the company or VGI can get other additional business opportunity in Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</li> <li>● MOSB will do business through only acquiring shares in ECSB. Business growth of ECSB in the future will be determined by Mr. Lim Chee Seng who is the major shareholder who owns 50.00% of ECSB.</li> </ul> | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p> <ul style="list-style-type: none"> <li>● VGI will continue to do current business but will not do Out of Home advertising media business like the company does.</li> <li>● VGI will not do any advertising media business in Malaysia, Indonesia and other Southeast Asia countries. However, if the company or VGI can get other additional business opportunity in Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</li> </ul> |

Source : The company

In addition, the Company realizes the benefits of entering into this transaction on what will be gained from investment in VGM, which is the acquisition of assets with high potential to grow and develop in the future. The company's business will more widely cover Out of Home Media including media in other areas, such as Metro, bus, airport, supermarket, cinema, etc. making company's media business be expandable to overseas media business quickly, especially in Malaysia where the company has currently invested that will strengthen the alliance with local companies. The regional investment of the company will create knowledge and readiness for growth in the international market as per VGI's policy to grow media advertising business abroad and to reduce cannibalization and conflicts of interest on media business in overseas for the best benefit of both shareholding parties.

## **4.2 Advantage of entering into Connected Transaction**

### **4.2.1 Aligning businesses into the same direction within the group of connected parties**

Entering into transaction with VGI who is the major shareholder of the Company aligns the policy of affiliated companies in VGI group into the same direction. VGI's selling of 30.38% of VGM shares to the Company is an internal restructuring of VGI Group to allow the Company to be the center of the outdoor media business in Malaysia with a plan to become a leading media advertising agency in Southeast Asia. This will benefit the centralized management of the media business in the region enabling bargaining power with partners in other countries in the region as well as achieving economies of scale, reducing cannibalization, and eliminate business conflicts in Southeast Asia between VGI and MACO.

### **4.2.2 Risk sharing with connected parties**

The entering into the transaction with VGI, who is the major shareholder of the Company by acquiring 30.38% of VGM shares, business performance of VGM in Malaysia has to be verified through its operating results including direct holding of 25% shares of VGM by VGI. VGI is then likely to continue to maintain its interest in VGM, meaning also the interest of MACO.

### **4.2.3 Business expansion by entering into transactions faster than doing with outsiders.**

This investment by entering into the transaction with VGI, a major shareholder of the Company allows penetration into new businesses faster than entering into transactions with outsiders. This reduces the duration of bargaining, discussing business conditions and closing deal. The Company has then been able to expand its business and making investment rapidly to take the opening opportunities in the changing business environment.

### **4.2.4 Gaining of supporting knowledges and resources from connected parties.**

This investment by entering into a transaction with VGI, a major shareholder of the Company allows the company to gain supporting knowledge and management of advertising on the Metro, which is the type of media that PBSB has invested in two companies: TCSB in Malaysia and AVA in Indonesia. This will help the successful investment of the company from know-how of VGI for this type of media including other media business types from VGI and will allow future business growth in the regions.

## **4.3 Disadvantages of entering into a transaction with a connected person**

### **4.3.1 There may be reliance on connected persons to conduct advertising business on Metro.**

In this investment, the Company may have to rely on the management knowledge of advertising materials on the Metro from VGI due to lacking of experience in advertising management on Metro by the company while VGI has long experience and knowledge on this kind of media.

## **4.4 Advantages of entering into the transaction**

### **4.4.1 Increase the diversity of the Out-of-Home Media category of the Company.**

This investment will allow the company to enhance the variety of out of home media types of the Company. Even though the company operates as a major outdoor media provider in Thailand for more than 29

years providing marketing communication channel for operators and product owners to reach consumers and target groups effectively with the objective to provide the most comprehensive outdoor advertising services to customers to maximize their satisfaction. The investment in VGM will, however, provide the company more various types of advertising media which will meet and reach various target audience of different advertising media types as detailed below.

| Company              | Media types                |   | Target audiences  |
|----------------------|----------------------------|---|---|
| MACO<br>(Thai)       | 1. Bill Board              | 1.1 Large Bill Board  | Big cities and down town areas                                      |
|                      |                            | 1.2 Medium Bill Board   | Commercial areas, districts with busy traffic                       |
|                      |                            | 1.3 Lightbox in gas station – PTT, Jiffy  | Gas station, PTT and Jiffy for 139 stations across Thailand         |
|                      | 2. Street Furniture        |   | On foot path or road shoulder in the hub of towns with busy traffic |
|                      | 3. Digital                 | 3.1 Digital Bill Board  | 31 dense area in 31 provinces with high purchasing power            |
|                      |                            | 3.2 Ad media – Yummy Yummy  | 250 HD TV LED Ads. installed in popular restaurants                 |
| 4. Creative Ad media |                            | Creative Ad media made to order to customer requirement, such as Projector slides ,Mock up including marketing events |   |
| VGM<br>(Malaysia)    | 5. Ad media on air-plane   |   | KL international airport 1 and 2                                    |
|                      | 6. Ad media on train       |   | 2 MRT lines in Malaysia and Indonesia                               |
|                      | 7. Ad media in cinema      |   | 302 cinemas   |
|                      | 8. Ad media in supermarket |   | 52 supermarkets   |
|                      | 9. Bus Wrap                |   | 918 Buses in Kuala Lumpur and Penang                                |

#### 4.4.2 Expansion of the company's business to the region

This investment is an expansion of the Company's overseas business to the regional area. It is the first business expansion into Indonesia and the increase of investment value in Malaysia from the past that the company has expanded its Out-of-Home advertising business to Malaysia since 2015 by an establishment of a subsidiary named Mako Outdoor Co., Ltd. to invest 40% in Eye Ball Channel Company Limited (EYEBALL)

| Company                                | Country  | Detail  |
|--|----------|---|
| MACO                                   | Thai     | Bill board and Digital advertising media services   |
| EYEBALL<br>(Subsidiary of the Company) | Malaysia | Bill board Out-of-Home advertising media production services  |
| VGM                                    | Malaysia | Direct Investment and investment through PBSB who invests in different companies who provide various services |

|  |           |   |
|--|-----------|---|
|  |           | of advertising media, e.g. Metro, airport, cinema, buses, highway etc.  |
|  | Indonesia | AVA who is the subsidiary of the Company and got the concession from PT Mass Rapid Transit Jakarta for 20 years to provide advertising media services on trains which the services are expected to operate in Q1 of 2019. |

So this investment will increase the Company's growth prospects by expanding the business of the company from just inside the country with limited growth to more opportunities and channels in the region to share the market share from the original player. This is to create new markets in countries where competition is still not so severe and economic growth has high potential like Indonesia etc.

#### 4.4.3 Enhance the Company's capability to generate revenue in the future.

This investment will increase the Company's capability to generate revenue and return in the future as VGM and PBSB invest in a variety of media which can reach the target audience and widely meet the requirements of its customers. In addition, TCSB, MERU and AVA hold the long-term concession to solely provide advertising services on the Metro and in the airport. This provides the company more opportunity to generate more income and more return in the future.

#### 4.4.4 Diversify Company Risk

This investment diversifies the company's risks. The current risk of Thailand caused by political and potential unrest including economic risks. Foreign investment thus diversifies those risks. In addition, this transaction is also investing in a variety of Out-of-Home Media under long-term concession. This reduces the risk of non-renewal of concession from the owner. In particular, the lease of space to install the billboard, which is the main media of the company is usually up to a maximum of only 3 years for large signage and only 1-2 years for small signage.

#### 4.4.5 Create new knowledge in doing business abroad with various media types.

In this investment, the Company can create knowledge in expanding its business abroad in terms of consumer behavior, customs, culture, local law, and so others, from local partnerships. This reduces risk better when compared to the expanding business overseas by the company alone. The Company can also learn about other types of Out-of-Home advertising business, such as Metro, cinemas, supermarkets, buses, etc.

#### 4.4.6 Create alliance and presence of the company abroad

This investment makes the Company become an alliance with foreign companies which is less risky than entering into a foreign business alone. By partnering with local companies, the Company will gain benefit of knowledge and business networks. This will pave the way to opportunities for cooperation and expansion of the regional business of the company in the future.

#### 4.4.7 Eliminate conflict of interest with the Company's major shareholders

This investment is a restructuring of the business between the Company and VGI, which is the Company's major shareholder. As at May 31, 2018, VGI holds shares in the Company for 30.38% of the Company's issued shares. The purpose is to maximize the benefits to the Company, to reduce duplication and eliminate conflicts of interest in the Out-of-Home media business in Malaysia between VGI and the Company. As the Company now extends its outdoor media business to Malaysia through a subsidiary named MOSB to invest on 40% stake in ECSB, a provider of Out-of-Home advertising which overlapped and competed with RBO, which is the company that VGM, a subsidiary of VGI, indirectly holds shares through PBSB who also provides advertising services in Malaysia. The Company has a policy to eliminate conflicts of interest between VGI and the Company after the transaction, which can be summarized as follows:

|   | <b>Master Ad Public Company Limited (MACO)</b>  | <b>VGI Global Media Public Company Limited (VGI)</b>   |
|---|---|--|
| <b>Before entering into transaction</b> | <p><u>Advertising media business performing in Thailand</u></p> <p>Major performing on Out of Home Advertising</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway area of the city of Kuala Lumpur, Malaysia through ECSB of which MOSB, the company's subsidiary holds 40.00% shares.</p> <p><b>There are conflicts of interest with VGI since RBO does the same business and compete with ECSB.</b></p> | <p><u>Advertising media business performing in Thailand</u></p> <p>Performing as follows</p> <ul style="list-style-type: none"> <li>● Advertising media in mass transit system</li> <li>● Advertising media in office building and others</li> <li>● Digital Advertising media</li> </ul> <p>Excluding outdoor advertising media</p> <p><u>Advertising media business performing abroad</u></p> <p>Perform outdoor advertising media business under the concession in the highway of the city of Kuala Lumpur, Malaysia through RBO, the subsidiary of PBSB of which VGM, the company's subsidiary holds 25% shares.</p> <p><b>There are conflicts of interest with MACO since ECSB does the same business and compete with RBO.</b></p> |
| <b>After</b>                            | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p>   | <p><u>Policy to eliminate conflicts of interest between VGI and the company</u></p> <ul style="list-style-type: none"> <li>● VGI will continue to do current business but will not do Out of</li> </ul>  |

|   |  |   |
|---|--|---|
| <p><b>entering into transaction</b></p> | <ul style="list-style-type: none"> <li>● Policy to eliminate conflicts of interest between VGI and the company</li> <li>● The company will continue to do the Out of Home Advertising business.</li> <li>● The company will do all kind of advertising media business in Malaysia, Indonesia and other south east Asia countries. However, if the company or VGI can get other additional business opportunity in Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</li> <li>● MOSB will do business through only acquiring shares in ECSB. Business growth of ECSB in the future will be determined by Mr. Lim Chee Seng who is the major shareholder who owns 50.00% of ECSB.</li> </ul> | <p>Home advertising media business like the company does.</p> <ul style="list-style-type: none"> <li>● VGI will not do any advertising media business in Malaysia, Indonesia and other Southeast Asia countries. However, if the company or VGI can get other additional business opportunity in Malaysia, the company and VGI plan to do that new businesses through VGM and/or other newly established companies with the same shareholding proportion as the shareholding that the company and VGI hold in VGM.</li> </ul> |
|---|--|---|

Source : The Company

Therefore, this investment of the company is a business re-structuring to look forward to becoming a leader of outdoor advertising business in Southeast Asia in the future business and will help eliminating potential conflicts of interest between VGI and the Company in the international market in the future.

#### **4.5 Disadvantages of entering into the transaction**

##### **4.5.1 The Company has a risk in investing in newly established companies.**

This transaction is an investment in outdoor advertising media services which the Company has never done before on Metro, cinema, supermarket, buses etc. It is quite a risky investment; the Company has no experience in managing this type of media. In addition, in some companies that PBSB has invested, they have just started operation and still have no clear operational results.

However, this investment is the strategic investment to extend the business boundary in foreign market and type of media and leverage the knowledge of MACO's alliances e.g. VGI, the major shareholder of the company, which will hold share in VGM 25.00% after the transaction complete and Ancom Berhad, the listed

company in Malaysia holding 75.00% share in PBSB, which has knowledge in managing various types of media and doing business in Malaysia, therefore the Company risk is less than self-doing business in by MACO

**4.5.2 The Company is exposed to the risk of doing business abroad**

This investment is an overseas investment through VGM, which owns shares of PBSB, a company that invests in outdoor media in Malaysia and Indonesia. There may be some risks in doing business in foreign countries, both in Malaysia and Indonesia, such as economic risk, political risk, financial system risk, and regulatory risk. Risk) etc. Malaysia and Indonesia have ethnic issue between the Chinese and local ethnic which are the difference of race and religion that might cause the political issue effect to the investment and business. However, the IFA take in to account the factors and risk of each country effect to the valuation e.g. Market Risk Premium and Country Risk Premium in calculation of the discount rate to reflex the risk and return expected of each country, moreover the sensitivity analysis by growth of advertising rate which might be effected by economic and politic.

**4.5.3 The Company has limited power to control.**

This investment is an overseas investment through VGM, who owns only 25.00% stake in PBSB which is a Holding Company. By holding only 25% stake in PBSB, VGM has no power to control over PBSB. Therefore, the Company may not receive important information and not be able to monitor and control the performance of subsidiaries whom PBSB has invested in.

**4.5.4 The Company is required to raise funds for the purchase of VGM's shares.**

This investment of the company needs to raise additional funds to pay for VGM shares. The Company will purchase 75% of VGM's shares at a total amount of 360,000,000 Baht totally in cash. The company does not have enough cash to pay for such shares by its own so It is necessary to raise capital by increasing the shareholding proportion of the existing shareholders (Rights Offering) at the rate of 5 existing ordinary shares to 1 new ordinary share at 2.00 Baht per share. This causes obligation to existing shareholders to pay up capital to maintain the proportion of shareholding or to accept a lower stake if they do not want to buy shares for capital increase in this time. If the shareholders do not have sufficient capital to buy VGM shares, the Company may have to seek other source of funds for the transaction, such as lending from financial institutions which will cause the Company to have interest burden on this transaction.

**4.6 Advantages of not entering into the transaction**

**4.6.1 The Company will not be exposed to any investment risk for this project.**

If the company does not decide to enter into this transaction, the company does not need to bear the risk on making investment in this project as mentioned in below 4.8.

**4.6.2 The Company does not need to increase capital to enter into the transaction.**

If the company does not decide to enter into this transaction, there is no need for the Company to increase the registered capital in order to pay for the transaction of 360 million Baht. Shareholders who do not wish to exercise their rights to increase their share capital will not be affected by the dilution of shareholding and do not have to

pay for the capital increase. In addition, the Company has no obligation to seek other sources of funds in case the capital increase from the shareholders is not enough.

#### **4.7 Disadvantages of not entering into the transaction**

##### **4.7.1 The Company will lost the opportunity to invest in this project.**

If the company decides not to participate in this transaction, it will cause the company on lost of opportunity to increase revenue as well as the lost of opportunity to earn a return on investment in VGM and rapid expansion into the region.

##### **4.7.2 The Company has to study further for an investment in other projects.**

If the company decides not to enter into this transaction, the Company will lose the opportunity to enter the overseas media business rapidly. Such investment is in a company that has significant period of concessions and is ready to proceed to generate revenue and return to the Company. It will take longer time if the company wants to grow business by its own or by finding other good potential companies for acquiring which needs prices negotiation and may face uncertain trading conditions. In addition, other projects that the Company considers in the future may yield lower returns and/or has higher risk of project implementation than this project resulting in less feasibility of the investment for future projects.

##### **4.7.3 The Company loses the opportunity to diversify its business risks.**

If the company decides not to enter into this transaction, the Company will lose the opportunity to diversify its business to foreign countries by increasing its investment value in Malaysia as well as new investments in Indonesia. The proportion of the Company's business will remain only in Thailand which is exposed to the risk of its local businesses. If there are political unrests or economic crisis that are warping, it may directly impact the company's performance. In addition, the company has also lost the opportunity to increase the variety of outdoor advertising media. In particular, the long-term concession for media services in TCSB's and AVA's Metro, which reduces the risk of short term lease contract of spaces not being renewed for Billboards.

##### **4.7.4 The company loses the opportunity to build its alliance abroad.**

If the company decides not to enter into this transaction, the company will lose the opportunity to build local partners abroad which is an important factor in expanding international market presence in the future both in terms of business experience and familiarity in consumer behavior, customs and local law to be learned from local partners.

##### **4.7.5 The Company loses the opportunity to create new knowledge.**

If the company decides not to enter into this transaction, the company will lose the opportunity to build new knowledge in overseas businesses from the knowledge of local partners and the opportunity to learn how to manage other type of Out-of-Home advertising in addition to outdoor billboards. This will be an important learning to build a strong base in Malaysia and to further expand investment to Southeast Asia.



#### 4.8 Risk from entering into the transaction

##### 4.8.1 Risk from operating results and returns is not as expected.

With this investment of the company, there may be a risk of operating results and the return is not as expected due to external factors from the risk of overseas business operations in Malaysia and Indonesia, such as economic risk, political risk, financial system risk and regulatory risk, which may affect operations. This includes the uncertainty of number of passengers using the new MRT lines in Malaysia and Indonesia which may affect the demand of advertising services for MRT lines of TCSB and AVA. However, VGI, a major shareholder of the Company, who will hold 25% of VGM after the transaction. (for both direct and indirect shareholdings in TCSB and AVA) can bring business knowledge of VGI, which provides advertising services on the MRT in the same manner to apply with the services in Malaysia and Indonesia to increase profitability and to control cost to mitigate the impact on revenue and profitability of TCSB and AVA.

##### 4.8.2 Risk of delays in operation of MRT in Indonesia

With this investment of the company, there is a risk of delays in the construction and operation of the MRT in Indonesia. This will affect AVA in delaying its AVA advertising business. According to the PT Jakarta's Rapid Transit's plan, the line will be operational in the first quarter of 2019. However, as of March 25, 2018, progress has been made for 92.5% and the handover of the first train from Japan was made on April 4, 2018. The delay of the opening, will only affect the delay of revenue recognition of the Company. The cost incurred by the concession will also be postponed but it will not affect the concession period as the lapse of the concession starts when the MRT starts to be on operation.

##### 4.8.3 Risks on renewal of the concession in the future

The Company may be exposed to risk due to the uncertainty that concession may not be renewed in the future from the companies that PBSB has invested in, which may affect future business continuity. Currently, PBSB is investing in the following companies who has significant concessions to earnings in the future.

| Concession holder | Description   | Start-End of Concession  | Period (Year) | Remaining (Year) |
|-------------------|---|--|---------------|------------------|
| MUSB              | MUSB has got concession from Kuala Lumpur International Airport 1 and Kuala Lumpur International Airport 2 for Ad media on plane.           | 1 May 2014 -<br>1 May 2021<br><br>(with right of 3 years renewal after the expiry of the concession) | 7             | 4                |
| TCSB              | TCSB has got concession for Ad media on SBK line of MRT's train which is a new line in Malaysia with 31 train stations along 51 kilometers. | 16 December 2016 -<br>15 December 2025   | 10            | 9                |

|     |  |   |    |    |
|-----|--|---|----|----|
| AVA | AVA has got concession from PT Mass Rapid Transit Jakarta for Ad media on the first MRT line of Indonesia. | Concession period starts when MRT's train is operated by Q1 of 2019 | 20 | 20 |
|-----|--|---|----|----|

However, considering the remaining concession period of TCSB and AVA., the period still remains for a long time. TCSB has a remaining concession period of 9 years due to the launch of the SBK MRT Line's service in December 2016 whereas AVA's concession of media business in Indonesia has not yet begun. The AVA's concession period still remains as the full concession period. Both companies are still in a long term business. Although the MUSB, who has been granted a concession from Kuala Lumpur International Airport to be the sole service provider of advertising media in the airport, it has left for only 4 years, But from the interview with VGM's management, MUSB expects to be able to renew its concession on expiry due to its good relationship and being with Kuala Lumpur International Airport for a long time. Thus It is not likely to affect the continuity of business in the future. Nevertheless, the financial advisor evaluates the fair value of the said company's share only over the remaining concession period with the conservative basis. As such, if the company receives renewal of concession in the future, it will allow the company to upside its share value in addition to the valuation made by the advisor.

#### 4.8.4 Risk from lack of power to control

The Company may be exposed to risk due to lack of power to control in PBSB. If the Company enters into such transaction, VGM will hold 25.00% in PBSB, the holding company who invests in a variety of media businesses. By holding only 25% shares in PBSB, VGM has limited power to control over PBSB. Therefore, the Company may not receive important information and not be able to monitor and control the performance of subsidiaries whom PBSB has invested in. But holding 25.00% shares in PBSB maybe reasonable for VGM to expand its investment in Malaysia since VGM and the Company have no experience in doing business overseas. Being a partner of local company who has more equity could be a right strategy to expand businesses overseas with minimum risks of VGM and leverage the knowledge of doing business in Malaysia by local partner, especially for Ancom Berhad (ANCOM), who is listed in the Malaysian Stock Exchange and holds 75.00% in PBSB through Redberry Sdn. Bhd. (RBS). In addition, according to the agreement, PBSB's directors will comprise of 3 representatives from RSB and 2 from VGI. Currently, Mr. Pong Chin Kook, Executive Chairman and Chief Executive Officer of the Company is the representative from VGI to be a board member in PBSB. This reduces risk on lacking of monitoring and control power on operations of companies that PBSB has invested in.

#### 4.8.5 Risks from exchange rate fluctuation

The Company may be exposed to risks from fluctuations in exchange rates, both the Ringgit from the investment of VGM in Malaysia and the Rupiah from the investment of VGM in Indonesia. The risk is that the two currencies may weaken. VGM dividends are in Thai Baht. Therefore, if the baht strengthen against the Ringgit, it would result in a lower profit sharing from the dividend received from the VGM. The company also has to report this investment made in VGM by preparing the consolidated financial statements in Thai Baht. So if the

baht strengthens, the consolidated financial statements which has to convert from Ringgit to Thai Baht will result in decrease of the company's recognition of income and profit of VGM as recorded in the income statement of the Company.

|   | 14 May<br>2018 | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years |
|---|----------------|---------|----------|----------|--------|---------|
| Exchange Rate<br>(Baht : Ringgit)                                   | 8.1144         | 8.1870  | 8.1681   | 8.1524   | 8.0672 | 8.3834  |
| Difference comparing to<br>average exchange rate on<br>14 May 2018* | -              | 0.89%   | 0.66%    | 0.47%    | 0.58%  | 3.32%   |

\* Exchange rate applied in the transaction size calculation which is exchange rate in 14 May 2018 referred from Bank of Thailand.

The average of exchange rate in past 3 years is 8.3834 Baht per 1 Ringgit differ from the exchange rate on 14 May 2561 3.32%, therefore the company expects there will be no significant impact. If there are loss from the consolidated financial statement it might be just the accounting loss not impact to the cashflow, while the cash dividend payment is able to be managed by financial instrument.

#### 4.8.6 Risk from not being able to raise enough capital fund

The Company may have risk on entering into the transaction when it is unable to raise enough funds to purchase VGM's ordinary shares on the amount of 360,000,000 Baht. The resolution of the Board of Directors' Meeting No. 6/2018 agreed to propose the Extraordinary General Meeting of Shareholders to approve the transaction by increasing the registered and paid-up capital by increasing the shareholding proportion of the existing shareholders (Rights Offering) at the ratio of 5 existing ordinary shares to 1 new ordinary share at the value of 2.00 baht per share, totaling 1,375,564,146 Baht to be a source of funds to acquire 75.00 percent shares of VGM for 360 million baht.

The Company has some risk that the shareholders will not exercise their rights to purchase such shares, which may cause the Company of insufficient capital to pay for VGM's ordinary shares. Other sources of funding such as lending from financial institutions will cause the Company to have interest burden on this transaction. However, the Company expects that VGI Global Media Public Company Limited, the major shareholder of the Company, who holds 1,044,710,300 shares, representing 30.38% (as of the closing date of the registered book on 5 May 2018) and sells VGM ordinary shares for 75.00% in order to restructure, manage and eliminate conflicts of interest in foreign markets of the Group, will exercise the right to increase the capital proportion. It is also expected that BTS Group Holdings Public Company Limited who holds shares in the Company as of May 31, 2018 at 18.09% and holds shares in VGI at the book closing date on June 1, 2018 at 13.91%, will maintain the shareholding in the Company by subscribing for this capital increase. This will make the company having sufficient funds to purchase 75% of VGM's ordinary shares.

|   | <b>Major Shareholders</b> | <b>Nos. of shareholding in the Company (Share)</b> | <b>Nos. of shares per 5:1 Capital Increase (Share)</b> | <b>Amount gain from Capital Increase at 2.00 Baht / Share (Baht)</b> |
|---|---------------------------|--|--|--|
| 1 | VGI Global Media Plc.     | 1,044,710,300                                      | 208,942,060  | 417,884,120  |
| 2 | BTS Group Holdings Plc.   | 621,973,000  | 124,394,600  | 248,789,200  |

#### 4.9 Summary of the Opinion of the IFA

Based on the above mentioned risk factors, advantages and disadvantages of entering or not entering into this transaction, the Advisor considers that the investment in VGM will help the Company to expand business opportunities to foreign countries by adding a channel of revenue generation, learning on how to do business in other types of media, diversifying the risk of business investment, creating alliance and international market presence and utilizing own and alliance's experience and readiness to operate its businesses. It is expected that the company will be successful in investing overseas as a good start to expand businesses into the region. However, it may be necessary to consider the disadvantages of entering into a transaction, such as a lack of control power over the PBSB, as well as the risk of the countries to be invested in, both in politics and economics that may impact the expected return from this transaction.

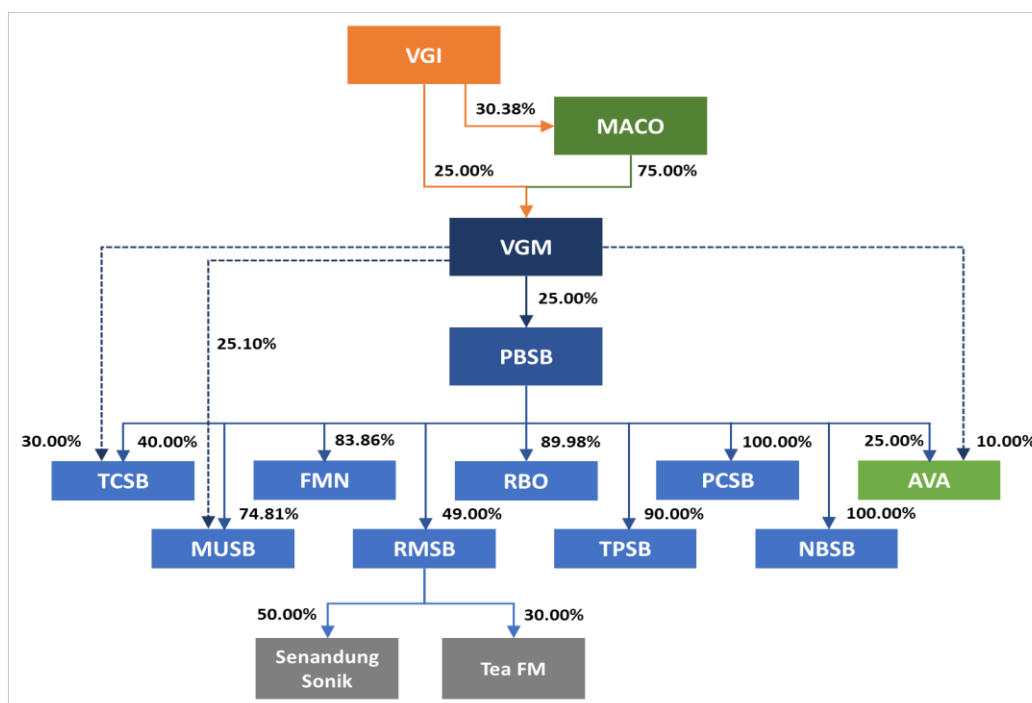
With all the above reasons, the Advisor finds entering into the transaction for this asset acquisition **is reasonable**.

**Part 5: Valuation**

The assessment is on the acquisition of 75.00% of total VGM shares with total of 360,000,000 baht from a major shareholder, VGI which is regarded as a connected transaction.

The Independent Financial Advisors (“IFA”) have assessed the fair value of VGM shares after the restructuring, whereby VGM is mainly operating in investing in other holding companies. The after-restructuring fair value will be multiplied by 75.00 percent of paid-up capital to reflect the transaction in accordance with the investment proportion of the company.

Table on VGM's shareholding structure after the restructuring in accordance with the company's investment proportion:



Source : The company

The IFA has assessed the after-restructuring fair value of VGM shares in accordance with the investment proportion of the company under 4 methods as follows:

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

Details of each fair value valuation method as applied to VGM shares after restructuring in accordance with the investment proportion of the company are as follows:

## 5.1 Book Value Approach

The fair value under Book Value Approach for VGM shares after restructuring in accordance with the investment proportion of the company will be assessed by minusing all accounting debts from the VGM's assets. The IFA referred the information of VGM's assets and debts from its 2018 drafted audited consolidated financial statement as at 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia, with details of the fair value assessment of VGM shares in according with the investment proportion of the company as follows:

|   | As of 31 <sup>st</sup> March 2018 <sup>1</sup> | Unit       |
|---|--|------------|
| <b>Total Assets of VGM</b>  | <b>30,464,104</b>                              | <b>MYR</b> |
| <u>Less</u> Total Debts   | <b>(3,522,976)</b>                             | MYR        |
| <u>Less</u> Non-Controlling Interests                               | -  | MYR        |
| <b>Shareholders' Equity of VGM's Main Company</b>                   | <b>26,941,128</b>                              | <b>MYR</b> |
| <u>Multiplied by</u> Investment Proportion of the Company           | 75%  |            |
| <b>Value of VGM Shares in accordance with Investment Proportion</b> | <b>20,205,846<sup>2</sup></b>                  | <b>MYR</b> |
| <b>Value of VGM Shares in accordance with Investment Proportion</b> | <b>162,965,707<sup>2</sup></b>                 | <b>THB</b> |

Remarks 1. The IFA used drafted audited consolidated financial statement for period ended 31<sup>st</sup> March 2018 for the valuation of VGM shares which provides VGM's structure prior to the company's acquisition and which is the best source of financial information of VGM that IFA received.

2. The fair value under Book Value Approach for VGM shares after restructuring in accordance with the investment proportion of the company might significantly change after entering into this transaction since the above book value is the book value from drafted audited consolidated financial statement before the restructuring from VGM's investment.

From the Book Value Approach, the fair value of VGM shares as of 31<sup>st</sup> March 2018 is MYR 26.94 million. After multiplying to the investment proportion of 75 percent of total paid-up capital of VGM, the fair value of VGM shares in accordance with investment proportion is MYR 20.21 million or 162.97 million baht.

However, the Book Value Approach on VGM shareholders' equity in accordance with investment proportion only reflects the book value of VGM at a specific time period, without considering the operations and further growth tendency of VGM in the future. In return, this approach does not take into account the ability that VGM is able to generate profit in the future. Further, the drafted audited consolidated financial statement used by the IFA for this valuation does not reflect the VGM's structure after the restructuring from the acquisition. The IFA is thus of the opinion that this method is not appropriate for assessing the fair value of VGM after the restructuring.

## 5.2 Adjusted Book Value Approach

This approach based the information of VGM's assets and debts, with reference to VGM's 2018 drafted audited consolidated financial statement as at 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia. The value of VGM's shareholders' equity will be adjusted according to the investment proportion.

The fair value of assets and debts is adjusted by the transactions which could significantly impact the book value, in order to reflect the more accurate fair value of the assets and debts, such as using the market value of land instead of book value, and adjusting the plant and building using market value.

However, VGM does not engage an independent appraiser to assess the fair value of assets and VGM does not adjust any book value in 2018 drafted audited consolidated financial statement for period ended 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia.

Thus, the fair value of VGM as of 31<sup>st</sup> March 2018 under Adjust Book Value Approach is equivalent to the value under Book Value Approach of MYR 20.21 million or 162.97 million baht with reference to 2018 drafted audited consolidated financial statement for period ended 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia. The fair value under Book Value Approach for VGM shares after restructuring in accordance with the investment proportion of the company might significantly change after entering into this transaction since the above book value is the book value from drafted audited consolidated financial statement before the restructuring from VGM's investment.

However, the Adjusted Book Value Approach does not take into account of VGM's business and growth tendencies, as a result, the profit generation ability of VGM is not reflected. Further, the drafted audited consolidated financial statement used by the IFA for this valuation does not reflect the VGM's structure after the restructuring from the acquisition. The IFA is thus of the opinion that this method is not appropriate for assessing the fair value of VGM after the restructuring.

### **5.3 Market Comparable Approach**

The Market Comparable Approach is a valuation method under the assumption that market ratios of the companies operating similar business are the same, whereby the ratios reflect the market mechanisms and views of investors toward the company at the point of time. However, companies selected from comparison inevitably are different in terms of source of income, business size, financial structure and account policies, which is considered as a limitation of this approach.

In assessing VGM's fair value under Market Comparable Approach, the IFA has used the following ratios:

1. Price to Earnings Ratio : P/E
2. Price to Book Value Ratio : P/BV

The IFA has selected and considered companies registered in the Stock Exchange of Malaysia that operate business similar to VGM's and its subsidiaries i.e. operating and servicing the advertising media, to compare with VGM. The IFA has obtained total of 3 comparative companies to VGM and its subsidiaries under such criteria as follows:

1. Asia Media Group Bhd. Company ("AMGB")
2. Media Prima Bhd. Company ("MPR")
3. Seni Jaya Corporation Bhd. Company ("SENI")

**Asia Media Group Bhd. (AMGB)**

Asia Media Group Bhd. is listed in the Stock Exchange of Malaysia, servicing transit TV network. As of 31<sup>st</sup> March 2018, the company has total asset of MYR 27.18 million. 3-month period ended 31<sup>st</sup> March 2018, Asia Media Group Bhd. has total advertisement revenue of MYR 3.96 million and operational loss of MYR (1.13) million.

**Media Prima Bhd. (MPR)**

Media Prima Bhd. is listed in the Stock Exchange of Malaysia, servicing out-of-home media and advertisement such as billboard along express way and billboard in airport. As of 31<sup>st</sup> March 2018, the company has total asset of MYR 1,585.09 million. 3-month period ended 31<sup>st</sup> March 2018, Media Prima Bhd. has total revenue of MYR 280.67 million and operational loss of MYR (23.00) million.

**Seni Jaya Corporation Bhd. (SENI)**

Seni Jaya Corporation Bhd. is listed in the Stock Exchange of Malaysia, servicing both indoor and outdoor media services and provision of transit advertising on buses. As of 31<sup>st</sup> March 2018, the company has total asset of MYR 61.70 million. 3-month period ended 31<sup>st</sup> March 2018, Seni Jaya Corporation Bhd. has total revenue of MYR 4.31 million and profit of MYR 0.27 million

**VGI Global Media (Malaysia) Sdn. Bhd. (VGM)**

VGM operates as a holding company. After entering into this transaction, VGM will invest in companies operates the advertisement in many areas i.e. in airport, mass transportation, office building, and retail stores. As at 31<sup>st</sup> March 2018, VGM had total asset of MYR 30.46 million, and for 3-month ended 31<sup>st</sup> March 2018, VGM has net operational loss of MYR (2.21) million.

**5.3.1 Price to Earnings Ratio**

The fair value valuation of VGM after the restructuring under Price to Earnings Ratio is calculated by multiplying the P/E Ratio of the comparative companies; namely AMGB, MPR and SENI, to earnings of VGM's 12-month period ended 31<sup>st</sup> March 2018, with reference to VGM's 2018 drafted audited consolidated financial statement as at 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia.

Since VGM has net loss in the past 12 months for the period ended 31<sup>st</sup> March 2018, thus, the IFA is not able to assess the fair value of VGM's shareholder's equity after the restructuring under Price to Earnings Approach. Further, the drafted audited consolidated financial statement used by the IFA for this valuation does not reflect the VGM's structure after the restructuring from the acquisition.

**5.3.2 Price to Book Value Approach**

This approach based the information with reference to VGM's 2018 drafted audited consolidated financial statement as at 31<sup>st</sup> March 2018, audited by the audit company based in Malaysia. The fair value of VGM under Price to Book Value Approach after the restructuring is derived by multiplying the P/BV Ratio of the comparative companies to the book value of VGM in accordance to the investment proportion, with details as follows:



|   | Unit               | For Periods Preceding 17 <sup>th</sup> May 2018 |               |               |               |               |
|---|--------------------|---|---------------|---------------|---------------|---------------|
|   |                    | 1 Month   | 3 Months      | 6 Months      | 9 Months      | 12 Months     |
| <u>Price to Book Value Ratio (P/BV Ratio)</u>                       |                    |   |               |               |               |               |
| 1. AMGB   | Times              | 0.86  | 0.85          | 0.86          | 0.87          | 0.91          |
| 2. MPR  | Times              | 0.47  | 0.59          | 0.71          | 0.72          | 0.73          |
| <b>Average P/BV Ratio</b>   | <b>Times</b>       | <b>0.67</b>                                     | <b>0.72</b>   | <b>0.78</b>   | <b>0.79</b>   | <b>0.82</b>   |
| VGM's Book Value as at 31 <sup>st</sup> March 2018                  | MYR Million        | 26.94   | 26.94         | 26.94         | 26.94         | 26.94         |
| <b>Shareholders' Equity of VGM</b>                                  | <b>MYR Million</b> | <b>18.02</b>                                    | <b>19.37</b>  | <b>21.03</b>  | <b>21.36</b>  | <b>22.08</b>  |
| Investment Proportion of the Company                                | %                  | 75%   | 75%           | 75%           | 75%           | 75%           |
| <b>Value of VGM Shares in accordance with Investment Proportion</b> | <b>MYR Million</b> | <b>13.52</b>                                    | <b>14.53</b>  | <b>15.77</b>  | <b>16.02</b>  | <b>16.56</b>  |
| <b>Value of VGM Shares in accordance with Investment Proportion</b> | <b>THB Million</b> | <b>109.01</b>                                   | <b>117.16</b> | <b>127.21</b> | <b>129.21</b> | <b>133.57</b> |

Remarks 1. The IFA is unable to incorporate P/BV Ratio of SENI for this valuation since SENI has negative historical figures on the required figures used for this valuation.

2. The fair value under Book Value Approach for VGM shares after restructuring in accordance with the investment proportion of the company might significantly change after entering into this transaction since the above book value is the book value from drafted audited consolidated financial statement before the restructuring from VGM's investment.

From the P/BV Ratio valuation, the fair value of VGM in accordance with investment proportion as of 31<sup>st</sup> March 2018 is between 109.01 million baht to 133.57 million baht.

However, under P/BV Approach, companies selected from comparison inevitably are different in terms of source of income, business size, financial structure and account policies.

Further, P/BV Approach is only comparison in terms of book value, which reflects the supplemental value in according to the compared book value. Moreover, P/BV Approach does not take into account of VGM's business and growth tendencies, as a result, the profit generation ability of VGM and its subsidiaries is not reflected. Further, the drafted audited consolidated financial statement used by the IFA for this valuation does not reflect the VGM's structure after the restructuring from the acquisition. The IFA is thus of the opinion that this method is not appropriate for assessing the fair value of VGM after the restructuring.

#### 5.4 Sum of the Parts Approach

The valuation under Sum of the Parts Approach (SOTP) is to assess fair value of each subsidiary of VGM after the restructuring in order to reflect true value of VGM's shareholder's equity since the company is operating differently across Malaysia and Indonesia. The IFA will select the appropriate valuation approach to assess each VGM's subsidiary for the period after the restructuring.

After the assessment of the after-restructuring fair value of VGM's subsidiaries, the IFA will multiply the fair value of each subsidiary to the VGM's holding proportion of each subsidiary, in order to reflect a true fair value of VGM who is operating as a holding company, with details as follows:

| No. | Company                               | Symbol | Valuation Approach                  |
|-----|---------------------------------------|--------|-------------------------------------|
| 1   | Titanium Compass Sdn. Bhd.            | TCSB   | Discounted Cash Flow Approach (DCF) |
| 2   | Meru Utama Sdn. Bhd.                  | MUSB   | Discounted Cash Flow Approach (DCF) |
| 3   | Focus Media (Network) Sdn. Bhd.       | FMN    | Discounted Cash Flow Approach (DCF) |
| 4   | Redberry Outdoor Sdn. Bhd.            | RBO    | Discounted Cash Flow Approach (DCF) |
| 5   | Redberry Media Sdn. Bhd.              | RMSB   | Book Value Approach (Book Value)    |
| 6   | Point Cast (M) Sdn. Bhd.              | PCSB   | Book Value Approach (Book Value)    |
| 7   | Ten Plus Resources Sdn. Bhd.          | TPSB   | Book Value Approach (Book Value)    |
| 8   | Nova Berry Sdn. Bhd.                  | NBSB   | Book Value Approach (Book Value)    |
| 9   | PT Avabanindo Pekasa                  | AVA    | Discounted Cash Flow Approach (DCF) |
| 10  | Puncak Berlian Sdn. Bhd.              | PBSB   | Some of the Parts Approach (SOTP)   |
| 11  | VGI Global Media (Malaysia) Sdn. Bhd. | VGM    | Some of the Parts Approach (SOTP)   |

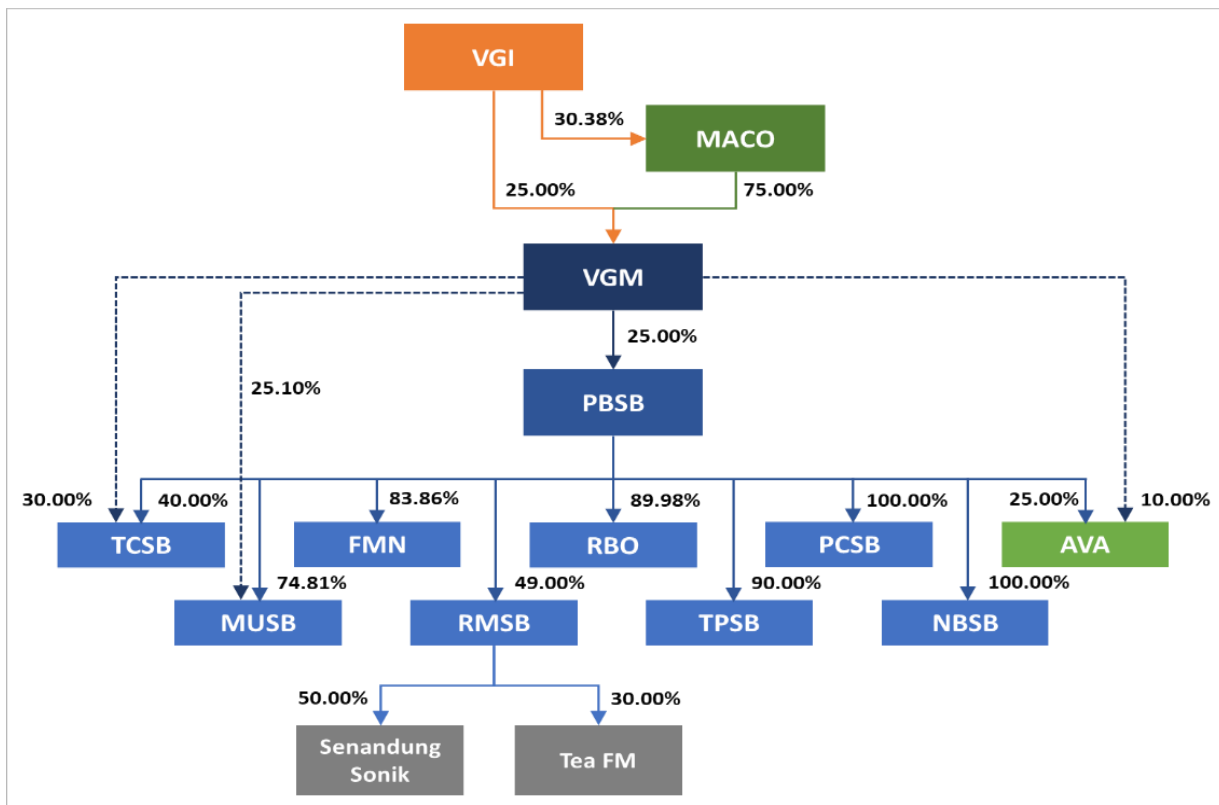
Remarks 1. The fair value of shareholders' equity of subsidiaries no. 1-9 above will be used to compute the fair value of subsidiary no. 10 as per the shareholding's proportion, under Sum of the Parts : SOTP approach.

2. The fair value of shareholders' equity of subsidiaries no. 1-10 above will be used to compute the fair value of VGM as per the shareholding's proportion, under Sum of the Parts : SOTP approach.

| No. | Company | Valuation Approach                  | Reasons on the Approaches Chosen  |
|-----|---------|-------------------------------------|---|
| 1   | TCSB    | Discounted Cash Flow Approach (DCF) | Given that TCSB obtained concession from Mass Rapid Transit Corporation Sdn. Bhd. ("MRT Corp") from 16 <sup>th</sup> December 2016 to 15 <sup>th</sup> December 2026 to manage the advisement for SBK MRT Line which is the new transportation route in Malaysia, the IFA chose Discounted Cash Flow Approach (DCF) to value TCSB's fair value since this approach is accountable for the future cash flow of TCSB.   |
| 2   | MUSB    | Discounted Cash Flow Approach (DCF) | Given that MUSB obtained concession from Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang") covering for 1 <sup>st</sup> May 2014 to 30 <sup>th</sup> April 2024 (The contract period is 7 years from 1 <sup>st</sup> May 2014, whereby MUSB is able to extend the terms for another 3 years) to manage the advisement for Kuala Lumpur International Airport ("KLIA") and KLIA2, the IFA chose Discounted Cash Flow Approach (DCF) to value MUSB's fair value since this approach is accountable for the future cash flow of MUSB. |
| 3   | FMN     | Discounted Cash Flow Approach (DCF) | Given that FMN who currently operates the advertisement in cinema and digital advertising production in office building had profit throughout 2016-2018, the IFA chose Discounted Cash Flow Approach (DCF) to value FMN's fair value since this approach is accountable for the future cash flow of FMN.  |

|    |      |                                     |   |
|----|------|-------------------------------------|---|
| 4  | RBO  | Discounted Cash Flow Approach (DCF) | Given that RBO obtained concession from Sistem Lingkaran Lebuhraya Kajang Sdn. Bhd. to manage the advisement on Kajang Silk Highway from 1 <sup>st</sup> March 2015 to 1 <sup>st</sup> March 2024 (agreement is under 10 year-term from 1 <sup>st</sup> March 2015 to 1 <sup>st</sup> March 2024 whereby RBO is able to extend the contract for another 12 years) , the IFA chose Discounted Cash Flow Approach (DCF) to valuate RBO's fair value since this approach is accountable for the future cash flow of RBO. |
| 5  | RMSB | Book Value Approach (Book Value)    | RMSB is a holding company who currently holds 30.00 percent of paid-up capital of Tea FM and 50.00 percent of paid-up capital of Senandung Sonik. IFA viewed that the Book Value Approach was an appropriate valuation method given that both companies had net loss and negative shareholders' equities.   |
| 6  | PCSB | Book Value Approach (Book Value)    | IFA viewed that the Book Value Approach was an appropriate valuation method given that PCSB had net loss and negative shareholders' equities.   |
| 7  | TPSB | Book Value Approach (Book Value)    | IFA viewed that the Book Value Approach was an appropriate valuation method given that TPSB had no revenue yet and also incurred net loss and negative shareholders' equities.  |
| 8  | NBSB | Book Value Approach (Book Value)    | NBSB was established on 12 <sup>th</sup> February 2018 with registered capital of MYR 2.00. Based on interviews with VGM's executives, the IFA was being informed that NBSB had not yet operated the business with no financial statement at present. Thus, the IFA viewed that Book Value Approach was the most appropriate method for NBSB valuation.   |
| 9  | AVA  | Discounted Cash Flow Approach (DCF) | AVA obtained concession from PT Mass Rapid Transit Jakarta ("MRTJ") to manage the advisement for Jakarta MRT Line which is the first new line in Malaysia connected Lebak Bulus to Bundaran, covering for 13 stations under 20-year term counting from the first MRT's open date. The IFA viewed that Discounted Cash Flow Approach was most appropriate since this approach is accountable for the future cash flow of AVA.  |
| 10 | PBSB | Some of the Parts Approach (SOTP)   | Given that PBSB is a holding company, thus, the IFA viewed that Sum of the Part Approach (SOTP) was most appropriate to evaluate PBSB shareholders' equities.   |
| 11 | VGM  | Some of the Parts Approach (SOTP)   | Given that PBSB is a holding company, thus, the IFA viewed that Sum of the Part Approach (SOTP) was most appropriate to evaluate PBSB shareholders' equities after VGM's restructuring.   |

Table on VGM's shareholding structure after the restructuring



Source : The Company

#### 5.4.1 Titanium Compass Sdn. Bhd. (TCSB)

The IFA assessed TCSB under Discounted Cash Flow Approach which is an assessment that considers TCSB's capacity to generate cash flow in the future by calculating the discounted free cash flow to firm that TCSB expects to receive from its financial projections based on the weighted average cost of capital (WACC) in order to determine the current net value of TCSB's fair value. The IFA has prepared TCSB's financial projections for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (with reference to TCSB period ended 31<sup>st</sup> May) or for 10 years projection in alignment to the concession from Mass Rapid Transit Corporation Sdn. Bhd. ("MRT Corp") for 16<sup>th</sup> December 2016 to 15<sup>th</sup> December 2026. The concession is under terms for TCSB to manage the advisement for SBK MRT Line which is the new transportation route in Malaysia. The projection is under the assumption that there would not be any significant changes to TCSB's business operations, and under the current economic condition. The IFA has an opinion that the projection period under the above assumption is appropriate to cover the business cycle of TCSB.

For this projection, the IFA has based the assumption from TCSB's financial statements as at 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and from the profit and loss statement of TCSB for the period ended 31<sup>st</sup> May 2018, together with information from the TCSB's business plan projection, industry growth, investment plan, operational plan, and considering conditions of the industry as well as information from interviews of VGM's executives and other relevant documents.

Nevertheless, the projection is under limitations that the IFA needs to perform the financial projection based mainly on the TCSB business plan which is the historical information of TCSB. The business plan provided detailed advertisement information on each TCSB's service i.e. media billboards, average advertising rate, occupancy rate. The IFA is unable to refer the TCSB's financial statements as at 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, given that the SBK Line started the operations in December 2016, thus the financial statement did not reflect the full year operation. Further, TCSB and VGM were unable to accumulate and provide the advertisement service details to the IFA i.e. average advertising rate and occupancy rate, as well as the TCSB's assets and debts. Therefore, the IFA based the information from TCSB's business plan for the projection and adjusted 2018 operations as per the TCSB's profit and loss statement for the period ended 31<sup>st</sup> May 2018 received from VGM. Some of the future assumptions are being adjusted under conservative basis as viewed appropriate by the IFA.

| Limitations on the Financial Projections   | Information Adjusted by the IFA  |
|--|--|
| <p><u>Limitations on the Projection Information</u></p> <ul style="list-style-type: none"> <li>- The IFA was unable to refer entire information from TCSB's financial statements as at 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, given that the SBK Line started the operations in</li> </ul> | <p><u>Revenue Assumptions</u></p> <ul style="list-style-type: none"> <li>- Even though the IFA referred the information of the assumptions from TCSB's business plan, however, the IFA has adjusted some assumptions as per the information gathered during the site visit for conservative basis. TCSB has total of 5 types of advertisement that are Horizontal Platform Lightboxes, Columns, Platform Screen</li> </ul> |

| Limitations on the Financial Projections  | Information Adjusted by the IFA  |
|---|--|
| <p>December 2016, thus the financial statement did not reflect the full year operation.</p> <ul style="list-style-type: none"> <li>- TCSB and VGM were unable to accumulate and provide the advertisement service details to the IFA i.e. average advertising rate and occupancy rate, etc.</li> <li>- TCSB and VGM were unable to provide TCSB's assets record to IFA.</li> <li>- TCSB and VGM were unable to provide TCSB's Debts agreement record to IFA.</li> </ul> <p><u>Consequences</u></p> <ul style="list-style-type: none"> <li>- IFA needed to base the assumptions from TCSB's business plan whereby it was unable to proof the correctness of the information.</li> <li>- IFA needed to refer the assumptions of the depreciation and interest projections from VGM's executives whereby it was unable to proof the correctness of the information.</li> </ul> | <p>Door Panels ("PSDP"), Vertical Lightboxes, and Station Domination, however, the IFA has only projected 3 types of the advertisement i.e. Columns, PSDP and Station Domination, given that during the site visit the IFA found that there was no lightboxes advertisement yet.</p> <p><u>Assumptions on Depreciations and Interest</u></p> <ul style="list-style-type: none"> <li>- The IFA based the information of assumptions from VGM's executives together with TCSB's profit and loss statement for the year ended 31<sup>st</sup> May 2018 which the IFA had received and reviewed the appropriateness in details on TCSB's depreciation and interest for this projection.</li> </ul> <p>From the above solution, the financial solution is more appropriate under conservative basis. Further, the assumptions had been reviewed against other sources of information which the IFA considered as a reliable source. Thus, the shareholders shall use this financial projection information for further consideration on the meeting resolution.</p> |

However, the IFA studied and analyzed the reliability and reasonableness of various assumptions obtained from interviews with VGM's executives and adjusted certain assumptions to be in accordance with the conservative basis. Nevertheless, all financial projections were prepared under the assumption that there would be no significant changes to TCSB's business operations. Should events arise to significantly affect TCSB's business operations, the fair value assessment of TCSB shares would also be affected. The IFA's assessment of TCSB's value is explained as follows:

**Revenue Assumptions**

1. **Advertising Revenue** consists of 1) revenue from the advertisement on the station and 2) revenue from the advertisement on the train, with details of the projections as follows:

1) **Revenue from the advertisement on the station** consists of 5 types of advertisement namely, Horizontal Platform Lightboxes, Columns, Platform Screen Door Panels (“PSDP”), Vertical Lightboxes, and Station Domination, with reference to the TCSB’s business plan. The IFA only projected 3 types of the advertisement which are Columns, PSDP and Station Domination, given that the IFA, from the site visit, found that TCSB has not yet serviced the lightboxes. The TCSB delayed the investment on the lightbox advertisement, since the operation result was not as per TCSB’s expectation. Details of the projections are as follows:

| Revenue                                      | Assumptions   |
|--|---|
| - Number of Billboards of Each Advertisement | - The IFA viewed appropriate and projected the billboards for Columns and Platform Screen Door Panels at 62 boards and 310 boards, respectively throughout the projection with reference to TCSB’s business plan given that during the site visit the IFA found that there were several billboards along the stations.  |
| - Average Advertising Rate                   | ● The IFA projected the average advertising rate for Columns and Platform Screen Door Panels in year 2017 at MYR 2,000 per month and MYR 1,500 per month, respectively with reference to TCSB’s business plan. The advertising rate was discounted as per viewed appropriated by the IFA.   |
| - Advertising Growth Rate                    | ● The IFA projected the growth rate for Columns and Platform Screen Door Panels at 2.66 percent per year throughout the projection with reference to Malaysia’s average historical 3-year inflation rate. Under the conservative basis, the projected growth rate was less than those projected by VGM’s management team.   |
| - Occupancy Rate                             | ● The IFA viewed appropriate and projected the occupancy rate for Columns and Platform Screen Door Panels in 2019 at 60.00 percent, and 80.00 percent for 2020 onward throughout the projected period, with reference to TCSB’s business plan. After the site visit, the IFA viewed that TCSB had already operated several advertisement in several areas in the station, and passengers of SBK line can grow significantly, given that SBK MRT Line which is the new transportation route in Malaysia. |

| Revenue  | Assumptions  |
|--|--|
| - Advertisement Revenue for Station Domination | <ul style="list-style-type: none"> <li>The IFA viewed appropriate and projected the advertisement revenue for Station Domination at MYR 3 million per year or MYR 250,000 per month throughout the projection with reference to TCSB's business plan and interviews from VGM's management team.</li> </ul> |

#### Summary of Advertising Revenue from Station

| Assumptions                                     | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|
| 1. Advertising Revenue from Columns             | MYR Million        |             | 3.67        | 5.02        | 5.15        | 5.29        |
| - Number of Billboards                          | Billboards         |             | 248         | 248         | 248         | 248         |
| - Average Advertising Rate per Unit             | MYR/Month          |             | 2,053.20    | 2,107.82    | 2,163.88    | 2,221.44    |
| - Occupancy Rate                                | %                  |             | 60.00%      | 80.00%      | 80.00%      | 80.00%      |
| 2. Advertising Revenue from PSDP                | MYR Million        |             | 0.69        | 0.94        | 0.97        | 0.99        |
| - Number of Billboards                          | Billboards         |             | 62          | 62          | 62          | 62          |
| - Average Advertising Rate per Unit             | MYR/Month          |             | 1,539.90    | 1,580.86    | 1,622.91    | 1,666.08    |
| - Occupancy Rate                                | %                  |             | 60.00%      | 80.00%      | 80.00%      | 80.00%      |
| 3. Advertising Revenue from Station Domination  | MYR Million        |             | 3.00        | 3.00        | 3.00        | 3.00        |
| <b>Advertising Revenue from Station (1+2+3)</b> | <b>MYR Million</b> | <b>5.07</b> | <b>7.35</b> | <b>8.96</b> | <b>9.12</b> | <b>9.28</b> |
| Assumptions                                     | Units              | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
| 1. Advertising Revenue from Columns             | MYR Million        | 5.43        | 5.57        | 5.72        | 5.87        | 3.52        |
| - Number of Billboards                          | Billboards         | 248         | 248         | 248         | 248         | 248         |
| - Average Advertising Rate per Unit             | MYR/Month          | 2,280.53    | 2,341.19    | 2,403.47    | 2,467.40    | 2,533.04    |
| - Occupancy Rate                                | %                  | 80.00%      | 80.00%      | 80.00%      | 80.00%      | 80.00%      |
| 2. Advertising Revenue from PSDP                | MYR Million        | 1.02        | 1.05        | 1.07        | 1.10        | 0.66        |
| - Number of Billboards                          | Billboards         | 62          | 62          | 62          | 62          | 62          |
| - Average Advertising Rate per Unit             | MYR/Month          | 1,710.40    | 1,755.90    | 1,802.60    | 1,850.55    | 1,899.78    |
| - Occupancy Rate                                | %                  | 80.00%      | 80.00%      | 80.00%      | 80.00%      | 80.00%      |
| 3. Advertising Revenue from Station Domination  | MYR Million        | 3.00        | 3.00        | 3.00        | 3.00        | 3.00        |
| <b>Advertising Revenue from Station (1+2+3)</b> | <b>MYR Million</b> | <b>9.45</b> | <b>9.62</b> | <b>9.80</b> | <b>9.98</b> | <b>5.93</b> |

- Remarks 1. The IFA referred the revenue from the advertisement on the station in 2018 from TCSB's profit and loss statement for the period ended 31<sup>st</sup> May 2018. According to the above statements stated that there was a limitation on the financial projection of TCSB, the revenue of each advertisement type was not able to be identified, since TCSB did not provide the information to the IFA.
2. Revenue from the advertisement on the station of TCSB in 2027F will only be computed for 7 months, from 1<sup>st</sup> June 2026 to 15<sup>th</sup> December 2026, according to the concession termination.
3. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)



- 2) **Advertising Revenue from Train** consists of 4 types of advertisement which are Train Wrap, Strip, Adtrack and Tunnel with reference to TCSB's business plan, with details of the advertising Revenue projections as follows:

| Revenue                                      | Assumptions   |
|--|---|
| - Number of Billboards of Each Advertisement | <ul style="list-style-type: none"> <li>The IFA viewed appropriate and projected the billboards for Train Wrap, Strip, Adtrack and Tunnel at 35, 30, 32 and 4 boards, respectively throughout the projection with reference to TCSB's business plan since during the site visit the IFA found that there were several billboards along the stations.</li> </ul>  |
| - Average Advertising rate                   | <ul style="list-style-type: none"> <li>The IFA projected the average advertising rate for Train Wrap, Strip, Adtrack and Tunnel in 2017 at MYR 30,000, 2,000, 3,000 and 20,000 per month, respectively with reference to TCSB's business plan. The advertising rate was discounted as per viewed appropriated by the IFA.</li> </ul>  |
| - Advertising Growth Rate                    | <ul style="list-style-type: none"> <li>The IFA projected the growth rate for Train Wrap, Strip, Adtrack and Tunnel at 2.66 percent per year throughout the projection with reference to Malaysia's average historical 3-year inflation rate. Under the conservative basis, the projected growth rate was less than those projected by VGM's management team.</li> </ul>   |
| - Occupancy Rate                             | <ul style="list-style-type: none"> <li>The IFA viewed appropriate and projected the occupancy rate for Train Wrap, Strip, Adtrack and Tunnel in 2019 at 60.00 percent, and 80.00 percent for 2020 onward throughout the projected period, with reference to TCSB's business plan. After the site visit, the IFA viewed that TCSB had already operated several advertisement in several areas in the station, and passengers of SBK line can grow significantly, given that SBK MRT Line which is the new transportation route in Malaysia.</li> </ul> |

#### Summary of Advertising Revenue from Train

| Assumptions                            | Units       | 2018F | 2019F     | 2020F     | 2021F     | 2022F     |
|--|-------------|-------|-----------|-----------|-----------|-----------|
| 1. Advertising Revenue from Train wrap | MYR Million |       | 7.76      | 10.62     | 10.91     | 11.20     |
| - Number of Billboards                 | Billboards  |       | 35        | 35        | 35        | 35        |
| - Average Advertising Rate per Unit    | MYR/Month   |       | 30,798.00 | 31,617.23 | 32,458.25 | 33,321.63 |
| - Occupancy Rate                       | %           |       | 60.00%    | 80.00%    | 80.00%    | 80.00%    |

|   |                    |              |              |              |              |              |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|
| 2. Advertising Revenue from Strip                   | MYR Million        |              | 0.44         | 0.61         | 0.62         | 0.64         |
| - Number of Billboards                              | Billboards         |              | 30           | 30           | 30           | 30           |
| - Average Advertising Rate per Unit                 | MYR/Month          |              | 2,053.20     | 2,107.82     | 2,163.88     | 2,221.44     |
| - Occupancy Rate                                    | %                  |              | 60.00%       | 80.00%       | 80.00%       | 80.00%       |
| 3. Advertising Revenue from Adtrack                 | MYR Million        |              | 0.71         | 0.97         | 1.00         | 1.02         |
| - Number of Billboards                              | Billboards         |              | 32           | 32           | 32           | 32           |
| - Average Advertising Rate per Unit                 | MYR/Month          |              | 3,079.80     | 3,161.72     | 3,245.82     | 3,332.16     |
| - Occupancy Rate                                    | %                  |              | 60.00%       | 80.00%       | 80.00%       | 80.00%       |
| 4. Advertising Revenue from Tunnel                  | MYR Million        |              | 0.59         | 0.81         | 0.83         | 0.85         |
| - Number of Billboards                              | Billboards         |              | 4            | 4            | 4            | 4            |
| - Average Advertising Rate per Unit                 | MYR/Month          |              | 20,532.00    | 21,078.15    | 21,638.83    | 22,214.42    |
| - Occupancy Rate                                    | %                  |              | 60.00%       | 80.00%       | 80.00%       | 80.00%       |
| <b>Advertising Revenue from Train<br/>(1+2+3+4)</b> | <b>MYR Million</b> | <b>1.23</b>  | <b>9.51</b>  | <b>13.01</b> | <b>13.36</b> | <b>13.71</b> |
| <b>Assumptions</b>                                  | <b>Units</b>       | <b>2023F</b> | <b>2024F</b> | <b>2025F</b> | <b>2026F</b> | <b>2027F</b> |
| 1. Advertising Revenue from Train wrap              | MYR Million        | 11.49        | 11.80        | 12.11        | 12.44        | 7.45         |
| - Number of Billboards                              | Billboards         | 35           | 35           | 35           | 35           | 35           |
| - Average Advertising Rate per Unit                 | MYR/Month          | 34,207.99    | 35,117.92    | 36,052.06    | 37,011.04    | 37,995.54    |
| - Occupancy Rate                                    | %                  | 80.00%       | 80.00%       | 80.00%       | 80.00%       | 80.00%       |
| 2. Advertising Revenue from Strip                   | MYR Million        | 0.66         | 0.67         | 0.69         | 0.71         | 0.43         |
| - Number of Billboards                              | Billboards         | 30           | 30           | 30           | 30           | 30           |
| - Average Advertising Rate per Unit                 | MYR/Month          | 2,280.53     | 2,341.19     | 2,403.47     | 2,467.40     | 2,533.04     |
| - Occupancy Rate                                    | %                  | 80.00%       | 80.00%       | 80.00%       | 80.00%       | 80.00%       |
| 3. Advertising Revenue from Adtrack                 | MYR Million        | 1.05         | 1.08         | 1.11         | 1.14         | 0.68         |
| - Number of Billboards                              | Billboards         | 32           | 32           | 32           | 32           | 32           |
| - Average Advertising Rate per Unit                 | MYR/Month          | 3,420.80     | 3,511.79     | 3,605.21     | 3,701.10     | 3,799.55     |
| - Occupancy Rate                                    | %                  | 80.00%       | 80.00%       | 80.00%       | 80.00%       | 80.00%       |
| 4. Advertising Revenue from Tunnel                  | MYR Million        | 0.88         | 0.90         | 0.92         | 0.95         | 0.57         |
| - Number of Billboards                              | Billboards         | 4            | 4            | 4            | 4            | 4            |
| - Average Advertising Rate per Unit                 | MYR/Month          | 22,805.33    | 23,411.95    | 24,034.71    | 24,674.03    | 25,330.36    |
| - Occupancy Rate                                    | %                  | 80.00%       | 80.00%       | 80.00%       | 80.00%       | 80.00%       |
| <b>Advertising Revenue from Train<br/>(1+2+3+4)</b> | <b>MYR Million</b> | <b>14.08</b> | <b>14.45</b> | <b>14.84</b> | <b>15.23</b> | <b>9.12</b>  |

- Remarks
- The IFA referred the revenue from the advertisement on the station in 2018 from TCSB's profit and loss statement for the period ended 31<sup>st</sup> May 2018. According to the above statements stated that there was a limitation on the financial projection of TCSB, the revenue of each advertisement type was not able to be identified, since TCSB did not provide the information to the IFA.
  - Revenue from the advertisement on the station of TCSB in 2027F will only be computed for 7 months, from 1<sup>st</sup> June 2026 to 15<sup>th</sup> December 2026, according to the concession termination.
  - The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

## Summary of Advertising Revenue

| Assumptions                         | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        |
|-------------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| 1) Advertising Revenue from Station | MYR Million        | 5.07         | 7.35         | 8.96         | 9.12         | 9.28         |
| 2) Advertising Revenue from Train   | MYR Million        | 1.23         | 9.51         | 13.01        | 13.36        | 13.71        |
| <b>Advertising Revenue</b>          | <b>MYR Million</b> | <b>6.30</b>  | <b>16.86</b> | <b>21.97</b> | <b>22.47</b> | <b>22.99</b> |
| Assumptions                         | Units              | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
| 1) Advertising Revenue from Station | MYR Million        | 9.45         | 9.62         | 9.80         | 9.98         | 5.93         |
| 2) Advertising Revenue from Train   | MYR Million        | 14.08        | 14.45        | 14.84        | 15.23        | 9.12         |
| <b>Advertising Revenue</b>          | <b>MYR Million</b> | <b>23.52</b> | <b>24.07</b> | <b>24.63</b> | <b>25.21</b> | <b>15.05</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

2. **Production Revenue** The IFA projected TCSB's production revenue from 2019 onwards at 10.00 percent of advertising revenue throughout the projection with reference to interviews from VGM's management team. TCSB's production revenue for 2018 was MYR 1.70 million, with reference to profit and loss statement for the period ended 31st May 2018.

Projected Revenues are summarized below:

| Assumptions          | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        |
|----------------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue  | MYR Million        | 6.30         | 16.86        | 21.97        | 22.47        | 22.99        |
| Production Revenue   | MYR Million        | 1.70         | 1.69         | 2.20         | 2.25         | 2.30         |
| <b>Total Revenue</b> | <b>MYR Million</b> | <b>8.00</b>  | <b>18.55</b> | <b>24.17</b> | <b>24.72</b> | <b>25.29</b> |
| Assumptions          | Units              | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
| Advertising Revenue  | MYR Million        | 23.52        | 24.07        | 24.63        | 25.21        | 15.05        |
| Production Revenue   | MYR Million        | 2.35         | 2.41         | 2.46         | 2.52         | 1.50         |
| <b>Total Revenue</b> | <b>MYR Million</b> | <b>25.88</b> | <b>26.48</b> | <b>27.09</b> | <b>27.73</b> | <b>16.55</b> |

- Remarks 1. Revenue from the advertisement production of TCSB in 2027F will only be computed for 7 months, from 1<sup>st</sup> June 2026 to 15<sup>th</sup> December 2026, according to the concession termination.
2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

**Cost Assumptions**

1. **Concession Fee** The IFA projected the concession fee under the agreement between TCSB and MRT Corp for the advertising revenue from station and train. TCSB's concession fee was the maximum of 30.00 percent of advertising revenue or minimum annual concession fee identified in the agreement. For this projection, the IFA found that the concession fee was the minimum annual concession fee identified in the agreement, given that the minimum fee is greater than the revenue share.

**Summary of Concession Fee**

| Assumptions           | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       |
|-----------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| Minimum Fee - Station | MYR Million        | 3.22        | 4.73        | 5.42        | 5.92        | 6.09        |
| Minimum Fee - Train   | MYR Million        | 0.86        | 1.39        | 1.62        | 1.79        | 1.84        |
| <b>Concession Fee</b> | <b>MYR Million</b> | <b>4.08</b> | <b>6.12</b> | <b>7.04</b> | <b>7.70</b> | <b>7.93</b> |
| Assumptions           | Units              | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
| Minimum Fee - Station | MYR Million        | 6.28        | 6.46        | 6.66        | 6.86        | 3.77        |
| Minimum Fee - Train   | MYR Million        | 1.89        | 1.95        | 2.01        | 2.07        | 1.14        |
| <b>Concession Fee</b> | <b>MYR Million</b> | <b>8.17</b> | <b>8.41</b> | <b>8.67</b> | <b>8.93</b> | <b>4.91</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

**2. Production Cost** The IFA projected production cost at 70.00 percent of production revenue throughout the projection with reference to interviews from VGM's management team. The IFA compared the production cost of 2018 of MYR 0.84 million or 49.24 percent of production revenue on 2018, with reference to profit and loss statement for the period ended 31st May 2018, under the conservative basis.

**Summary of Production Cost**

| Assumptions             | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| Production Revenue      | MYR Million        | 1.70        | 1.69        | 2.20        | 2.25        | 2.30        |
| % of Production Revenue | %                  | 49.24%      | 70.00%      | 70.00%      | 70.00%      | 70.00%      |
| <b>Production Cost</b>  | <b>MYR Million</b> | <b>0.84</b> | <b>1.18</b> | <b>1.54</b> | <b>1.57</b> | <b>1.61</b> |
| Assumptions             | Units              | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
| Production Revenue      | MYR Million        | 2.35        | 2.41        | 2.46        | 2.52        | 1.50        |
| % of Production Revenue | %                  | 70.00%      | 70.00%      | 70.00%      | 70.00%      | 70.00%      |
| <b>Production Cost</b>  | <b>MYR Million</b> | <b>1.65</b> | <b>1.68</b> | <b>1.72</b> | <b>1.76</b> | <b>1.05</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

**3. Service Charge Fee** The IFA projected the service charge fee under the agreement between TCSB and MRT Corp for the advertising revenue from station and train, even though the service charge fee was not mentioned in the TCBS's profit and loss statement for the period ended 31st May 2018. MRT Corp billed the service charge fee at MYR 150,000 per month or MYR 1.80 million per year throughout the concession period, or up until December 2026

**4. Other Costs** The IFA projected other costs at 3.00 percent of total revenue with reference to interviews from VGM's management team. Other costs on 2018 was MYR 0.02 million or 0.25 percent of total revenue on 2018, with reference to TCBS's profit and loss statement for the period ended 31st May 2018. Since the assumptions on other costs from VGM's management team were under conservative basis, thus, the IFA used this assumption for the projection.

Projected costs are summarized below:

| Assumptions        | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        |
|--------------------|--------------------|--------------|--------------|--------------|--------------|--------------|
| Concession Fee     | MYR Million        | 4.08         | 6.12         | 7.04         | 7.70         | 7.93         |
| Production Cost    | MYR Million        | 0.84         | 1.18         | 1.54         | 1.57         | 1.61         |
| Service Charge Fee | MYR Million        | -            | 1.80         | 1.80         | 1.80         | 1.80         |
| Other Costs        | MYR Million        | 0.02         | 0.56         | 0.73         | 0.74         | 0.76         |
| <b>Total Cost</b>  | <b>MYR Million</b> | <b>4.94</b>  | <b>9.66</b>  | <b>11.10</b> | <b>11.82</b> | <b>12.10</b> |
| Assumptions        | Units              | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
| Concession Fee     | MYR Million        | 8.17         | 8.41         | 8.67         | 8.93         | 4.91         |
| Production Cost    | MYR Million        | 1.65         | 1.68         | 1.72         | 1.76         | 1.05         |
| Service Charge Fee | MYR Million        | 1.80         | 1.80         | 1.80         | 1.80         | 1.05         |
| Other Costs        | MYR Million        | 0.78         | 0.79         | 0.81         | 0.83         | 0.50         |
| <b>Total Cost</b>  | <b>MYR Million</b> | <b>12.39</b> | <b>12.69</b> | <b>13.00</b> | <b>13.32</b> | <b>7.51</b>  |

Remarks 1. Revenue from the advertisement production of TCSB in 2027F will only be computed for 7 months, from 1<sup>st</sup> June 2026 to 15<sup>th</sup> December 2026, according to the concession termination.

2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

### Expenses Assumptions

**1. Selling Expenses** consist of commission expenses and marketing expenses. The IFA projected that the selling expenses are 2.00 percent of advertising revenue throughout the projection, with reference to interviews from VGM's management team. The IFA considered MUSB's historical 3-year (2016-2018) proportion of selling expenses against the advertising revenue of 1.75 percent, thus viewed that the assumptions were under the conservative basis.

**2. Administrative Expenses** consist of expenses connected to staff remuneration, executives remuneration and other administrative expenses. The IFA projected that TCSB would incur MYR 4.10 million for administrative expenses in 2018, with reference to TCBS's profit and loss statement for the period ended 31st May 2018. Administrative expenses for 2019 onwards will increase by 2.66 percent throughout the projection as per Malaysia's historical 3-year inflation rate.

**3. Depreciation Expenses** The IFA projected TCSB's depreciation expenses with reference to the projection from VGM's accounting team, given that the assumptions were aligned with the accounting policy of TCSB of the 5-year straight-line depreciation method.

Projected expenses are summarized below:

| Assumptions             | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|
| Selling Expenses        | MYR Million        | 0.44        | 0.34        | 0.44        | 0.45        | 0.46        |
| Administrative Expenses | MYR Million        | 4.10        | 4.21        | 4.32        | 4.43        | 4.55        |
| Depreciation Expenses   | MYR Million        | 0.15        | 1.62        | 2.62        | 2.62        | 2.62        |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>4.69</b> | <b>6.17</b> | <b>7.38</b> | <b>7.51</b> | <b>7.64</b> |
| Assumptions             | Units              | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
| Selling Expenses        | MYR Million        | 0.47        | 0.48        | 0.49        | 0.50        | 0.30        |
| Administrative Expenses | MYR Million        | 4.67        | 4.80        | 4.92        | 5.06        | 5.19        |
| Depreciation Expenses   | MYR Million        | 2.47        | 1.10        | -           | -           | -           |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>7.61</b> | <b>6.38</b> | <b>5.42</b> | <b>5.56</b> | <b>5.49</b> |

**Remarks**

- Revenue from the advertisement production of TCSB in 2027F will only be computed for 7 months, from 1<sup>st</sup> June 2026 to 15<sup>th</sup> December 2026, according to the concession termination.
- The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

#### **Other Assumptions**

**1. Tax Expense** The IFA projected tax expenses at 24.00 percent throughout the entire projected period, in accordance with the corporate income tax of Malaysia.

**2. Working Capital** In projecting each type of working capital, the IFA referred to the projections provided by VGM's management team and related agreement. The IFA projected the debt collection period at 90 days, and payable payment period at 30 days.

**3. Capital Expenditure** The IFA projected TCSB's investment in fixed asset and intangible asset on 2019 and 2020 which TCSB would invest in the advertising production material at MYR 5.00 million per year.

**4. Financial Expenses** The IFA projected the interest and financial debts at 8.00 percent per annum with reference to TCSB's financial debt information from VGM's management team. The IFA also considered the average interests on MUSB's liabilities of 8.00 percent and viewed that the chosen assumptions are appropriate.

#### **Assumptions on Discount Rate**

The discount rate is used to determine the current value of the project using Weighted Average Cost of Capital : WACC, with the following formula:

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

Where:

|                |   |  |
|----------------|---|--|
| WACC           | = | Weighted Average Cost of Capital   |
| D              | = | Interests on financial debts as shown in audited TCSB's financial statement as at 31 <sup>st</sup> May 2017 of MYR 1.68 million.   |
| E              | = | TCSB paid-up capital of MYR 1.00 million as shown in audited TCSB's financial statement as at 31 <sup>st</sup> May 2017. The shareholders' equity of MYR (0.48) million was not used for the calculation given that the equity was negative. |
| K <sub>d</sub> | = | Financial costs of TCSB's liabilities as at 31 <sup>st</sup> May 2017 of 8.00 percent.   |
| T              | = | Corporate income tax at 24.00 percent.   |
| K <sub>e</sub> | = | Expected rate of returns of the shareholders, obtained from CAPM formula of 13.75 percent, with details as follows:  |

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

|                                  |   |  |
|----------------------------------|---|--|
| K <sub>e</sub>                   | = | Expected rate of returns of the shareholders.  |
| Risk Free Rate (R <sub>f</sub> ) | = | Rate of return on risk-free investment, with reference to Malaysia's 20-year government bond rate of 4.90 percent. (source: Bloomberg as of 17 <sup>th</sup> May 2018)   |
| R <sub>m</sub>                   | = | Historical 25-year average daily returns of the Stock Exchange of Malaysia (1994-2018) of 8.63 percent. The chosen span period of time better reflects variations on the Stock Exchange than those of a shorter period. (source: Bloomberg)  |
| Beta (β)                         | = | Variations on average daily returns of the listed companies in Stock Exchange of Malaysia whom operate similar advertisement business as TCSB, which are: <ul style="list-style-type: none"> <li>1) Asia Media Group Bhd. (AMGB)</li> <li>2) Media Prima Bhd. (MPR)</li> <li>3) Seni Jaya Corporation Bhd. (SENI)</li> </ul> And compared to 3-year historical returns of the Stock Exchange of Malaysia from 18 <sup>th</sup> May 2016 to 17 <sup>th</sup> May 2018. (Source: Bloomberg) The average unlevered beta of the above 3 companies is 1.042. The Beta (β <sub>L</sub> : Levered Beta) |

of TCSB was derived at 2.373 times after adjusted the unlevered beta to TCSB's cost structure with the DE ratio of 1.68 (The IFA referred D/E ratio information from latest audited TCSB's financial statement as at 31<sup>st</sup> May 2017. The IFA did not use target D/E ratio for this projection since the said information was not provided by VGM's executives).

The expected rate of returns of the shareholders ( $K_e$ ) was equivalent to 13.75 percent per year, after derived the formula using the above variables.

Substituting the variables in the formula to compute the expected rate of returns of the shareholders

$$\begin{aligned} K_e &= R_f + \beta(R_m - R_f) \\ &= 4.90\% + 2.373(8.63\% - 4.90\%) \\ &= 13.75\% \end{aligned}$$

Substituting the variables in the formula to compute the Weighted Average Cost of Capital

$$\begin{aligned} WACC &= (D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e \\ &= 3.81\% + 5.13\% \\ &= 8.94\% \end{aligned}$$

#### **Assumptions on Terminal Value**

The IFA projected no terminal value for TCSB since the main concession for this business will be terminated in 15<sup>th</sup> December 2026 as per the TCSB's concession period obtained from MRT Corp. Since this projection covers the entire concession period, and for the conservative basis, the IFA expected that TCSB would not operate such business after the concession had been expired.



**Financial Projections**

| Units: MYR Million                            | 2018F                    | 2019F         | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
|---|--------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue                           | 6.30                     | 16.86         | 21.97        | 22.47        | 22.99        | 23.52        | 24.07        | 24.63        | 25.21        | 15.05        |
| Production Revenue                            | 1.70                     | 1.69          | 2.20         | 2.25         | 2.30         | 2.35         | 2.41         | 2.46         | 2.52         | 1.50         |
| <b>Total Revenue</b>                          | <b>8.00</b>              | <b>18.55</b>  | <b>24.17</b> | <b>24.72</b> | <b>25.29</b> | <b>25.88</b> | <b>26.48</b> | <b>27.09</b> | <b>27.73</b> | <b>16.55</b> |
| Total Cost                                    | 4.94                     | 9.66          | 11.10        | 11.82        | 12.10        | 12.39        | 12.69        | 13.00        | 13.32        | 7.51         |
| Total Expenses                                | 4.69                     | 6.17          | 7.38         | 7.51         | 7.64         | 7.61         | 6.38         | 5.42         | 5.56         | 5.49         |
| <b>Profit Before Interests and Income Tax</b> | <b>(1.64)</b>            | <b>2.72</b>   | <b>5.68</b>  | <b>5.40</b>  | <b>5.56</b>  | <b>5.87</b>  | <b>7.41</b>  | <b>8.67</b>  | <b>8.84</b>  | <b>3.55</b>  |
| Financial Costs                               | -                        | 0.79          | 0.47         | 0.26         | 0.18         | 0.09         | -            | -            | -            | -            |
| <b>Profit Before Tax</b>                      | <b>(1.64)</b>            | <b>1.93</b>   | <b>5.22</b>  | <b>5.13</b>  | <b>5.38</b>  | <b>5.78</b>  | <b>7.41</b>  | <b>8.67</b>  | <b>8.84</b>  | <b>3.55</b>  |
| Income Tax                                    | -                        | 0.46          | 1.25         | 1.23         | 1.29         | 1.39         | 1.78         | 2.08         | 2.12         | 0.85         |
| <b>Net Profit (Loss)</b>                      | <b>(1.64)</b>            | <b>1.47</b>   | <b>3.97</b>  | <b>3.90</b>  | <b>4.09</b>  | <b>4.39</b>  | <b>5.63</b>  | <b>6.59</b>  | <b>6.72</b>  | <b>2.70</b>  |
|   |                          |               |              |              |              |              |              |              |              |              |
| NOPAT   | (1.64)                   | 2.07          | 4.32         | 4.10         | 4.22         | 4.46         | 5.63         | 6.59         | 6.72         | 2.70         |
| + Depreciation                                | 0.15                     | 1.62          | 2.62         | 2.62         | 2.62         | 2.47         | 1.10         | -            | -            | -            |
| - Investment Cost                             | (1.54)                   | (5.00)        | (5.00)       | -            | -            | -            | -            | -            | -            | -            |
| - Working Capital                             | (1.59)                   | (2.24)        | (1.25)       | (0.09)       | (0.12)       | (0.12)       | (0.11)       | (0.14)       | (0.13)       | 2.28         |
| <b>TCSB's Free Cash Flow</b>                  | <b>(4.61)</b>            | <b>(3.55)</b> | <b>0.69</b>  | <b>6.64</b>  | <b>6.73</b>  | <b>6.81</b>  | <b>6.62</b>  | <b>6.45</b>  | <b>6.59</b>  | <b>4.98</b>  |
| Terminal Value                                |                          |               |              |              |              |              |              |              |              | -            |
| <b>TCSB's Net Present Value of Cash Flow</b>  | <b>(4.23)</b>            | <b>(2.99)</b> | <b>0.53</b>  | <b>4.71</b>  | <b>4.39</b>  | <b>4.07</b>  | <b>3.63</b>  | <b>3.25</b>  | <b>3.05</b>  | <b>2.11</b>  |
|   |                          |               |              |              |              |              |              |              |              |              |
| <b>Total Value of TCSB's Free Cash Flow</b>   | <b>MYR 18.53 Million</b> |               |              |              |              |              |              |              |              |              |

Remarks 1. The IFA referred 2018 performance from TCSB's profit and loss statement for the period ended 31<sup>st</sup> May 2018.

2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the TCSB accounting period ended 31<sup>st</sup> May)

**TCSB's Fair Value Calculation**

From the above details and assumptions, the TCSB's fair value was calculated under Discounted Cash Flow Approach, with the details as follows:

|   | <b>Units: MYR Million</b> |
|---|---------------------------|
| Net present value of free cash flows of 2018 – 2027                   | 18.53                     |
| Net present value of terminal value                                   | -                         |
| Cash and cash equivalent as of 31 <sup>st</sup> May 2017              | 0.64                      |
| <b>Total present value of cash flows before financial liabilities</b> | <b>19.17</b>              |
| <b>Less</b> Financial Liabilities as of 31 <sup>st</sup> May 2017     | <b>(1.67)</b>             |
| <b>Fair Value of TCSB's ordinary shares</b>                           | <b>17.50</b>              |

Remarks The IFA used information from financial statement for the year ended 31<sup>st</sup> May 2017 to adjust for the fair value of TCSB's ordinary shares, since it was the latest audited financial statement which the IFA received from VGM.

According to the cash flow forecasted using assumptions and WACC as mentioned above, the net present value of cash flow is equivalent to MYR 18.53 Million, plus cash and cash equivalents as of 31<sup>st</sup> May 2017 of MYR 0.64 Million, thus, the net present value before financial liabilities is MYR 19.17 million. However, as of 31<sup>st</sup> May 2017, TCSB reported financial liabilities of MYR 1.67 million, thus the fair value of TCSB is then MYR 17.50 Million.

#### 5.4.2 Meru Utama Sdn. Bhd. (MUSB)

The IFA assessed MUSB under Discounted Cash Flow Approach which is an assessment that considers MUSB's capacity to generate cash flow in the future by calculating the discounted free cash flow to firm that MUSB expects to receive from its financial projections based on the weighted average cost of capital (WACC) in order to determine the current net value of MUSB's fair value. The IFA has prepared MUSB's financial projections for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (with reference to MUSB period ended 31<sup>st</sup> May) or for 7 years projection in alignment to the concession from Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang") covering for 1<sup>st</sup> May 2014 to 30<sup>th</sup> April 2024 (The contract period is 7 years from 1<sup>st</sup> May 2014, whereby MUSB is able to extend the terms for another 3 years). The concession is under terms for MUSB to manage the advisement for Kuala Lumpur International Airport ("KLIA") and KLIA2. The projection is under the assumption that there would not be any significant changes to MUSB's business operations, and under the current economic conditions. The IFA has an opinion that the projection period under the above assumptions is appropriate to cover the business cycle of MUSB.

For this projection, the IFA has based the assumptions from MUSB's financial statements as at 31<sup>st</sup> May 2017 as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and from the profit and loss statement of MUSB for the period ended 31<sup>st</sup> May 2018, together with information from VGM on MUSB's projection, industry growth, investment plan, operational plan, and considering conditions of the industry as well as information from interviews of VGM's executives and other relevant documents.

Nevertheless, the projection is under limitations that the IFA needs to perform the financial projection based mainly on the MUSB's projection provided by VGM, audited financial statement of MUSB as of 31<sup>st</sup> May 2017 as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and information from the interviews from the executives, given that MUSB was not able to provide the historical details of each advertisement type to the IFA i.e. number of billboards, average advertising rate, occupancy rate, as well as MUSB's assets and debts.

| Limitations on the Financial Projections  | Information Adjusted by the IFA   |
|---|---|
| <p><u>Limitations on the Projection Information</u></p> <ul style="list-style-type: none"> <li>- MUSB was not able to provide the historical information of each of the advertisement i.e. number of billboards, average advertising rate, occupancy rate, etc.</li> <li>- MUSB and VGM were unable to provide MUSB's assets record to IFA.</li> <li>- MUSB and VGM were unable to provide MUSB's Debts agreement record to IFA.</li> </ul> | <p><u>Revenue Assumptions</u></p> <ul style="list-style-type: none"> <li>- The IFA reviewed the projection of MUSB prepared by VGM whereby VGM's executives also take part in MUSB' management, and analysed the detailed historical financial information of MUSB prepared by VGM. The analysis on the historical figures thus aligned and consistent with MUSB's audited financial statement for the year ended 31<sup>st</sup> May 2017, the IFA viewed that the figures were appropriate to be referred for this projection.</li> </ul> |
| <p><u>Consequences</u></p> <ul style="list-style-type: none"> <li>- IFA needed to base the assumptions from MUSB's projection provided by VGM.</li> </ul>   | <p><u>Assumptions on Depreciations and Interest</u></p>   |

| Limitations on the Financial Projections   | Information Adjusted by the IFA  |
|--|--|
| <p>- IFA needed to refer the assumptions of the depreciation and interest projections from VGM's executives whereby it was unable to proof the correctness of the information.</p> | <p>The IFA based the information of assumptions from VGM's executives together with MUSB's financial statement as of 31<sup>st</sup> May 2017 and profit and loss statement for the year ended 31<sup>st</sup> May 2018 which the IFA had received and reviewed that the assumptions were appropriate for this projection.</p> <p>From the above solution, the financial solution is more appropriate under conservative basis. Further, the assumptions had been reviewed against other sources of information which the IFA considered as a reliable source. Thus, the shareholders shall use this financial projection information for further consideration on the meeting resolution.</p> |

However, the IFA studied and analyzed the reliability and reasonableness of various assumptions obtained from interviews with VGM's executives and adjusted certain assumptions to be in accordance with the conservative basis. Nevertheless, all financial projections were prepared under the assumption that there would be no significant changes to MUSB's business operations. Should events arise to significantly affect MUSB's business operations, the fair value assessment of MUSB shares would also be affected. The IFA's assessment of MUSB's value is explained as follows:

### **Revenue Assumptions**

1. **Advertising Revenue** consists of 1) revenue from the advertisement of KLIA and KLIA2 and 2) revenue from the advertisement at Senai Airport and 3) revenue from the advertisement of Gateway, with details of the projections as follows:

- 1) **Advertising Revenue from KLIA and KLIA 2** The IFA projected that the advertising revenue from KLIA and KLIA2 of 2018 of MUSB was MYR 44.99 Million, with reference to the profit and loss statement of MUSB for the year ended 31<sup>st</sup> May 2018. The growth rate is projected at 6.00 percent throughout the projection with reference to the projection provided by VGM's management team. Since the passenger's historical 3-year growth rate (CAGR) for 2015-2017 of KLIA and KILA2 is 6.14 percent per annum, also after the site visit the IFA found that there were several billboards in several areas of KLIA and KLIA 2 which imply the demand of the advertisement in KLIA and KLIA2, thus the IFA viewed that the projection provided by VGM's executives was appropriate.
- 2) **Advertising Revenue from Senai Airport** The IFA projected that the advertising revenue from Senai Airport of 2018 of MUSB was MYR 0.97 Million, with reference to the profit and loss statement of MUSB for the year ended 31<sup>st</sup> May 2018. The growth rate is projected at 6.00 percent throughout the projection

with reference to the projection provided by VGM's management team. Since the passenger's historical 3-year growth rate (CAGR) for 2015-2017 of Senai Airport is 10.05 percent per annum, also after the site visit the IFA found that there were several billboards in several areas of Senai Airport which imply the demand of the advertisement in Senai Airport, thus the IFA viewed that the projection provided by VGM's executives was appropriate.

- 3) Advertising Revenue from Gateway** The IFA projected that the advertising revenue from Gateway of 2018 of MUSB was MYR 1.27 Million, with reference to the profit and loss statement of MUSB for the year ended 31<sup>st</sup> May 2018. With reference to the interviews of VGM's executives, there would be no advertising revenue from Gateway from 2018 onwards, given that MUSB will not be managing the advertisement.

#### Summary of Advertising Revenue of MUSB

| Assumptions                              | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue from KLIA and KLIA 2 | MYR Million        | 44.99        | 47.69        | 50.55        | 53.59        | 56.80        | 60.21        | 58.51        |
| Advertising Revenue from Senai Airport   | MYR Million        | 0.97         | 1.03         | 1.09         | 1.16         | 1.23         | 1.30         | 1.38         |
| Advertising Revenue from Gateway         | MYR Million        | 1.27         | -            | -            | -            | -            | -            | -            |
| <b>Advertising Revenue of MUSB</b>       | <b>MYR Million</b> | <b>47.23</b> | <b>48.73</b> | <b>51.65</b> | <b>54.75</b> | <b>58.03</b> | <b>61.52</b> | <b>59.89</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

- 2. Production Revenue** The IFA projected MUSB's production revenue for 2018 at MYR 2.16 million, with reference to profit and loss statement for the period ended 31st May 2018. From 2019 onwards, production revenue is projected to 9.12 percent of the advertising revenue throughout the projection, in accordance to the historical 3-year advertising revenue to advertising revenue (2016-2018).

- 3. Lighting Revenue** The IFA projected MUSB's lighting revenue for 2018 at MYR 0.62 million, with reference to profit and loss statement for the period ended 31st May 2018. From 2019 onwards, lighting revenue is projected at 1.47 percent of the advertising revenue throughout the projection, in accordance to the historical 3-year lighting revenue to advertising revenue (2016-2018).

- 4. Other Revenues** The IFA projected MUSB's other revenues for 2018 at MYR 0.26 million, with reference to profit and loss statement for the period ended 31st May 2018. From 2019 onwards, other revenues are projected at 1.40 percent of the advertising revenue throughout the projection, in accordance to the historical 3-year other revenues to advertising revenue (2016-2018).

Projected Revenues are summarized below:

| Assumptions         | Units       | 2018F | 2019F | 2020F | 2021F | 2022F | 2023F | 2024F |
|---------------------|-------------|-------|-------|-------|-------|-------|-------|-------|
| Advertising Revenue | MYR Million | 47.23 | 48.73 | 51.65 | 54.75 | 58.03 | 61.52 | 59.89 |
| Production Revenue  | MYR Million | 2.16  | 4.45  | 4.71  | 5.00  | 5.30  | 5.61  | 5.46  |
| Lighting Revenue    | MYR Million | 0.62  | 0.71  | 0.76  | 0.80  | 0.85  | 0.90  | 0.88  |

|                        |                    |              |              |              |              |              |              |              |
|------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Service Revenue</b> | <b>MYR Million</b> | <b>50.02</b> | <b>53.89</b> | <b>57.12</b> | <b>60.55</b> | <b>64.18</b> | <b>68.03</b> | <b>66.23</b> |
| Other Revenues         | MYR Million        | 0.26         | 0.75         | 0.80         | 0.85         | 0.90         | 0.95         | 0.93         |
| <b>Total Revenue</b>   | <b>MYR Million</b> | <b>50.28</b> | <b>54.64</b> | <b>57.92</b> | <b>61.39</b> | <b>65.08</b> | <b>68.98</b> | <b>67.16</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

### Cost Assumptions

**1. Concession Fee** The IFA projected the concession fee based on the revenue share of 55.00 percent of advertising revenue under the agreement of MUSB on KLIA, KLIA2 and Gateway. The concession fee for Senai Airport was the maximum of the revenue share which equivalent to 70.00 percent of advertising cost or the minimum annual concession fee identified in the agreement. For this projection, the IFA found that the concession fee was the minimum annual concession fee identified in the agreement, given that the minimum fee is greater than the revenue share.

#### **Summary of Concession Fee**

| <b>Assumptions</b>                        | <b>Units</b>       | <b>2018F</b> | <b>2019F</b> | <b>2020F</b> | <b>2021F</b> | <b>2022F</b> | <b>2023F</b> | <b>2024F</b> |
|---|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Minimum Concession Fee of KLIA and KLIA 2 | MYR Million        | 44.92        | 40.00        | 41.00        | 41.00        | 42.00        | 42.00        | 42.00        |
| Minimum Concession Fee of Senai Airport   | MYR Million        | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         | 1.00         |
| Minimum Concession Fee of Gateway         | MYR Million        | 1.63         | -            | -            | -            | -            | -            | -            |
| <b>Concession Fee</b>                     | <b>MYR Million</b> | <b>47.55</b> | <b>41.00</b> | <b>42.00</b> | <b>42.00</b> | <b>43.00</b> | <b>43.00</b> | <b>43.00</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

**2. Production cost** The IFA projected production cost of 2018 at MYR 0.89 million, with reference to profit and loss statement for the period ended 31st May 2018. Production cost after 2019 is projected at 35.72 percent of advertising revenue throughout the projection, in accordance with the historical 3-year (2016-2018) average rate of production cost to advertising revenue.

**3. Lighting Cost** The IFA projected lighting cost of 2018 at MYR 0.05 million, with reference to profit and loss statement for the period ended 31st May 2018. Lighting cost after 2019 is projected at 7.51 percent of advertising revenue throughout the projection, in accordance with the historical 3-year (2016-2018) average rate of lighting cost to advertising revenue.

**4. Maintenance Cost** The IFA projected maintenance cost of 2018 at MYR 0.40 million, with reference to profit and loss statement for the period ended 31st May 2018. Maintenance cost after 2019 is projected at MYR 0.40 million throughout the projected period, in accordance with the interview from VGM's management team and the MUSB projection plan provided by VGM.

**5. Other Costs** The IFA projected other costs of 2018 at MYR 0.69 million, with reference to profit and loss statement for the period ended 31st May 2018. Other costs after 2019 is projected at 1.28 percent of advertising revenue throughout the projection, in accordance with the historical 3-year (2016-2018) average rate of other costs to advertising revenue.

Projected costs are summarized below:

| Assumptions        | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        |
|--------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Concession Fee     | MYR Million        | 47.55        | 41.00        | 42.00        | 42.00        | 43.00        | 43.00        | 43.00        |
| Production Cost    | MYR Million        | 0.89         | 1.59         | 1.68         | 1.78         | 1.89         | 2.00         | 1.95         |
| Lighting Cost      | MYR Million        | 0.05         | 0.05         | 0.06         | 0.06         | 0.06         | 0.07         | 0.07         |
| Maintenance Cost   | MYR Million        | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         |
| Other Costs        | MYR Million        | 0.69         | 0.69         | 0.73         | 0.77         | 0.82         | 0.87         | 0.85         |
| <b>Total Costs</b> | <b>MYR Million</b> | <b>49.57</b> | <b>43.73</b> | <b>44.87</b> | <b>45.01</b> | <b>46.17</b> | <b>46.34</b> | <b>46.26</b> |

- Remarks:
- MUSB had high concession fee in 2018, since MUSB deferred some of the concession fee payment from 2017 to 2018.
  - The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

#### **Expenses Assumptions**

**1. Selling Expenses** consist of commission expenses and marketing expenses. The IFA projected that MUSB incurred commission expenses of MYR 0.53 million and marketing expenses of MYR 0.69 million in 2018, with reference to MUSB's profit and loss statement for the period ended 31st May 2018. Since 2019, the IFA projected that the commission expenses were 1.26 percent of advertising revenue throughout the projection as per average historical 3-year (2016-2018) commission expenses to advertising revenue. Marketing expenses were projected at 0.49 percent of service revenue, in accordance with average historical 3-year (2016-2018) marketing expenses to service revenue.

**2. Administrative Expenses** consist of expenses on staff remuneration, executives remuneration and other administrative expenses. The IFA projected that MUSB would incur MYR 3.45 million for administrative expenses in 2018, with reference to MUSB's profit and loss statement for the period ended 31st May 2018. Administrative expenses for 2019 onwards will increase by 2.66 percent throughout the projection as per Malaysia's historical 3-year inflation rate.

**3. Depreciation Expenses** The IFA projected MUSB's depreciation expenses with reference to the projection from VGM's accounting team, given that the assumptions were aligned with the accounting policy of MUSB under 5-year straight-line depreciation method.

Projected expenses are summarized below:

| Assumptions             | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       | 2023F       | 2024F       |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Selling Expenses        | MYR Million        | 0.69        | 0.88        | 0.93        | 0.99        | 1.05        | 1.11        | 1.08        |
| Administrative Expenses | MYR Million        | 3.45        | 3.55        | 3.64        | 3.74        | 3.84        | 3.94        | 4.04        |
| Depreciation Expenses   | MYR Million        | 3.28        | 3.64        | 4.04        | 4.04        | 4.04        | 1.64        | 1.26        |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>7.43</b> | <b>8.06</b> | <b>8.61</b> | <b>8.76</b> | <b>8.92</b> | <b>6.69</b> | <b>6.39</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

### Other Assumptions

1. **Tax Expense** The IFA projected tax expenses at 24.00 percent throughout the entire projected period, in accordance with the corporate income tax of Malaysia.

2. **Working Capital** In projecting each type of working capital, the IFA referred the amount from the average historical 2-year from MUSB audited financial statement for the year ended 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad. The IFA projected the debt collection period at 160 days, and payable payment period at 145 days.

3. **Capital Expenditure** The IFA projected MUSB's investment in fixed asset and intangible asset based on the projection of VGM's management team on MUSB's capital expenditure policy. The investment on advertisement production material was projected at MYR 12.00 million for 2018, and MYR 2.00 million per annum for 2019 and 2020.

4. **Financial Expense** Based information from MUSB's agreement, the IFA projected the interest and financial debts at 8.00 percent per annum with reference to audited MUSB's financial statement for the year ended 31<sup>st</sup> May 2017, which was audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.

### Assumptions on Discount Rate

The discount rate is used to determine the current value of the project using Weighted Average Cost of Capital : WACC, with the following formula:

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

Where:

WACC = Weighted Average Cost of Capital

D = Interests on financial debts as shown in audited MUSB's financial statement as at 31<sup>st</sup> May 2017 of MYR 6.35 million.



|                |   |  |
|----------------|---|--|
| E              | = | MUSB shareholders' equity as shown in audited MUSB's financial statement as at 31 <sup>st</sup> May 2017 of MYR 14.58 million. |
| K <sub>d</sub> | = | Financial costs of MUSB's loan as at 31 <sup>st</sup> May 2017 of 8.00 percent.  |
| T              | = | Corporate income tax at 24.00 percent.   |
| K <sub>e</sub> | = | Expected rate of returns of the shareholders, obtained from CAPM formula of 10.08 percent, with details as follows:            |

|                                |
|--------------------------------|
| $K_e = R_f + \beta(R_m - R_f)$ |
|--------------------------------|

Where:

|                                  |   |  |
|----------------------------------|---|--|
| K <sub>e</sub>                   | = | Expected rate of returns of the shareholders.  |
| Risk Free Rate (R <sub>f</sub> ) | = | Rate of return on risk-free investment, with reference to Malaysia's 20-year government bond rate of 4.90 percent. (source: Bloomberg as of 17 <sup>th</sup> May 2018)   |
| R <sub>m</sub>                   | = | Historical 25-year average daily returns of the Stock Exchange of Malaysia (1994-2018) of 8.63 percent. The chosen span period of time better reflects variations on the Stock Exchange than those of a shorter period. (source: Bloomberg)  |
| Beta (β)                         | = | Variations on average daily returns of the listed companies in Stock Exchange of Malaysia whom operate similar advertisement business as MUSB, which are: <ol style="list-style-type: none"> <li>1) Asia Media Group Bhd. (AMGB)</li> <li>2) Media Prima Bhd. (MPR)</li> <li>3) Seni Jaya Corporation Bhd. (SENI)</li> </ol> And compared to 3-year historical returns of the Stock Exchange of Malaysia from 18 <sup>th</sup> May 2016 to 17 <sup>th</sup> May 2018. (Source: Bloomberg) The average unlevered beta of the above 3 companies is 1.042. The Beta (β <sub>L</sub> : Levered Beta) of MUSB was derived at 1.388 times after adjusted the unlevered beta to MUSB's cost structure with the DE ratio of 0.44 (The IFA referred D/E ratio information from latest audited MUSB's financial statement as at 31 <sup>st</sup> May 2017. The IFA did not use target D/E ratio for this projection since the IFA viewed that the D/E ratio in MUSB's financial statement was more appropriate.) |

The expected rate of returns of the shareholders (K<sub>e</sub>) was equivalent to 10.08 percent per year, after derived the formula using the above variables.

Substituting the variables in the formula to compute the expected rate of returns of the shareholders

$$\begin{aligned} K_e &= R_f + \beta(R_m - R_f) \\ &= 4.90\% + 1.388(8.63\% - 4.90\%) \\ &= 10.08\% \end{aligned}$$

Substituting the variables in the formula to compute the Weighted Average Cost of Capital

$$\begin{aligned} WACC &= (D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e \\ &= 1.85\% + 7.01\% \\ &= 8.86\% \end{aligned}$$

### **Assumptions of Terminal Value**

The IFA projected no terminal value for MUSB since the main concession for this business will be terminated in 30<sup>th</sup> April 2024 as per the MUSB's concession period obtained from MA Sepang. Since this projection covers the entire concession period, and for the conservative basis, the IFA expected that MUSB would not operate such business after the concession had been expired.

**Financial Projections**

| Units : MYR Million                           | 2018F                    | 2019F         | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        |
|---|--------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue                           | 47.23                    | 48.73         | 51.65        | 54.75        | 58.03        | 61.52        | 59.89        |
| Production Revenue                            | 2.16                     | 4.45          | 4.71         | 5.00         | 5.30         | 5.61         | 5.95         |
| Lighting Revenue                              | 0.62                     | 0.71          | 0.76         | 0.80         | 0.85         | 0.90         | 0.88         |
| Other Revenues                                | 0.26                     | 0.75          | 0.80         | 0.85         | 0.90         | 0.95         | 0.93         |
| <b>Total Revenue</b>                          | <b>50.28</b>             | <b>54.64</b>  | <b>57.92</b> | <b>61.39</b> | <b>65.08</b> | <b>68.98</b> | <b>67.16</b> |
| Total Cost                                    | 49.57                    | 43.73         | 44.87        | 45.01        | 46.17        | 46.34        | 46.26        |
| Total Expenses                                | 7.43                     | 8.06          | 8.61         | 8.76         | 8.92         | 6.69         | 6.39         |
| <b>Profit Before Interests and Income Tax</b> | <b>(6.72)</b>            | <b>2.85</b>   | <b>4.44</b>  | <b>7.62</b>  | <b>9.98</b>  | <b>15.96</b> | <b>14.51</b> |
| Financial Costs                               | 0.74                     | 0.38          | 0.39         | 0.40         | 0.40         | 0.41         | 0.42         |
| <b>Profit Before tax</b>                      | <b>(7.46)</b>            | <b>2.47</b>   | <b>4.05</b>  | <b>7.22</b>  | <b>9.58</b>  | <b>15.55</b> | <b>14.09</b> |
| Income Tax                                    | -                        | 0.59          | 0.97         | 1.73         | 2.30         | 3.73         | 3.38         |
| <b>Net Profit (Loss)</b>                      | <b>(7.46)</b>            | <b>1.88</b>   | <b>3.08</b>  | <b>5.49</b>  | <b>7.28</b>  | <b>11.81</b> | <b>10.71</b> |
|   |                          |               |              |              |              |              |              |
| NOPAT   | (5.11)                   | 2.17          | 3.38         | 5.79         | 7.59         | 12.13        | 11.03        |
| + Depreciation                                | 3.28                     | 3.64          | 4.04         | 4.04         | 4.04         | 1.64         | 1.26         |
| - Investment Cost                             | (12.00)                  | (2.00)        | (2.00)       | -            | -            | -            | -            |
| - Working Capital                             | 7.14                     | (4.02)        | (0.94)       | (1.46)       | (1.13)       | (1.62)       | 0.79         |
| <b>MUSB's Free Cash Flow</b>                  | <b>(6.69)</b>            | <b>(0.21)</b> | <b>4.47</b>  | <b>8.36</b>  | <b>10.49</b> | <b>12.14</b> | <b>13.08</b> |
| Terminal Value                                |                          |               |              |              |              |              | -            |
| <b>MUSB's Net Present Value of Cash Flow</b>  | <b>(6.15)</b>            | <b>(0.18)</b> | <b>3.46</b>  | <b>5.95</b>  | <b>6.86</b>  | <b>7.30</b>  | <b>7.22</b>  |
|   |                          |               |              |              |              |              |              |
| <b>Total Value of MUSB's Free Cash Flow</b>   | <b>MYR 24.46 Million</b> |               |              |              |              |              |              |

Remarks 1. The IFA referred 2018 performance from MUSB's profit and loss statement for the period ended 31<sup>st</sup> May 2018.

2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the MUSB accounting period ended 31<sup>st</sup> May)

**MUSB's Fair Value Calculation**

From the above details and assumptions, the MUSB's fair value was calculated under Discounted Cash Flow Approach, with the details as follows:

|   | <b>Units: MYR Million</b> |
|---|---------------------------|
| Net present value of free cash flows of 2018 – 2024                   | 24.46                     |
| Net present value of terminal value                                   | -                         |
| Cash and cash equivalent as of 31 <sup>st</sup> May 2017              | 5.66                      |
| <b>Total present value of cash flows before financial liabilities</b> | <b>30.12</b>              |
| <b>Less</b> Financial Liabilities as of 31 <sup>st</sup> May 2017     | <b>(6.35)</b>             |
| <b>Fair Value of MUSB's ordinary shares</b>                           | <b>23.77</b>              |

Remarks The IFA used information from financial statement for the year ended 31<sup>st</sup> May 2017 to adjust for the fair value of MUSB's ordinary shares, since it was the latest audited financial statement which the IFA received from VGM.

According to the cash flow forecasted using assumptions and WACC as mentioned above, the net present value of cash flow is equivalent to MYR 24.46 Million, plus cash and cash equivalents as of 31<sup>st</sup> May 2017 of MYR 5.66 Million, thus, the net present value before financial liabilities is MYR 30.12 million. However, as of 31<sup>st</sup> May 2017, MUSB reported financial liabilities of MYR 6.35 million, thus the fair value of MUSB is then MYR 23.77 Million.

### 5.4.3 Focus Media (Network) Sdn. Bhd. (FMN)

The IFA assessed FMN under Discounted Cash Flow Approach which is an assessment that considers FMN's capacity to generate cash flow in the future by calculating the discounted free cash flow to firm that FMN expects to receive from its financial projections based on the weighted average cost of capital (WACC) in order to determine the current net value of FMN's fair value. The IFA has prepared FMN's financial projections for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2023 (with reference to FMN period ended 31<sup>st</sup> May) or for 6 years. The projections is under the assumption that there would not be any significant changes to FMN's business operations, and under the current economic condition. The IFA has an opinion that the projection period under the above assumption is appropriate to cover the business cycle of FMN.

For this projection, the IFA has based the assumption from FMN's financial statements as at 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and from the profit and loss statement of FMN for the period ended 31<sup>st</sup> May 2018, together with information from the FMN's plan projection provided by VGM, industry growth, investment plan, operational plan, and considering conditions of the industry as well as information from interviews of VGM's executives and other relevant documents.

Nevertheless, the projection is under limitation that the IFA needs to perform the financial projection based mainly on the FMN's projection provided by VGM, audited financial statement of FMN as of 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and information from the interviews from the executives, given that FMN was not able to provide the historical details of each advertisement type to the IFA i.e. number of billboards, average advertising rate, occupancy rate, as well as agreement with TGV Cinemas Sdn. Bhd. and as well as FMN's assets and debts.

| Limitations on the Financial Projections  | Information Adjusted by the IFA   |
|---|---|
| <p><u>Limitations on the Projection Information</u></p> <ul style="list-style-type: none"> <li>- FMN was not able to provide the historical information of each of the advertisement i.e. number of billboards, average advertising rate, occupancy rate, etc.</li> <li>- FMN was unable to provide the IFA the agreement with TGV Cinemas Sdn. Bhd.</li> <li>- FMN was unable to provide TCSB's assets record to IFA.</li> <li>- FMN was unable to provide TCSB's Debts agreement record to IFA.</li> </ul> <p><u>Consequences</u></p> <ul style="list-style-type: none"> <li>- IFA needed to base the assumptions from FMN's business plan provided by VGM.</li> <li>- IFA needed to refer the assumptions of the fee based on VGM's executives.</li> </ul> | <p><u>Revenue Assumptions</u></p> <ul style="list-style-type: none"> <li>- The IFA reviewed FMN's projection prepared by VGM and found that the historical figures were aligned and consistent with FMN's audited financial statement as at 31<sup>st</sup> May 2017. Thus, the IFA viewed that the information was appropriate to be referred for this projection.</li> </ul> <p><u>Assumptions on Concession Fee</u></p> <ul style="list-style-type: none"> <li>- After revisited documents on the assumptions of concession fee of each agreement of TCSB, MUSB and FMN from VGM's executives, the IFA found that the concession fee of TCSB and MUSB in the summary documents from VGM's executives were aligned and consistent. Thus, the IFA believes that the concession fee of FMN in the said documents shall also be accurate.</li> </ul> |

| Limitations on the Financial Projections   | Information Adjusted by the IFA   |
|--|---|
| <p>- IFA needed to refer assumptions on depreciation and interest projections from VGM's executives whereby it was unable to proof the correctness of the information.</p> | <p>Further, the IFA viewed that the assumptions are appropriate and reasonable based the information from FMN's financial statement as at 31<sup>st</sup> May 2017 and FMN's profit and loss statement for the year ended 31<sup>st</sup> may 2017.</p> <p><u>Assumptions on Depreciations and Interest</u></p> <p>- The IFA based the information of assumptions from VGM's executives together with FMN's financial statement as at 31<sup>st</sup> May 2018 which the IFA had received and reviewed the appropriateness in details. The IFA concluded that the assumptions are appropriate and suitable for this projection.</p> <p>From the above solution, the financial solution is more appropriate under conservative basis. Further, the assumptions had been reviewed against other sources of information which the IFA considered as a reliable source. Thus, the shareholders shall use this financial projection information for further consideration on the meeting resolution.</p> |

However, the IFA studied and analyzed the reliability and reasonableness of various assumptions obtained from interviews with VGM's executives and adjusted certain assumptions to be in accordance with the conservative basis. Nevertheless, all financial projections were prepared under the assumption that there would be no significant changes to FMN's business operations. Should events arise to significantly affect FMN's business operations, the fair value assessment of FMN shares would also be affected. The IFA's assessment of FMN's value is explained as follows:

**Revenue Assumptions**

1. **Advertising Revenue** consists of 1) revenue from the advertisement in cinema 2) revenue from the advertisement at the commercial building and 3) revenue from the advertisement in the karaoke bar, with details of the projections as follows:

- 1) **Advertising Revenue from Cinema** The IFA projected that the advertising revenue from cinema for 2018 was MYR 22.77 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate for 2019 onward was projected at 2.66 percent throughout the projection as per historical 3-year Malaysia's inflation rate which was lower than the projection provided by VGM's executives.
- 2) **Advertising Revenue from Commercial Building** The IFA projected that the advertising revenue from commercial building for 2018 was MYR 1.22 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate was projected at 2.66 percent throughout the projection as per historical 3-year Malaysia's inflation rate which was lower than the projection provided by VGM's executives.
- 3) **Advertising Revenue from Karaoke Bar** The IFA projected that the advertising revenue from Karaoke Bar for 2018 was MYR 0.96 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate was projected at 2.66 percent throughout the projection as per historical 3-year Malaysia's inflation rate which was lower than the projection provided by VGM's executives.

**Summary of Advertising Revenue of FMN**

| Assumptions                                  | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue from Cinema              | MYR Million        | 22.77        | 23.37        | 24.00        | 24.63        | 25.29        | 25.96        |
| Advertising Revenue from Commercial Building | MYR Million        | 1.22         | 1.25         | 1.28         | 1.32         | 1.35         | 1.39         |
| Advertising Revenue from Karaoke Bar         | MYR Million        | 0.96         | 0.99         | 1.01         | 1.04         | 1.07         | 1.10         |
| <b>Advertising Revenue of FMN</b>            | <b>MYR Million</b> | <b>24.95</b> | <b>25.61</b> | <b>26.29</b> | <b>26.99</b> | <b>27.71</b> | <b>28.45</b> |

**Remarks:** The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)

**2. Production Revenue** The IFA projected that the production revenue for 2018 was MYR 0.93 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate was projected at 4.42 percent of advertising revenue throughout the projection as per average historical 3-year production revenue to advertising revenue.

**3. Other Revenues** The IFA projected that other revenues for 2018 was MYR 0.17 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate was projected at 0.28 percent of advertising revenue throughout the projection as per average historical 3-year (2016-2019) other revenues to service revenue.

Projected revenues are summarized below:

| Assumptions            | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        |
|------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue    | MYR Million        | 24.95        | 25.61        | 26.29        | 26.99        | 27.71        | 28.45        |
| Production Revenue     | MYR Million        | 0.93         | 1.13         | 1.16         | 1.19         | 1.23         | 1.26         |
| <b>Service Revenue</b> | <b>MYR Million</b> | <b>25.88</b> | <b>26.75</b> | <b>27.46</b> | <b>28.19</b> | <b>28.94</b> | <b>29.71</b> |
| Other Revenues         | MYR Million        | 0.17         | 0.07         | 0.08         | 0.08         | 0.08         | 0.08         |
| <b>Total Revenue</b>   | <b>MYR Million</b> | <b>26.05</b> | <b>26.82</b> | <b>27.53</b> | <b>28.27</b> | <b>29.02</b> | <b>29.79</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)

### **Cost Assumptions**

**1. Contract Fee** The IFA based the information from the summary documents received from VGM's executives on the contract fee under the advertisement management agreement between FMN and TGV Cinemas Sdn. Bhd. ("TGV"). 65.00 percent of advertising revenue from cinema will be charged if the revenue is no greater than MYR 20.00 million, and 70.00 percent of advertising revenue from cinema will be charged if the revenue is greater than MYR 20.00 million. Revenue share for the advertising from karaoke bar will be the maximum of 50.00 percent of the revenue or the minimum recharge as mentioned in the contract. For this projection, the IFA found that the contract fee was the minimum annual revenue share identified in the agreement, given that the minimum fee is greater than the revenue share.

### **Summary of Contract Fee**

| Assumptions                                  | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue share for the Advertising in Cinema  | MYR Million        | 14.94        | 15.36        | 15.80        | 16.24        | 16.70        | 17.17        |
| Revenue share for the Advertising in Karaoke | MYR Million        | 0.48         | 0.49         | 0.51         | 0.52         | 0.53         | 0.55         |
| <b>Contract Fee</b>                          | <b>MYR Million</b> | <b>15.42</b> | <b>15.86</b> | <b>16.30</b> | <b>16.76</b> | <b>17.24</b> | <b>17.72</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)



**2. Production Cost** The IFA projected FMN's production cost for 2018 at MYR 0.47 million, with reference to FMN's profit and loss statement for the period ended 31st May 2018. Under conservative basis, since 2019 the production cost was projected at 63.05 percent of production revenue throughout the projection as per average historical 3-year (2016-2019) production cost to production revenue.

**3. Commercial Building Cost** The IFA projected that the commercial building cost for 2018 was MYR 0.45 Million, with reference to the profit and loss statement of FMN for the year ended 31st May 2018. Under conservative basis, the growth rate was projected at 2.66 percent throughout the projection as per historical 3-year Malaysia's inflation rate.

**4. Other Costs** The IFA projected FMN's other cost for 2018 at MYR 0.12 million, with reference to FMN's profit and loss statement for the period ended 31st May 2018. Under conservative basis, since 2019 the other costs were projected at 0.48 percent of service revenue throughout the projection as per average historical 3-year (2016-2019) other costs to service revenue.

Projected costs are summarized below:

| Assumptions              | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        |
|--------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contract Fee             | MYR Million        | 15.42        | 15.86        | 16.30        | 16.76        | 17.24        | 17.72        |
| Production Cost          | MYR Million        | 0.47         | 0.71         | 0.73         | 0.75         | 0.77         | 0.79         |
| Commercial Building Cost | MYR Million        | 0.45         | 0.46         | 0.47         | 0.48         | 0.50         | 0.51         |
| Other Costs              | MYR Million        | 0.12         | 0.13         | 0.13         | 0.14         | 0.14         | 0.14         |
| <b>Total Cost</b>        | <b>MYR Million</b> | <b>16.45</b> | <b>17.16</b> | <b>17.64</b> | <b>18.14</b> | <b>18.65</b> | <b>19.17</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)

### **Assumptions on Expenses**

**1. Selling Expenses** consist of commission expenses and marketing expenses. The IFA projected that the selling expenses were MYR 1.78 million for 2018, with reference to FMN's profit and loss statement for the period ended 31st May 2018. Under conservative basis, since 2019 the selling expenses were projected at 7.59 percent of service revenue throughout the projection as per average historical 3-year (2016-2019) selling expenses to service revenue.

**2. Administrative Expenses** consist of expenses connected to staff remuneration, executives remuneration and other administrative expenses. The IFA projected that the administrative expenses were MYR 3.40 million for 2018, with reference to FMN's profit and loss statement for the period ended 31st May 2018. Since 2019, growth rate of administrative expenses were projected at 2.66 percent per annum throughout the projection as per 3-year historical Malaysia's inflation rate.

**3. Depreciation Expenses** The IFA projected FMN's depreciation expenses with reference to the projection from VGM's accounting team, given that the assumptions were aligned with the accounting policy of FMN under 5-year straight-line depreciation method.

Projected expenses are summarized below:

| Assumptions             | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       | 2023F       |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Selling Expenses        | MYR Million        | 1.78        | 2.03        | 2.08        | 2.14        | 2.20        | 2.25        |
| Administrative Expenses | MYR Million        | 3.40        | 3.49        | 3.58        | 3.68        | 3.78        | 3.88        |
| Depreciation Expenses   | MYR Million        | 0.24        | 0.28        | 0.06        | 0.08        | 0.10        | 0.10        |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>5.42</b> | <b>5.80</b> | <b>5.73</b> | <b>5.90</b> | <b>6.07</b> | <b>6.23</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)

**Other Assumptions**

**1. Tax Expense** The IFA projected tax expenses at 24.00 percent throughout the entire projected period, in accordance with the corporate income tax of Malaysia.

**2. Working Capital** In projecting each type of working capital, the IFA the historical average 2-year data from FMN's profit and loss statement for the period ended 31st May 2018, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad. The IFA projected the debt collection period at 306 days, and payable payment period at 126 days.

**3. Capital Expenditure** With reference to the projection of VGM's executive on investment in fixed asset and intangible asset, FMN would invest in advertisement production material at MYR 0.10 million per year.

**4. Financial Expenses** The IFA projected the interest and financial debts at 8.50 percent per annum with reference to FMN's audited financial statement as at 31<sup>st</sup> May 2017 as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.

**Assumptions on Discount rate**

The discount rate is used to determine the current value of the project using Weighted Average Cost of Capital: WACC, with the following formula:

|             |          |   |
|-------------|----------|---|
| <b>WACC</b> | <b>=</b> | <b><math>(D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e</math></b> |
|-------------|----------|---|

Where:

WACC = Weighted Average Cost of Capital

D = Interests on financial debts as shown in audited FMN's financial statement as at 31<sup>st</sup> May 2017 of MYR 0.27 million.

|                |   |   |
|----------------|---|---|
| E              | = | FMN shareholders' equity as shown in audited FMN's financial statement as at 31 <sup>st</sup> May 2017 of MYR 8.04 million. |
| K <sub>d</sub> | = | Financial costs of FMN's loan as at 31 <sup>st</sup> May 2017 of 8.50 percent.  |
| T              | = | Corporate income tax at 24.00 percent.  |
| K <sub>e</sub> | = | Expected rate of returns of the shareholders, obtained from CAPM formula of 8.89 percent, with details as follows:          |

|                                |
|--------------------------------|
| $K_e = R_f + \beta(R_m - R_f)$ |
|--------------------------------|

Where:

|                                  |   |   |
|----------------------------------|---|---|
| K <sub>e</sub>                   | = | Expected rate of returns of the shareholders.   |
| Risk Free Rate (R <sub>f</sub> ) | = | Rate of return on risk-free investment, with reference to Malaysia's 20-year government bond rate of 4.90 percent. (source: Bloomberg as of 17 <sup>th</sup> May 2018)  |
| R <sub>m</sub>                   | = | Historical 25-year average daily returns of the Stock Exchange of Malaysia (1994-2018) of 8.63 percent. The chosen span period of time better reflects variations on the Stock Exchange than those of a shorter period. (source: Bloomberg)   |
| Beta (β)                         | = | Variations on average daily returns of the listed companies in Stock Exchange of Malaysia whom operate similar advertisement business as FMN, which are:<br><ol style="list-style-type: none"> <li>1) Asia Media Group Bhd. (AMGB)</li> <li>2) Media Prima Bhd. (MPR)</li> <li>3) Seni Jaya Corporation Bhd. (SENI)</li> </ol> And compared to 3-year historical returns of the Stock Exchange of Malaysia from 18 <sup>th</sup> May 2016 to 17 <sup>th</sup> May 2018. (Source: Bloomberg) The average unlevered beta of the above 3 companies is 1.042. The Beta (β <sub>L</sub> : Levered Beta) of FMN was derived at 1.069 times after adjusted the unlevered beta to FMN's cost structure with the DE ratio of 0.03 (The IFA referred D/E ratio information from latest audited FMN's financial statement as at 31 <sup>st</sup> May 2017. The IFA did not use target D/E ratio for this projection since the D/E ratio from the latest financial statement is most appropriate) . |

The expected rate of returns of the shareholders (K<sub>e</sub>) was equivalent to 8.89 percent per year, after derived the formula using the above variables.

Substituting the variables in the formula to compute the expected rate of returns of the shareholders

$$\begin{aligned} K_e &= R_f + \beta(R_m - R_f) \\ &= 4.90\% + 1.069(8.63\% - 4.90\%) \\ &= 8.89\% \end{aligned}$$

Substituting the variables in the formula to compute the Weighted Average Cost of Capital

$$\begin{aligned} WACC &= (D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e \\ &= 0.21\% + 8.60\% \\ &= 8.81\% \end{aligned}$$

### **Assumptions on Terminal Value**

The IFA prepared 6-year financial projection ended May 2023, under the assumptions that there won't be further business growth after the projected period under the conservative basis of Baht 33.12 million.

**Financial Projections**

| <b>Assumptions</b>                            | <b>Units</b> | <b>2018F</b>             | <b>2019F</b> | <b>2020F</b> | <b>2021F</b> | <b>2022F</b> |
|---|--------------|--------------------------|--------------|--------------|--------------|--------------|
| Advertising Revenue                           | 24.95        | 25.61                    | 26.29        | 26.99        | 27.71        | 28.45        |
| Production Revenue                            | 0.93         | 1.13                     | 1.16         | 1.19         | 1.23         | 1.26         |
| Other Revenue                                 | 0.17         | 0.07                     | 0.08         | 0.08         | 0.08         | 0.08         |
| <b>Total Revenue</b>                          | <b>26.05</b> | <b>26.82</b>             | <b>27.53</b> | <b>28.27</b> | <b>29.02</b> | <b>29.79</b> |
| Total Cost                                    | 16.45        | 17.16                    | 17.64        | 18.14        | 18.65        | 19.17        |
| Total Expenses                                | 5.42         | 5.80                     | 5.73         | 5.90         | 6.07         | 6.23         |
| <b>Profit Before Interests and Income Tax</b> | <b>4.18</b>  | <b>3.86</b>              | <b>4.17</b>  | <b>4.23</b>  | <b>4.30</b>  | <b>4.39</b>  |
| Financial Costs                               | 0.00         | 0.00                     | 0.00         | 0.00         | 0.00         | 0.00         |
| <b>Profit Before Tax</b>                      | <b>4.18</b>  | <b>3.86</b>              | <b>4.17</b>  | <b>4.23</b>  | <b>4.30</b>  | <b>4.39</b>  |
| Income Tax                                    | 1.05         | 0.93                     | 1.00         | 1.02         | 1.03         | 1.05         |
| <b>Net Profit (Loss)</b>                      | <b>3.13</b>  | <b>2.93</b>              | <b>3.17</b>  | <b>3.22</b>  | <b>3.27</b>  | <b>3.34</b>  |
|   |              |                          |              |              |              |              |
| NOPAT   | 3.18         | 2.94                     | 3.17         | 3.22         | 3.27         | 3.34         |
| + Depreciation                                | 0.24         | 0.28                     | 0.06         | 0.08         | 0.10         | 0.10         |
| - Investment Cost                             | -            | (0.10)                   | (0.10)       | (0.10)       | (0.10)       | (0.10)       |
| - Working Capital                             | (3.32)       | (0.48)                   | (0.38)       | (0.49)       | (0.45)       | (0.46)       |
| <b>FMN's Free Cash Flow</b>                   | <b>0.10</b>  | <b>2.64</b>              | <b>2.74</b>  | <b>2.71</b>  | <b>2.82</b>  | <b>2.87</b>  |
| Terminal Value                                |              |                          |              |              |              | 32.61        |
| <b>FMN's Net Present Value of Cash Flow</b>   | <b>0.10</b>  | <b>2.23</b>              | <b>2.13</b>  | <b>1.93</b>  | <b>1.85</b>  | <b>21.38</b> |
|   |              |                          |              |              |              |              |
| <b>Total Value of FMN's Free Cash Flow</b>    |              | <b>MYR 29.61 Million</b> |              |              |              |              |

Remarks 1. The IFA referred 2018 performance from FMN's profit and loss statement for the period ended 31<sup>st</sup> May 2018

2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the FMN accounting period ended 31<sup>st</sup> May)

**FMN's Fair Value Calculation**

From the above details and assumptions, the FMN's fair value was calculated under Discounted Cash Flow Approach, with the details as follows:

|   | <b>Units: MYR Million</b> |
|---|---------------------------|
| Net present value of free cash flows of 2018 – 2024                   | 9.96                      |
| Net present value of terminal value                                   | 19.65                     |
| Cash and cash equivalent as of 31 <sup>st</sup> May 2017              | 0.35                      |
| <b>Total present value of cash flows before financial liabilities</b> | <b>29.96</b>              |
| <b>Less</b> Financial Liabilities as of 31 <sup>st</sup> May 2017     | <b>(0.27)</b>             |
| <b>Fair Value of FMN's ordinary shares</b>                            | <b>29.69</b>              |

Remarks The IFA used information from financial statement for the year ended 31<sup>st</sup> May 2017 to adjust for the fair value of FMN's ordinary shares, since it was the latest audited financial statement which the IFA received from VGM.

According to the cash flow forecasted using assumptions and WACC as mentioned above, the net present value of cash flow is equivalent to MYR 29.61 Million, plus cash and cash equivalents as of 31<sup>st</sup> May 2017 of MYR 0.35 Million, thus, the net present value before financial liabilities is MYR 29.96 million. However, as of 31<sup>st</sup> May 2017, FMN reported financial liabilities of MYR 0.27 million, thus the fair value of FMN is then MYR 29.69 Million.

#### 5.4.4 Redberry Outdoor Sdn. Bhd. (RBO)

The IFA assessed RBO under Discounted Cash Flow Approach which is an assessment that considers RBO's capacity to generate cash flow in the future by calculating the discounted free cash flow to firm that RBO expects to receive from its financial projections based on the weighted average cost of capital (WACC) in order to determine the current net value of RBO's fair value. The IFA has prepared RBO's financial projections for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2036 (with reference to RBO period ended 31<sup>st</sup> May) or for 19 years projection in alignment to the concession from Sistem Lingkaran Lebuhraya Kajang Sdn. Bhd. for 1<sup>st</sup> March 2015 to 1<sup>st</sup> March 2036 (The agreement is under 10 years term from 1<sup>st</sup> March 2015 to 1<sup>st</sup> March 2024 whereby RBO is able to extend the contract for another 12 years. The concession is under terms for RBO to manage the advisement on Kajang Silk Highway. The projection is under the assumption that there would not be any significant changes to RBO's business operations, and under the current economic condition. The IFA has an opinion that the projection period under the above assumption is appropriate to cover the business cycle of RBO.

For this projection, the IFA has based the assumption from RBO's financial statements as at 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and from the projections of RBO provided by VGM, industry growth, investment plan, operational plan, and considering conditions of the industry as well as information from interviews of VGM's executives and other relevant documents.

Nevertheless, the projection is under limitations that the IFA needs to perform the financial projection based mainly on the RBO projection plan provided by VGM, on RBO audited financial statement for the year ended 31<sup>st</sup> May 2017, as audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, and on the information gathering from the interview of the executives. Given that the IFA did not receive the profit and loss statement of RBO for 2018 from VGM, and RBO is unable to accumulate and provide the historical advertisement details to the IFA i.e. average advertising rate and occupancy rate. Further, RBO is not able to provide the concession agreement between RBO and Sistem Lingkaran Lebuhraya Kajang Sdn. Bhd for the advertising service on Kajang Silk Highway, the concession agreement with Prasarana Integrated Development Sdn. Bhd to operate the advertising service on the rapid bus, and the RBO's assets and debts.

| Limitations on the Financial Projections  | Information Adjusted by the IFA  |
|---|--|
| <p><u>Limitations on the Projection Information</u></p> <ul style="list-style-type: none"> <li>- RBO was unable to accumulate and provide the historical advertisement service details to the IFA i.e. number of billboards, average advertising rate and occupancy rate, etc.</li> <li>- RBO was unable to provide concession agreement of Sistem Lingkaran Lebuhraya Kajang Sdn. Bhd. on rights to operate the advertisement on Kajang Silk Highway and agreement from Prasarana</li> </ul> | <p><u>Revenue Assumptions</u></p> <ul style="list-style-type: none"> <li>- The IFA reviewed RBO's projection prepared by VGM and found that the historical figures were aligned and consistent with RBO's audited financial statement as at 31<sup>st</sup> May 2017. Thus, the IFA viewed that the information was appropriate to be referred for this projection.</li> </ul> <p><u>Assumptions on Concession Fee</u></p> |

| Limitations on the Financial Projections  | Information Adjusted by the IFA   |
|---|---|
| <p>Integrated Development Sdn. Bhd. to operate the advertisement in and outside the rapid bus.</p> <ul style="list-style-type: none"> <li>- RBO was unable to provide TCSB's assets record to IFA.</li> <li>- RBO was unable to provide TCSB's Debts agreement record to IFA.</li> </ul> <p><u>Consequences</u></p> <ul style="list-style-type: none"> <li>- IFA needed to base the assumptions from RBO's projection plan prepared by VGM.</li> <li>- IFA needed to refer the assumptions of the concession fee from VGM's executives.</li> <li>- IFA needed to refer the assumptions of the depreciation and interest projections from VGM's executives whereby it was unable to proof the correctness of the information.</li> </ul> | <p>After revisited the documents on assumptions of concession fee of each agreement of TCSB, MUSB, RBO and FMN from VGM's executives, the IFA found that the concession fee of TCSB and MUSB in the summary documents from VGM's executives were aligned and consistent. Thus, the IFA believes that the concession fee of RBO in the said documents shall also be accurate. Further, the IFA viewed that the assumptions are appropriate and reasonable based the information from RBO's financial statement as at 31<sup>st</sup> May 2017.</p> <p><u>Assumptions on Depreciations and Interest</u></p> <ul style="list-style-type: none"> <li>- The IFA based the information of assumptions from VGM's executives together with RBO's financial statement for the year ended 31<sup>st</sup> May 2018 which the IFA had received and viewed that the assumptions were appropriate for this projection.</li> </ul> <p>From the above solution, the financial solution is more appropriate under conservative basis. Further, the assumptions had been reviewed against other sources of information which the IFA considered as a reliable source. Thus, the shareholders shall use this financial projection information for further consideration on the meeting resolution.</p> |

However, the IFA studied and analyzed the reliability and reasonableness of various assumptions obtained from interviews with VGM's executives and adjusted certain assumptions to be in accordance with the conservative basis. Nevertheless, all financial projections were prepared under the assumption that there would be no significant changes to RBO's business operations. Should events arise to significantly affect RBO's business operations, the fair value assessment of RBO shares would also be affected. The IFA's assessment of RBO's value is explained as follows:



## **Revenue Assumptions**

1. **Advertising Revenue** consists of 1) advertising revenue from rapid bus 2) advertising revenue from billboard, 3) advertising revenue from digital billboard, 4) advertising revenue from school bus, and 5) other advertising revenues, with details of the projections as follows:

- 1) **Advertising Revenue from Rapid Bus** The IFA projected that the advertising revenue from rapid bus from 2018 was under growth rate of 2.66 percent throughout the projection, as per 3-year Malaysia historical inflation rate, given that the advertising on rapid bus was not quite popular under the limitations that due to the car design. There was no space to place the stickers on the glass and only able to place the sticker under the glass and at the back of the car only, from the limitations the advertisement was not attractive and could not convey all messages. Thus, the IFA used the inflation rate as per the conservative basis. The advertising revenue from rapid bus for 2017 was MYR 7.54 million, with reference to RBO's financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.
- 2) **Advertising Revenue from Billboard** The IFA projected that the advertising revenue from billboard from 2018 was under growth rate of 2.66 percent throughout the projection, as per 3-year Malaysia historical inflation rate. For the conservative basis, the IFA also viewed appropriate to use the average industrial growth rate of the advertisement in Malaysia during 2014-2019F of 10.00 percent (refer Malaysia Entertainment and Media Outlook 2015-2019 from [www.pwc.com/my](http://www.pwc.com/my)). The advertising revenue from billboard for 2017 was MYR 2.55 million, with reference to RBO's financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.
- 3) **Advertising Revenue from Digital Billboard** The IFA projected that the advertising revenue from digital billboard of 2018 was at MYR 1.00 million and with growth rate of 2.66 percent throughout the projection, as per 3-year Malaysia historical inflation rate. The IFA also viewed appropriate to use the average industrial growth rate of the advertisement in Malaysia during 2014-2019F of 10.00 percent (refer Malaysia Entertainment and Media Outlook 2015-2019 from [www.pwc.com/my](http://www.pwc.com/my)). Under conservative basis, the projected growth rate was less than those projected by VGM's management team.
- 4) **Advertising Revenue from School Bus** The advertising revenue from school bus for 2018 - 2020 was projected at MYR 0.66 million, with reference to the advertising revenue from school bus from RBO's audited financial statement as of 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad. RBO will terminate this service in 2020, thus there would not be revenue incur after 2020.
- 5) **Other Advertising Revenues** Other advertising revenues for 2018 was projected at MYR 0.25 million, and projected that there would not be any revenue in the following years, as per the projections from VGM's executives. The IFA viewed that the assumptions were appropriate under conservative basis.

**Summary Revenue of RBO**

| <b>Assumptions</b>                         | <b>Units</b>       | <b>2018F</b> | <b>2019F</b> | <b>2020F</b> | <b>2021F</b> | <b>2022F</b> | <b>2023F</b> | <b>2024F</b> | <b>2025F</b> | <b>2026F</b> | <b>2027F</b> |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue from Rapid Bus         | MYR Million        | 7.74         | 7.94         | 8.16         | 8.37         | 8.59         | 8.82         | 9.06         | 9.30         | 9.55         | 9.80         |
| Advertising Revenue from Billboard         | MYR Million        | 2.55         | 2.62         | 2.69         | 2.76         | 2.83         | 2.91         | 2.98         | 3.06         | 3.14         | 3.23         |
| Advertising Revenue from Digital Billboard | MYR Million        | 1.00         | 1.03         | 1.05         | 1.08         | 1.11         | 1.14         | 1.17         | 1.20         | 1.23         | 1.27         |
| Advertising Revenue from School bus        | MYR Million        | 0.66         | 0.66         | 0.66         | -            | -            | -            | -            | -            | -            | -            |
| Other Advertising Revenues                 | MYR Million        | 0.25         | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Advertising Revenue</b>                 | <b>MYR Million</b> | <b>12.20</b> | <b>12.25</b> | <b>12.56</b> | <b>12.21</b> | <b>12.54</b> | <b>12.87</b> | <b>13.21</b> | <b>13.56</b> | <b>13.92</b> | <b>14.29</b> |
| <b>Assumptions</b>                         | <b>Units</b>       | <b>2028F</b> | <b>2029F</b> | <b>2030F</b> | <b>2031F</b> | <b>2032F</b> | <b>2033F</b> | <b>2034F</b> | <b>2035F</b> | <b>2036F</b> |              |
| Advertising Revenue from Rapid Bus         | MYR Million        | 10.06        | 10.33        | 10.60        | 10.89        | 11.17        | 11.47        | 11.78        | 12.09        | 9.31         |              |
| Advertising Revenue from Billboard         | MYR Million        | 3.31         | 3.40         | 3.49         | 3.58         | 3.68         | 3.78         | 3.88         | 3.98         | 3.07         |              |
| Advertising Revenue from Digital Billboard | MYR Million        | 1.30         | 1.33         | 1.37         | 1.41         | 1.44         | 1.48         | 1.52         | 1.56         | 1.20         |              |
| Advertising Revenue from School bus        | MYR Million        | -            | -            | -            | -            | -            | -            | -            | -            | -            |              |
| Other Advertising Revenues                 | MYR Million        | -            | -            | -            | -            | -            | -            | -            | -            | -            |              |
| <b>Advertising Revenue</b>                 | <b>MYR Million</b> | <b>14.67</b> | <b>15.06</b> | <b>15.46</b> | <b>15.88</b> | <b>16.30</b> | <b>16.73</b> | <b>17.18</b> | <b>17.63</b> | <b>13.58</b> |              |

Remarks 1. Advertising revenue would only be accountable for 9 months in 2036, from 1<sup>st</sup> June 2035 to 1<sup>st</sup> March 2036 as per the concession termination period.

2. The above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the RBO accounting period ended 31<sup>st</sup> May)

**2. Production Revenue** The IFA projected RBO's production revenue at 29.50 percent of advertising revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) production revenue to advertising revenue.

**3. Lighting Revenue** The IFA projected RBO's lighting revenue at 2.22 percent of advertising revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) lighting revenue to advertising revenue.

**4. Other Revenues** The IFA projected RBO's other revenues at 0.39 percent of advertising revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) other revenues to service revenue.

Projected revenues are summarized below:

| <b>Assumptions</b>     | <b>Units</b>       | <b>2018F</b> | <b>2019F</b> | <b>2020F</b> | <b>2021F</b> | <b>2022F</b> | <b>2023F</b> | <b>2024F</b> | <b>2025F</b> | <b>2026F</b> | <b>2027F</b> |
|------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Advertising Revenue    | MYR Million        | 12.20        | 12.25        | 12.56        | 12.21        | 12.54        | 12.87        | 13.21        | 13.56        | 13.92        | 14.29        |
| Production Revenue     | MYR Million        | 3.60         | 3.61         | 3.70         | 3.60         | 3.70         | 3.80         | 3.90         | 4.00         | 4.11         | 4.22         |
| Lighting Revenue       | MYR Million        | 0.27         | 0.27         | 0.28         | 0.27         | 0.28         | 0.29         | 0.29         | 0.30         | 0.31         | 0.32         |
| <b>Service Revenue</b> | <b>MYR Million</b> | <b>16.08</b> | <b>16.14</b> | <b>16.54</b> | <b>16.08</b> | <b>16.51</b> | <b>16.95</b> | <b>17.40</b> | <b>17.86</b> | <b>18.34</b> | <b>18.83</b> |
| Other Revenues         | MYR Million        | 0.06         | 0.06         | 0.06         | 0.06         | 0.06         | 0.07         | 0.07         | 0.07         | 0.07         | 0.07         |
| <b>Total Revenue</b>   | <b>MYR Million</b> | <b>16.14</b> | <b>16.20</b> | <b>16.61</b> | <b>16.15</b> | <b>16.58</b> | <b>17.02</b> | <b>17.47</b> | <b>17.94</b> | <b>18.41</b> | <b>18.90</b> |
| <b>Assumptions</b>     | <b>Units</b>       | <b>2028F</b> | <b>2029F</b> | <b>2030F</b> | <b>2031F</b> | <b>2032F</b> | <b>2033F</b> | <b>2034F</b> | <b>2035F</b> | <b>2036F</b> |              |
| Advertising Revenue    | MYR Million        | 14.67        | 15.06        | 15.46        | 15.88        | 16.30        | 16.73        | 17.18        | 17.63        | 13.58        |              |
| Production Revenue     | MYR Million        | 4.33         | 4.44         | 4.56         | 4.68         | 4.81         | 4.94         | 5.07         | 5.20         | 4.01         |              |
| Lighting Revenue       | MYR Million        | 0.33         | 0.34         | 0.34         | 0.35         | 0.36         | 0.37         | 0.38         | 0.39         | 0.30         |              |
| <b>Service Revenue</b> | <b>MYR Million</b> | <b>19.33</b> | <b>19.84</b> | <b>20.37</b> | <b>20.91</b> | <b>21.47</b> | <b>22.04</b> | <b>22.63</b> | <b>23.23</b> | <b>17.88</b> |              |
| Other Revenues         | MYR Million        | 0.08         | 0.08         | 0.08         | 0.08         | 0.08         | 0.09         | 0.09         | 0.09         | 0.07         |              |
| <b>Total Revenue</b>   | <b>MYR Million</b> | <b>19.40</b> | <b>19.92</b> | <b>20.45</b> | <b>20.99</b> | <b>21.55</b> | <b>22.13</b> | <b>22.72</b> | <b>23.32</b> | <b>17.95</b> |              |

Remarks: above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the RBO accounting period ended 31<sup>st</sup> May)

**Assumptions on Cost**

1. **Concession Fee** The IFA projected the concession fee in accordance with the summary documents of the concession received from VGM’s executives, whereby the revenue share for the advertising revenue from rapid bus and digital billboard was at 50.00 percent of the advertising revenue. Revenue share for advertising revenue from billboard was the maximum of 35.00 percent of the advertising revenue or the minimum revenue share as mentioned in the agreement.

**Summary of Concession Fee**

| Assumptions                          | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
|--------------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Concession Fee for Rapid Bus         | MYR Million        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        | 6.75        |
| Concession Fee for Billboard         | MYR Million        | 1.00        | 1.00        | 1.00        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        | 0.41        |
| Concession Fee for Digital Billboard | MYR Million        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        | 0.30        |
| Concession Fee for School Bus        | MYR Million        | 0.60        | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Concession Fee</b>          | <b>MYR Million</b> | <b>8.65</b> | <b>8.05</b> | <b>8.05</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> |
| Assumptions                          | Units              | 2028F       | 2029F       | 2030F       | 2031F       | 2032F       | 2033F       | 2034F       | 2035F       | 2036F       |             |
| Concession Fee for Rapid Bus         | MYR Million        | 6.75        | 6.75        | 6.75        | 6.75        | 5.59        | 5.74        | 5.89        | 6.05        | 4.65        |             |
| Concession Fee for Billboard         | MYR Million        | 0.41        | 0.41        | 0.41        | 0.41        | 1.29        | 1.32        | 1.36        | 1.39        | 1.07        |             |
| Concession Fee for Digital Billboard | MYR Million        | 0.30        | 0.30        | 0.30        | 0.30        | 0.72        | 0.74        | 0.76        | 0.78        | 0.60        |             |
| Concession Fee for School Bus        | MYR Million        | -           | -           | -           | -           | -           | -           | -           | -           | -           |             |
| <b>Total Concession Fee</b>          | <b>MYR Million</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.46</b> | <b>7.60</b> | <b>7.80</b> | <b>8.01</b> | <b>8.22</b> | <b>7.46</b> |             |

Remarks: above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the RBO accounting period ended 31<sup>st</sup> May)

2. **Production Cost** The IFA projected production cost at 65.99 percent of production revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) production cost to production revenue.

**3. Lighting Cost** The IFA projected lighting cost at 56.25 percent of lighting revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) lighting cost to lighting revenue.

**4. License Fee** The IFA projected license fee at 1.82 percent of service revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) license fee to service revenue.

**5. Other Costs** The IFA projected other costs at 0.44 percent of service revenue throughout the projection, in accordance with the average historical 2-year (2016-2017) other costs to service revenue.

Projected costs are summarized below:

| Assumptions       | Units              | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
|-------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Concession Fee    | MYR Million        | 8.65         | 8.05         | 8.05         | 7.46         | 7.46         | 7.46         | 7.46         | 7.46         | 7.46         | 7.46         |
| Production Cost   | MYR Million        | 2.38         | 2.38         | 2.44         | 2.38         | 2.44         | 2.50         | 2.57         | 2.64         | 2.71         | 2.78         |
| Lighting Cost     | MYR Million        | 0.15         | 0.15         | 0.16         | 0.15         | 0.16         | 0.16         | 0.17         | 0.17         | 0.17         | 0.18         |
| License Fee       | MYR Million        | 0.29         | 0.29         | 0.30         | 0.29         | 0.30         | 0.31         | 0.32         | 0.33         | 0.33         | 0.34         |
| Other Costs       | MYR Million        | 0.07         | 0.07         | 0.07         | 0.07         | 0.07         | 0.07         | 0.08         | 0.08         | 0.08         | 0.08         |
| <b>Total Cost</b> | <b>MYR Million</b> | <b>11.55</b> | <b>10.96</b> | <b>11.03</b> | <b>10.36</b> | <b>10.43</b> | <b>10.51</b> | <b>10.59</b> | <b>10.68</b> | <b>10.76</b> | <b>10.85</b> |
| Assumptions       | Units              | 2028F        | 2029F        | 2030F        | 2031F        | 2032F        | 2033F        | 2034F        | 2035F        | 2036F        |              |
| Concession Fee    | MYR Million        | 7.46         | 7.46         | 7.46         | 7.46         | 7.60         | 7.80         | 8.01         | 8.22         | 7.46         |              |
| Production Cost   | MYR Million        | 2.86         | 2.93         | 3.01         | 3.09         | 3.17         | 3.26         | 3.34         | 3.43         | 2.64         |              |
| Lighting Cost     | MYR Million        | 0.18         | 0.19         | 0.19         | 0.20         | 0.20         | 0.21         | 0.21         | 0.22         | 0.17         |              |
| License Fee       | MYR Million        | 0.35         | 0.36         | 0.37         | 0.38         | 0.39         | 0.40         | 0.41         | 0.42         | 0.33         |              |
| Other Costs       | MYR Million        | 0.09         | 0.09         | 0.09         | 0.09         | 0.09         | 0.10         | 0.10         | 0.10         | 0.08         |              |
| <b>Total Cost</b> | <b>MYR Million</b> | <b>10.94</b> | <b>11.03</b> | <b>11.13</b> | <b>11.22</b> | <b>11.46</b> | <b>11.76</b> | <b>12.08</b> | <b>12.40</b> | <b>10.68</b> |              |

Remarks 1. Total cost would only be accountable for 9 months in 2036, from 1<sup>st</sup> June 2035 to 1<sup>st</sup> March 2036 as per the concession termination period.

2. Above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the RBO accounting period ended 31<sup>st</sup> May)

**Assumptions on Expenses**

1. **Selling Expenses** consist of commission expenses and marketing expenses. The IFA projected that the selling expenses were 3.17 percent of service revenue throughout the projection, in accordance with the 2-year (2016-2017) historical average selling expenses to service revenue.

2. **Administrative Expenses** consist of expenses connected to staff remuneration, executives' remuneration and other administrative expenses. The IFA projected that the growth rate was at 2.66 percent throughout the projection as per Malaysia's historical 3-year inflation rate. The administrative expenses on 2017 was MYR 0.88 million, in accordance with RBO's financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.

3. **Depreciation Expenses** The IFA projected RBO's depreciation expenses with reference to the projection from VGM's accounting team, given that the assumptions were aligned with the accounting policy of RBO, under 5-year straight-line depreciation method.

Projected expenses are summarized below:

| Assumptions             | Units              | 2018F       | 2019F       | 2020F       | 2021F       | 2022F       | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Selling Expenses        | MYR Million        | 0.51        | 0.51        | 0.52        | 0.51        | 0.52        | 0.54        | 0.55        | 0.57        | 0.58        | 0.60        |
| Administrative Expenses | MYR Million        | 0.90        | 0.93        | 0.95        | 0.98        | 1.00        | 1.03        | 1.06        | 1.08        | 1.11        | 1.14        |
| Depreciation Expenses   | MYR Million        | 0.85        | 1.65        | 1.65        | 1.65        | 1.65        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>2.26</b> | <b>3.09</b> | <b>3.12</b> | <b>3.13</b> | <b>3.17</b> | <b>2.36</b> | <b>2.41</b> | <b>2.45</b> | <b>2.49</b> | <b>2.54</b> |
| Assumptions             | Units              | 2028F       | 2029F       | 2030F       | 2031F       | 2032F       | 2033F       | 2034F       | 2035F       | 2036F       |             |
| Selling Expenses        | MYR Million        | 0.61        | 0.63        | 0.65        | 0.66        | 0.68        | 0.70        | 0.72        | 0.74        | 0.57        |             |
| Administrative Expenses | MYR Million        | 1.17        | 1.20        | 1.24        | 1.27        | 1.30        | 1.34        | 1.37        | 1.41        | 1.45        |             |
| Depreciation Expenses   | MYR Million        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        |             |
| <b>Total Expenses</b>   | <b>MYR Million</b> | <b>2.58</b> | <b>2.63</b> | <b>2.68</b> | <b>2.73</b> | <b>2.78</b> | <b>2.83</b> | <b>2.89</b> | <b>2.94</b> | <b>2.81</b> |             |

Remarks 1. Selling expenses and administrative expenses would only be accountable for 9 months in 2036, from 1<sup>st</sup> June 2035 to 1<sup>st</sup> March 2036 as per the concession termination period  
 2. Above projection is the projection for 1<sup>st</sup> June 2017 – 31<sup>st</sup> May 2027 (refer the RBO accounting period ended 31<sup>st</sup> May)

**Other Assumptions**

1. **Tax Expense** The IFA projected tax expenses at 24.00 percent throughout the entire projected period, in accordance with the corporate income tax of Malaysia.

2. **Working Capital** In projecting each type of working capital, the IFA referred to the average historical 2-year figure from RBO's financial statement as of 31st May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad. The IFA projected the debt collection period at 108 days, and payable payment period at 221 days.

3. **Capital Expenditure** Based on the projection from VGM's executives on the capital expenditure policies of RBO, the IFA projected RBO's investment in fixed asset and intangible asset on 2019 which RBO invested in advertisement production materials at MYR 4.00 million per year, and under assumptions that the capital expenditure would be invested every 5 years.

4. **Financial Expenses** The IFA projected the interest and financial debts at 8.42 percent per annum with reference to RBO's financial statement as at 31st May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad.

**Assumptions on Discount rate**

The discount rate is used to determine the current value of the project using Weighted Average Cost of Capital: WACC, with the following formula:

|             |          |   |
|-------------|----------|---|
| <b>WACC</b> | <b>=</b> | <b><math>(D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e</math></b> |
|-------------|----------|---|

Where:

|                |   |   |
|----------------|---|---|
| WACC           | = | Weighted Average Cost of Capital  |
| D              | = | Interests on financial debts as shown in audited RBO's financial statement as at 31 <sup>st</sup> May 2017 of MYR 0.80 million. |
| E              | = | RBO shareholders' equity as shown in audited RBO's financial statement as at 31 <sup>st</sup> May 2017 of MYR 1.05 million.     |
| K <sub>d</sub> | = | Financial costs of RBO's loan as at 31 <sup>st</sup> May 2017 of 8.42 percent.  |
| T              | = | Corporate income tax at 24.00 percent.  |
| K <sub>e</sub> | = | Expected rate of returns of the shareholders, obtained from CAPM formula of 11.05 percent, with details as follows:             |

|                      |          |  |
|----------------------|----------|--|
| <b>K<sub>e</sub></b> | <b>=</b> | <b><math>R_f + \beta(R_m - R_f)</math></b> |
|----------------------|----------|--|

Where:

|                                  |   |  |
|----------------------------------|---|--|
| K <sub>e</sub>                   | = | Expected rate of returns of the shareholders.  |
| Risk Free Rate (R <sub>f</sub> ) | = | Rate of return on risk-free investment, with reference to Malaysia's 20-year government bond rate of 4.90 percent. (source: Bloomberg as of 17 <sup>th</sup> May 2018)   |
| R <sub>m</sub>                   | = | Historical 25-year average daily returns of the Stock Exchange of Malaysia (1994-2018) of 8.63 percent. The chosen span period of time better reflects variations on the Stock Exchange than those of a shorter period. (source: Bloomberg)  |
| Beta (β)                         | = | Variations on average daily returns of the listed companies in Stock Exchange of Malaysia whom operate Out of Home Advertising : OOH Advertising similar to RBO, which are: <ol style="list-style-type: none"> <li>1) Asia Media Group Bhd. (AMGB)</li> <li>2) Media Prima Bhd. (MPR)</li> <li>3) Seni Jaya Corporation Bhd. (SENI)</li> </ol> And compared to 3-year historical returns of the Stock Exchange of Malaysia from 18 <sup>th</sup> May 2016 to 17 <sup>th</sup> May 2018. (Source: Bloomberg) The average unlevered beta of the above 3 companies is 1.042. The Beta (β <sub>L</sub> : Levered Beta) |



of RBO was derived at 1.649 times after adjusted the unlevered beta to RBO's cost structure with the DE ratio of 0.77 (The IFA referred D/E ratio information from latest audited RBO's financial statement as at 31<sup>st</sup> May 2017. The IFA did not use target D/E ratio since the D/E Ratio from RBO's financial statement was most appropriate).

The expected rate of returns of the shareholders ( $K_e$ ) was equivalent to 11.05 percent per year, after derived the formula using the above variables.

Substituting the variables in the formula to compute the expected rate of returns of the shareholders

$$\begin{aligned} K_e &= R_f + \beta(R_m - R_f) \\ &= 4.90\% + 1.649(8.63\% - 4.90\%) \\ &= 11.05\% \end{aligned}$$

Substituting the variables in the formula to compute the Weighted Average Cost of Capital

$$\begin{aligned} WACC &= (D/(D+E)) * K_d * (1-T) + (E/(D+E)) * K_e \\ &= 2.77\% + 6.26\% \\ &= 9.03\% \end{aligned}$$

#### **Assumptions on Terminal Value**

The IFA projected no terminal value for RBO since the main concession for this business will be terminated in March 2036 as per the RBO's concession period. Since this projection covers the entire concession period, and for the conservative basis, the IFA expected that RBO would not operate such business after the concession had been expired.

**Financial Projections**

| Units: MYR Million                            | 2018F        | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        | 2024F        | 2025F        | 2026F        | 2027F        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Revenue</b>                          | <b>16.14</b> | <b>16.20</b> | <b>16.61</b> | <b>16.15</b> | <b>16.58</b> | <b>17.02</b> | <b>17.47</b> | <b>17.94</b> | <b>18.41</b> | <b>18.90</b> |
| Total Cost                                    | 11.55        | 10.96        | 11.03        | 10.36        | 10.43        | 10.51        | 10.59        | 10.68        | 10.76        | 10.85        |
| Total Expenses                                | 2.26         | 3.09         | 3.12         | 3.13         | 3.17         | 2.36         | 2.41         | 2.45         | 2.49         | 2.54         |
| <b>Profit Before Interests and Income Tax</b> | <b>2.33</b>  | <b>2.16</b>  | <b>2.45</b>  | <b>2.66</b>  | <b>2.97</b>  | <b>4.14</b>  | <b>4.47</b>  | <b>4.81</b>  | <b>5.16</b>  | <b>5.51</b>  |
| Financial Costs                               | 0.11         | 0.06         | 0.01         | -            | -            | -            | -            | -            | -            | -            |
| <b>Profit Before Tax</b>                      | <b>2.22</b>  | <b>2.10</b>  | <b>2.44</b>  | <b>2.66</b>  | <b>2.97</b>  | <b>4.14</b>  | <b>4.47</b>  | <b>4.81</b>  | <b>5.16</b>  | <b>5.51</b>  |
| Income Tax                                    | 0.53         | 0.50         | 0.59         | 0.64         | 0.71         | 0.99         | 1.07         | 1.15         | 1.24         | 1.32         |
| <b>Net Profit (Loss)</b>                      | <b>1.69</b>  | <b>1.59</b>  | <b>1.86</b>  | <b>2.02</b>  | <b>2.26</b>  | <b>3.15</b>  | <b>3.40</b>  | <b>3.65</b>  | <b>3.92</b>  | <b>4.19</b>  |
| Units: MYR Million                            | 2028F        | 2029F        | 2030F        | 2031F        | 2032F        | 2033F        | 2034F        | 2035F        | 2036F        |              |
| <b>Total Revenue</b>                          | <b>19.40</b> | <b>19.92</b> | <b>20.45</b> | <b>20.99</b> | <b>21.55</b> | <b>22.13</b> | <b>22.72</b> | <b>23.32</b> | <b>23.94</b> |              |
| Total Cost                                    | 10.94        | 11.03        | 11.13        | 11.22        | 11.46        | 11.76        | 12.08        | 12.40        | 10.68        |              |
| Total Expenses                                | 2.58         | 2.63         | 2.68         | 2.73         | 2.78         | 2.83         | 2.89         | 2.94         | 2.81         |              |
| <b>Profit Before Interests and Income Tax</b> | <b>5.88</b>  | <b>6.26</b>  | <b>6.64</b>  | <b>7.04</b>  | <b>7.31</b>  | <b>7.53</b>  | <b>7.75</b>  | <b>7.98</b>  | <b>4.46</b>  |              |
| Financial Costs                               | -            | -            | -            | -            | -            | -            | -            | -            | -            |              |
| <b>Profit Before Tax</b>                      | <b>5.88</b>  | <b>6.26</b>  | <b>6.64</b>  | <b>7.04</b>  | <b>7.31</b>  | <b>7.53</b>  | <b>7.75</b>  | <b>7.98</b>  | <b>4.46</b>  |              |
| Income Tax                                    | 1.41         | 1.50         | 1.59         | 1.69         | 1.75         | 1.81         | 1.86         | 1.91         | 1.07         |              |
| <b>Net Profit (Loss)</b>                      | <b>4.47</b>  | <b>4.76</b>  | <b>5.05</b>  | <b>5.35</b>  | <b>5.56</b>  | <b>5.72</b>  | <b>5.89</b>  | <b>6.06</b>  | <b>3.39</b>  |              |

Remarks: Above projection is the projection for 1st June 2017 – 31st May 2027 (refer the RBO accounting period ended 31st May)

**Financial Projection (Cont'd)**

| Units: MYR Million                          | 2018F                    | 2019F         | 2020F       | 2021F       | 2022F       | 2023F       | 2024F       | 2025F       | 2026F       | 2027F       |
|---|--------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| NOPAT                                       | 1.77                     | 1.64          | 1.86        | 2.02        | 2.26        | 3.15        | 3.40        | 3.65        | 3.92        | 4.19        |
| + Depreciation                              | 0.85                     | 1.65          | 1.65        | 1.65        | 1.65        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        |
| - Investment Cost                           | -                        | (4.00)        | -           | -           | -           | -           | (4.00)      | -           | -           | -           |
| - Working Capital                           | (2.78)                   | (0.37)        | (0.08)      | (0.27)      | (0.08)      | (0.08)      | (0.09)      | (0.08)      | (0.09)      | (0.09)      |
| <b>RBO's Free Cash Flow</b>                 | <b>(0.16)</b>            | <b>(1.09)</b> | <b>3.43</b> | <b>3.40</b> | <b>3.83</b> | <b>3.86</b> | <b>0.11</b> | <b>4.37</b> | <b>4.63</b> | <b>4.90</b> |
| <b>RBO's Net Present Value of Cash Flow</b> | <b>(0.14)</b>            | <b>(0.91)</b> | <b>2.65</b> | <b>2.41</b> | <b>2.48</b> | <b>2.30</b> | <b>0.06</b> | <b>2.19</b> | <b>2.13</b> | <b>2.06</b> |
| Units: MYR Million                          | 2028F                    | 2029F         | 2030F       | 2031F       | 2032F       | 2033F       | 2034F       | 2035F       | 2036F       |             |
| NOPAT                                       | 4.47                     | 4.76          | 5.05        | 5.35        | 5.56        | 5.72        | 5.89        | 6.06        | 3.39        |             |
| + Depreciation                              | 0.80                     | 0.80          | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        | 0.80        |             |
| - Investment Cost                           | -                        | (4.00)        | -           | -           | -           | -           | (4.00)      | -           | -           |             |
| - Working Capital                           | (0.10)                   | (0.09)        | (0.10)      | (0.10)      | (0.02)      | 0.02        | 0.02        | 0.02        | 0.54        |             |
| <b>RBO's Free Cash Flow</b>                 | <b>5.17</b>              | <b>1.46</b>   | <b>5.75</b> | <b>6.05</b> | <b>6.33</b> | <b>6.54</b> | <b>2.71</b> | <b>6.88</b> | <b>4.73</b> |             |
| <b>RBO's Net Present Value of Cash Flow</b> | <b>2.00</b>              | <b>0.52</b>   | <b>1.87</b> | <b>1.80</b> | <b>1.73</b> | <b>1.64</b> | <b>0.62</b> | <b>1.45</b> | <b>0.91</b> |             |
|   |                          |               |             |             |             |             |             |             |             |             |
| <b>Value of RBO's Free Cash Flow</b>        | <b>MYR 27.75 Million</b> |               |             |             |             |             |             |             |             |             |

Remarks: Above projection is the projection for 1st June 2017 – 31st May 2027 (refer the RBO accounting period ended 31st May)

**RBO's Fair Value Calculation**

From the above details and assumptions, the RBO's fair value was calculated under Discounted Cash Flow Approach, with the details as follows:

|  | <b>Units: MYR Million</b> |
|--|---------------------------|
| Net present value of free cash flows of 2018 – 2036                      | 27.75                     |
| Net present value of terminal value                                      | -                         |
| Cash and cash equivalent as of 31 <sup>st</sup> May 2017                 | 0.51                      |
| <b>Total present value of cash flows before financial liabilities</b>    | <b>28.26</b>              |
| <b><u>Less</u></b> Financial Liabilities as of 31 <sup>st</sup> May 2017 | <b>(0.80)</b>             |
| <b>Fair Value of RBO's ordinary shares</b>                               | <b>27.46</b>              |

Remarks The IFA used information from financial statement for the year ended 31<sup>st</sup> May 2017 to adjust for the fair value of RBO's ordinary shares, since it was the latest audited financial statement which the IFA received from VGM.

According to the cash flow forecasted using assumptions and WACC as mentioned above, the net present value of cash flow is equivalent to MYR 27.75 Million, plus cash and cash equivalents as of 31<sup>st</sup> May 2017 of MYR 0.51 Million, thus, the net present value before financial liabilities is MYR 28.26 million. However, as of 31<sup>st</sup> May 2017, RBO reported financial liabilities of MYR 0.80 million, thus the fair value of RBO is then MYR 27.46 Million.

#### 5.4.5 Redberry Media Sdn. Bhd. (RMSB)

The IFA assessed RMSB under Book Value Approach given that RMSB was a holding company. Currently, RMSB holds 30.00 percent of paid-up capital of Tea FM Radio Sdn. Bhd. (“Tea FM”), and 50.00 percent of paid-up capital of Senandung Sonik Sdn. Bhd. (“Senandung Sonik”). Both companies operate the radio station under the concession covering the eastern part of Malaysia. After analysed latest financial statements of Tea FM and Senandung Sonik, the IFA found that both companies encountered operations loss and negative shareholders’ equity. Thus, the IFA viewed that Book Value Approach is most appropriate for RMSB valuation.

This method is computed by minusing all financial debts from RMSB’s assets. The IFA referred the information of RMSB’s assets and debts from RMSB’s financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, with details as follows:

|                                       | As at 31 <sup>st</sup> May 2017 | Unit       |
|---------------------------------------|---------------------------------|------------|
| <b>Total Asset of RMSB</b>            | <b>1,399,683</b>                | <b>MYR</b> |
| <u>Less</u> Total Debts               | (3,349,976)                     | MYR        |
| <u>Less</u> Non-Controlling Interests | -                               | MYR        |
| <b>Shareholders’ Equity of RMSB</b>   | <b>(1,950,293)</b>              | <b>MYR</b> |

Remarks The IFA used the information from RMSB’s financial statement as at 31<sup>st</sup> May 2017 to adjust for the fair value of RMSB shareholders’ equity, given that the this source is the latest audited financial statement received from VGM.

From Book Value Approach, RMSB’s book value is equivalent to a negative value of MYR (1.95) million. However, since shareholders will only accountable for the money invested in the company, thus, the IFA concluded that the fair value of shareholders’ equity of RMSB as of 31<sup>st</sup> May 2017 was MYR 0.00 or no value.

#### 5.4.6 Point Cast (M) Sdn. Bhd. (PCSB)

The IFA assessed PCSB under Book Value Approach given that PCSB had consecutively encountered operations loss and negative shareholders’ equity, thus, the IFA viewed that Book Value Approach is most appropriate for PCSB valuation.

This method is computed by minusing all financial debts from PCSB’s assets. The IFA referred the information of PCSB’s assets and debts from PCSB’s financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, with details as follows:

|                                       | As at 31 <sup>st</sup> May 2017 | Unit       |
|---------------------------------------|---------------------------------|------------|
| <b>Total Asset of PCSB</b>            | <b>1,064,890</b>                | <b>MYR</b> |
| <u>Less</u> Total Debts               | (6,012,667)                     | MYR        |
| <u>Less</u> Non-Controlling Interests | -                               | MYR        |
| <b>Shareholders’ Equity of PCSB</b>   | <b>(4,947,777)</b>              | <b>MYR</b> |

Remarks The IFA used the information from PCSB’s financial statement as at 31<sup>st</sup> May 2017 to adjust for the fair value of PCSB shareholders’ equity, given that the this source is the latest audited financial statement received from VGM.

From Book Value Approach, PCSB's book value is equivalent to a negative value of MYR (4.95) million. However, since shareholders will only be accountable for the money invested in the company, thus, the IFA concluded that the fair value of shareholders' equity of PCSB as of 31<sup>st</sup> May 2017 was MYR 0.00 or no value.

#### 5.4.7 Ten Plus Resources Sdn. Bhd. (TPSB)

The IFA assessed TPSB under Book Value Approach given that after the IFA analysed TPSB's financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, there was no operational revenue as of 31<sup>st</sup> May 2017. Further, since TPSB consecutively encountered operations loss and negative shareholders' equity, thus, the IFA viewed that Book Value Approach is most appropriate for TPSB valuation.

This method is computed by minusing all financial debts from TPSB's assets. The IFA referred the information of TPSB's assets and debts from TPSB's financial statement as at 31<sup>st</sup> May 2017, audited by BDO Company, Chartered Accountants based in Malaysia who is the auditor of a listed company in Malaysia, Ancom Berhad, with details as follows:

|                                       | As at 31 <sup>st</sup> May 2017 | Unit                     |
|---------------------------------------|---------------------------------|--------------------------|
| <b>Total Asset of TPSB</b>            | <b>2,081,287</b>                | <b>Malaysian Ringgit</b> |
| <u>Less</u> Total Debts               | <b>(2,121,835)</b>              | <b>Malaysian Ringgit</b> |
| <u>Less</u> Non-Controlling Interests | -                               | <b>Malaysian Ringgit</b> |
| <b>Shareholders' Equity of TPSB</b>   | <b>(40,548)</b>                 | <b>Malaysian Ringgit</b> |

Remarks The IFA used the information from TPSB's financial statement as at 31<sup>st</sup> May 2017 to adjust for the fair value of TPSB shareholders' equity, given that this source is the latest audited financial statement received from VGM.

From Book Value Approach, TPSB's book value is equivalent to a negative value of MYR (0.04) million. However, since shareholders will only be accountable for the money invested in the company, thus, the IFA concluded that the fair value of shareholders' equity of TPSB as of 31<sup>st</sup> May 2017 was MYR 0.00 or no value.

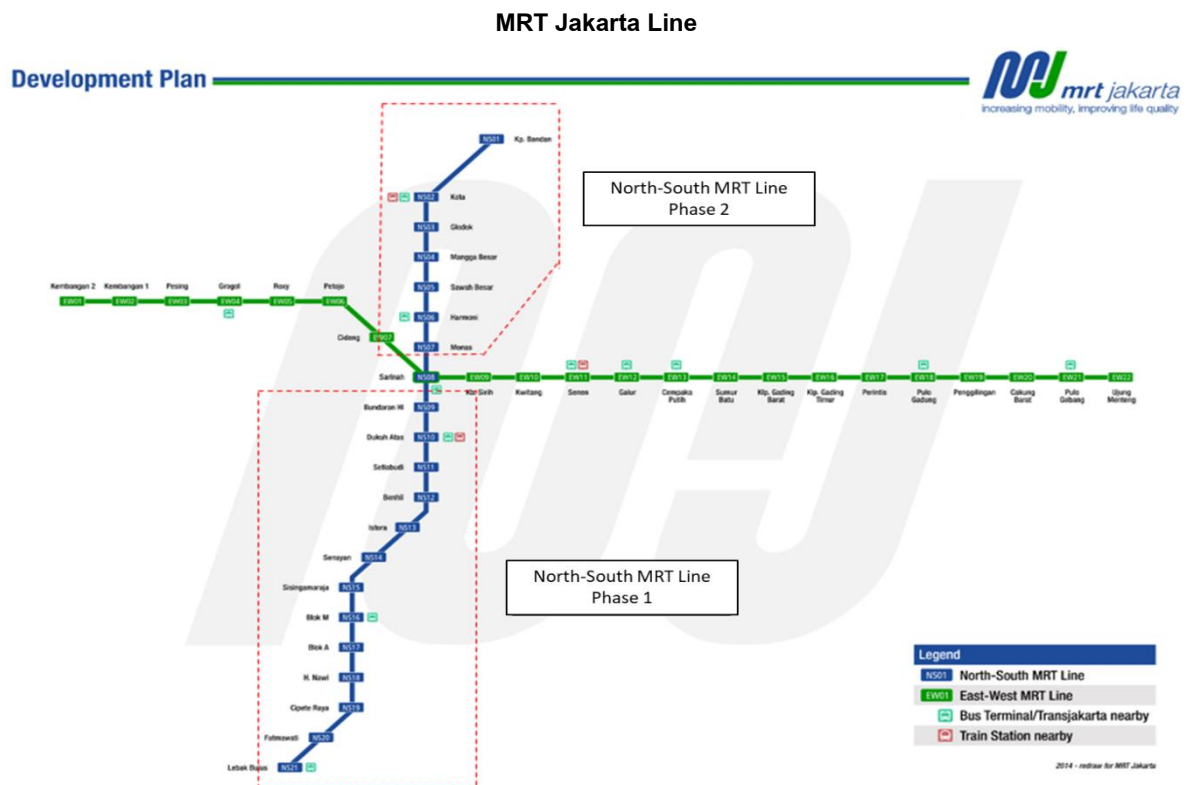
#### 5.4.8 Nova Berry Sdn. Bhd. (NBSB)

The IFA assessed NBSB under Book Value Approach given that NBSB was lately established on 12<sup>th</sup> February 2018 with registered capital of MYR 2.00. Based on interviews with VGM's executives, the IFA was being informed that NBSB had not yet operated the business with no financial statement at present. Thus, the IFA concluded that the fair value of shareholders' equity of NBSB as of 31<sup>st</sup> May 2017 was MYR 2.00.

#### 5.4.9 PT Avabanindo Pekasa (AVA)

The IFA assessed AVA under Discounted Cash Flow Approach which is an assessment that considers AVA's capacity to generate cash flow in the future by calculating the discounted free cash flow to firm that AVA expects to receive from its financial projections based on the weighted average cost of capital (WACC) in order to determine the current net value of AVA's fair value. The IFA has prepared AVA's financial projections for 1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2038 (with reference to AVA period ended 31<sup>st</sup> December) or for 21 years

projection in alignment to the concession from PT Mass Rapid Transit Jakarta (“MRTJ”). The concession is under terms for AVA to manage the advisement for Jakarta MRT Line which is the first new city line in Malaysia connected Lebak Bulus to Bundaran, covering for 13 stations. The concession is under 20-year term counting from the first MRT’s open date. This first city MRT line is expected to start the operation during the first quarter of 2019. The projection is under the assumption that there would not be any significant changes to AVA’s business operations, and under the current economic condition. The IFA has an opinion that the projection period under the above assumption is appropriate to cover the business cycle of AVA.



Source: the company

For this projection, the IFA has based the assumption from AVA’s financial statements as at 31<sup>st</sup> December 2017 provided by VGM, AVA’s financial projection based information from the auction in 2017, industry growth, investment plan, operational plan, and considering conditions of the industry as well as information from interviews of VGM’s executives and other relevant documents.

However, the IFA studied and analyzed the reliability and reasonableness of various assumptions obtained from interviews with VGM’s executives and adjusted certain assumptions to be in accordance with the conservative basis. Nevertheless, all financial projections were prepared under the assumptions that there would be no significant changes to AVA’s business operations. Should events arise to significantly affect AVA’s business operations, the fair value assessment of AVA shares would also be affected. The IFA’s assessment of AVA’s value is explained as follows:

**Assumptions on Revenue**

1. **Advertising Revenue** is the revenue of the advertisement in MRT Jakarta which is the first new MRT connected from Lebak Bulus to Bundaran, covering for 13 stations, with projected advertising revenue as follows:

- 1) **Total Advertising Rate** The IFA projected the advertising revenue of each station for the first year starting from the open date. The IFA based the information from the financial projection from AVA auction in 2017, whereby the projection listed advertisement details of each service in each station and train, with the below details:

| No. | Station | Station Name                            | Advertising Rate per Month of Each Station |
|-----|---------|---|--|
| 1   | NS09    | Bundaran                                | RUPEE 6,790.04 Million                     |
| 2   | NS10    | Dukuh Atas                              | RUPEE 4,602.57 Million                     |
| 3   | NS11    | Setiabudi                               | RUPEE 4,563.21 Million                     |
| 4   | NS12    | Bendungan Hilir                         | RUPEE 2,309.26 Million                     |
| 5   | NS13    | Istora                                  | RUPEE 4,064.29 Million                     |
| 6   | NS14    | Senayan                                 | RUPEE 5,278.35 Million                     |
| 7   | NS15    | Sisingamangaraja                        | RUPEE 2,907.01 Million                     |
| 8   | NS16    | Blok M                                  | RUPEE 4,000.60 Million                     |
| 9   | NS17    | Blok A                                  | RUPEE 2,419.29 Million                     |
| 10  | NS18    | Haji Naw                                | RUPEE 2,487.55 Million                     |
| 11  | NS19    | Cipete Raya                             | RUPEE 2,731.61 Million                     |
| 12  | NS20    | Fatmawati                               | RUPEE 2,882.19 Million                     |
| 13  | NS21    | Lebak Bulus                             | RUPEE 1,401.49 Million                     |
|     |         | <b>Advertising Rate for Non-Station</b> | <b>Total Advertising Rate</b>              |
| 14  |         | 6 Trains                                | RUPEE 20,161.96 Million                    |

Remarks The IFA referred number and name of the stations from [https://en.wikipedia.org/wiki/Jakarta\\_MRT](https://en.wikipedia.org/wiki/Jakarta_MRT)

- 2) **Advertising Growth Rate** The IFA projected that AVA would have advertising growth rate of 4.57 percent per annum throughout the projection, as per historical 3-year Indonesia's inflation rate. Under conservative basis, the projected rate is lower than those mentioned in AVA's financial projection used at the auction in 2017.
- 3) **Occupancy Rate** The IFA projected that the projected occupancy rates were 30.00 percent, 40.00 percent, 50.00 percent and 55.00 percent for year 1, year 2, year 3 and year 4, respectively. After year 5, the occupancy rate was projected at 60.00 percent throughout the projection.



**Summary of Advertising Revenue of AVA**

| <b>Assumptions</b>                | <b>Unit</b>          | <b>2019F</b>      | <b>2020F</b>      | <b>2021F</b>      | <b>2022F</b>      | <b>2023F</b>      | <b>2024F</b>      | <b>2025F</b>      | <b>2026F</b>      | <b>2027F</b>      | <b>2028F</b>      |
|-----------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Advertising Revenue from          |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Bundaran Station                | RUPEE Million        | 20,370.11         | 34,080.56         | 44,546.13         | 51,238.44         | 58,449.09         | 61,118.26         | 63,909.33         | 66,827.86         | 69,879.66         | 73,070.83         |
| - Dukuh Atas Station              | RUPEE Million        | 13,807.72         | 23,101.24         | 30,195.25         | 34,731.58         | 39,619.26         | 41,428.54         | 43,320.44         | 45,298.74         | 47,367.39         | 49,530.50         |
| - Setiabudi Station               | RUPEE Million        | 13,689.62         | 22,903.64         | 29,936.97         | 34,434.50         | 39,280.38         | 41,074.18         | 42,949.90         | 44,911.28         | 46,962.23         | 49,106.84         |
| - Bendungan Hilir Station         | RUPEE Million        | 6,927.79          | 11,590.65         | 15,149.95         | 17,425.98         | 19,878.29         | 20,786.06         | 21,735.29         | 22,727.87         | 23,765.78         | 24,851.08         |
| - Istora Station                  | RUPEE Million        | 12,192.88         | 20,399.50         | 26,663.85         | 30,669.64         | 34,985.70         | 36,583.38         | 38,254.02         | 40,000.95         | 41,827.66         | 43,737.79         |
| - Senayan Station                 | RUPEE Million        | 15,835.05         | 26,493.10         | 34,628.69         | 39,831.07         | 45,436.39         | 47,511.31         | 49,681.00         | 51,949.76         | 54,322.14         | 56,802.85         |
| - Sisingamangaraja Station        | RUPEE Million        | 8,721.03          | 14,590.86         | 19,071.47         | 21,936.64         | 25,023.72         | 26,166.47         | 27,361.41         | 28,610.91         | 29,917.48         | 31,283.71         |
| - Blok M Station                  | RUPEE Million        | 12,001.79         | 20,079.79         | 26,245.96         | 30,188.98         | 34,437.40         | 36,010.04         | 37,654.50         | 39,374.05         | 41,172.13         | 43,052.33         |
| - Blok A Station                  | RUPEE Million        | 7,257.88          | 12,142.91         | 15,871.80         | 18,256.27         | 20,825.43         | 21,776.46         | 22,770.92         | 23,810.79         | 24,898.15         | 26,035.16         |
| - Haji Nawi Station               | RUPEE Million        | 7,462.65          | 12,485.50         | 16,319.59         | 18,771.34         | 21,412.98         | 22,390.84         | 23,413.36         | 24,482.57         | 25,600.60         | 26,769.70         |
| - Cipete Raya Station             | RUPEE Million        | 8,194.83          | 13,710.49         | 17,920.75         | 20,613.05         | 23,513.87         | 24,587.67         | 25,710.50         | 26,884.62         | 28,112.35         | 29,396.14         |
| - Fatmawati Station               | RUPEE Million        | 8,646.58          | 14,466.30         | 18,908.66         | 21,749.38         | 24,810.11         | 25,943.10         | 27,127.84         | 28,366.67         | 29,662.08         | 31,016.65         |
| - Lebak Bulus Station             | RUPEE Million        | 4,204.47          | 7,034.36          | 9,194.50          | 10,575.82         | 12,064.12         | 12,615.05         | 13,191.14         | 13,793.53         | 14,423.44         | 15,082.11         |
| - 6 Trains                        | RUPEE Million        | 60,485.88         | 101,196.91        | 132,272.80        | 152,144.58        | 173,555.47        | 181,481.17        | 189,768.82        | 198,434.92        | 207,496.79        | 216,972.47        |
| <b>Advertising Revenue of AVA</b> | <b>RUPEE Million</b> | <b>199,798.27</b> | <b>334,275.83</b> | <b>436,926.37</b> | <b>502,567.27</b> | <b>573,292.20</b> | <b>599,472.54</b> | <b>626,848.45</b> | <b>655,474.53</b> | <b>685,407.87</b> | <b>716,708.16</b> |
| <b>Assumptions</b>                | <b>Unit</b>          | <b>2029F</b>      | <b>2030F</b>      | <b>2031F</b>      | <b>2032F</b>      | <b>2033F</b>      | <b>2034F</b>      | <b>2035F</b>      | <b>2036F</b>      | <b>2037F</b>      | <b>2038F</b>      |
| Advertising Revenue from          |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| - Bundaran Station                | RUPEE Million        | 76,407.74         | 79,897.02         | 83,545.65         | 87,360.90         | 91,350.39         | 95,522.05         | 99,884.23         | 104,445.61        | 109,215.29        | 19,033.80         |
| - Dukuh Atas Station              | RUPEE Million        | 51,792.39         | 54,157.58         | 56,630.77         | 59,216.91         | 61,921.15         | 64,748.88         | 67,705.75         | 70,797.64         | 74,030.74         | 12,901.91         |
| - Setiabudi Station               | RUPEE Million        | 51,349.38         | 53,694.34         | 56,146.38         | 58,710.40         | 61,391.50         | 64,195.05         | 67,126.62         | 70,192.07         | 73,397.51         | 12,791.55         |

Opinion of the Independent Financial Advisor on Assets Acquisition and Connected Transaction

|                                   |                      |                   |                   |                   |                   |                   |                   |                   |                     |                     |                   |
|-----------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|
| - Bendungan Hilir Station         | RUPEE Million        | 25,985.95         | 27,172.64         | 28,413.52         | 29,711.07         | 31,067.88         | 32,486.65         | 33,970.20         | 35,521.51           | 37,143.66           | 6,473.31          |
| - Istora Station                  | RUPEE Million        | 45,735.15         | 47,823.73         | 50,007.68         | 52,291.36         | 54,679.33         | 57,176.35         | 59,787.41         | 62,517.70           | 65,372.67           | 11,393.00         |
| - Senayan Station                 | RUPEE Million        | 59,396.84         | 62,109.30         | 64,945.62         | 67,911.47         | 71,012.76         | 74,255.68         | 77,646.69         | 81,192.56           | 84,900.35           | 14,796.24         |
| - Sisingamangaraja Station        | RUPEE Million        | 32,712.33         | 34,206.20         | 35,768.28         | 37,401.70         | 39,109.71         | 40,895.72         | 42,763.29         | 44,716.15           | 46,758.18           | 8,148.91          |
| - Blok M Station                  | RUPEE Million        | 45,018.38         | 47,074.22         | 49,223.95         | 51,471.84         | 53,822.39         | 56,280.28         | 58,850.41         | 61,537.91           | 64,348.14           | 11,214.45         |
| - Blok A Station                  | RUPEE Million        | 27,224.10         | 28,467.34         | 29,767.34         | 31,126.72         | 32,548.17         | 34,034.54         | 35,588.78         | 37,214.00           | 38,913.44           | 6,781.75          |
| - Haji Nawir Station              | RUPEE Million        | 27,992.18         | 29,270.49         | 30,607.17         | 32,004.90         | 33,466.46         | 34,994.76         | 36,592.85         | 38,263.93           | 40,011.31           | 6,973.08          |
| - Cipete Raya Station             | RUPEE Million        | 30,738.57         | 32,142.29         | 33,610.13         | 35,144.99         | 36,749.94         | 38,428.19         | 40,183.08         | 42,018.11           | 43,936.93           | 7,657.23          |
| - Fatmawati Station               | RUPEE Million        | 32,433.08         | 33,914.19         | 35,462.94         | 37,082.41         | 38,775.84         | 40,546.61         | 42,398.23         | 44,334.42           | 46,359.03           | 8,079.35          |
| - Lebak Bulus Station             | RUPEE Million        | 15,770.86         | 16,491.06         | 17,244.15         | 18,031.63         | 18,855.08         | 19,716.13         | 20,616.50         | 21,557.98           | 22,542.46           | 3,928.65          |
| - 6 Trains                        | RUPEE Million        | 226,880.88        | 237,241.78        | 248,075.82        | 259,404.61        | 271,250.76        | 283,637.87        | 296,590.67        | 310,134.98          | 324,297.81          | 56,517.90         |
| <b>Advertising Revenue of AVA</b> | <b>RUPEE Million</b> | <b>749,437.83</b> | <b>783,662.16</b> | <b>819,449.40</b> | <b>856,870.92</b> | <b>896,001.36</b> | <b>936,918.76</b> | <b>979,704.72</b> | <b>1,024,444.56</b> | <b>1,071,227.53</b> | <b>186,691.15</b> |

Remarks 1. Advertising revenue of AVA of 2038F was only computed for 2 months, from 1st January 2038 to 28th February 2038, as per the concession termination.

2. The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

**Assumptions of Cost**

1. **Concession Fee** The IFA referred the concession fee projections of AVA's advertising service at the maximum of 20.00 percent of the advertising revenue or the minimum fee mentioned in the agreement.
2. **Material Cost** The IFA projected growth rate of material cost at 6.00 percent throughout the projection, in accordance with the AVA's financial projection used for the auction in 2017. After the IFA compared the rate against average historical 3-year inflation of 4.57 percent per annum, the assumptions were viewed as appropriate.
3. **Electricity Cost** The IFA projected that the electricity cost for AVA is RUPEE 250.00 million per station, and RUPEE 250.00 million for the advertisement on 6 trains, in accordance with the AVA's financial projection used for the auction in 2017. The electricity cost was projected to grow at a rate of 4.57 percent per annum throughout the projection as per historical 3-year Indonesia's inflation rate.
4. **Advertising Tax** The IFA projected that the advertising tax rate was 12.50 percent of advertising revenue, based on the interview from VGM's executives and the AVA's financial projection used for the auction in 2017.

Projected costs are summarized below:

| Assumptions       | Unit                 | 2019F             | 2020F             | 2021F             | 2022F             | 2023F             | 2024F             | 2025F             | 2026F             | 2027F             | 2028F             |
|-------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Concession Fee    | RUPEE Million        | 39,959.65         | 66,855.17         | 87,385.27         | 100,513.45        | 114,658.44        | 119,894.51        | 125,369.69        | 131,094.91        | 137,081.57        | 143,341.63        |
| Material Cost     | RUPEE Million        | 36,229.12         | 38,402.87         | 40,707.04         | 43,149.46         | 45,738.43         | 48,482.73         | 51,391.70         | 54,475.20         | 57,743.71         | 61,208.34         |
| Electricity Cost  | RUPEE Million        | 3,500.00          | 3,659.83          | 3,826.97          | 4,001.73          | 4,184.48          | 4,375.57          | 4,575.38          | 4,784.33          | 5,002.81          | 5,231.27          |
| Advertising Tax   | RUPEE Million        | 24,974.78         | 41,784.48         | 54,615.80         | 62,820.91         | 71,661.52         | 74,934.07         | 78,356.06         | 81,934.32         | 85,675.98         | 89,588.52         |
| <b>Total Cost</b> | <b>RUPEE Million</b> | <b>104,663.56</b> | <b>150,702.35</b> | <b>186,535.08</b> | <b>210,485.56</b> | <b>236,242.87</b> | <b>247,686.88</b> | <b>259,692.83</b> | <b>272,288.75</b> | <b>285,504.08</b> | <b>299,369.76</b> |
| Assumptions       | Unit                 | 2029F             | 2030F             | 2031F             | 2032F             | 2033F             | 2034F             | 2035F             | 2036F             | 2037F             | 2038F             |
| Concession Fee    | RUPEE Million        | 149,887.57        | 156,732.43        | 163,889.88        | 171,374.18        | 179,200.27        | 187,383.75        | 195,940.94        | 204,888.91        | 214,245.51        | 37,338.23         |
| Material Cost     | RUPEE Million        | 64,880.84         | 68,773.69         | 72,900.11         | 77,274.11         | 81,910.56         | 86,825.19         | 92,034.71         | 97,556.79         | 103,410.20        | 109,614.81        |
| Electricity Cost  | RUPEE Million        | 5,470.17          | 5,719.97          | 5,981.18          | 6,254.33          | 6,539.94          | 6,838.60          | 7,150.89          | 7,477.45          | 7,818.92          | 8,175.98          |
| Advertising Tax   | RUPEE Million        | 93,679.73         | 97,957.77         | 102,431.18        | 107,108.87        | 112,000.17        | 117,114.84        | 122,463.09        | 128,055.57        | 133,903.44        | 23,336.39         |
| <b>Total Cost</b> | <b>RUPEE Million</b> | <b>313,918.30</b> | <b>329,183.86</b> | <b>345,202.35</b> | <b>362,011.49</b> | <b>379,650.94</b> | <b>398,162.39</b> | <b>417,589.63</b> | <b>437,978.72</b> | <b>459,378.06</b> | <b>178,465.42</b> |

**Remarks** 1. Cost of AVA of 2038F was only computed for 2 months, from 1st January 2038 to 28th February 2038, as per the concession termination.

2. The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

**Assumptions on Expenses**

1. **Selling Expenses** consist of commission expenses, entertainment expense and marketing expenses. The IFA projected that the selling expenses were 4.00 percent of advertising revenue throughout the projection, with reference to AVA's financial projection used at the auction in 2017.

2. **Administrative Expenses** consist of 1) general expenses on staff remuneration and executives' remuneration 2) maintenance expenses 3) coordination expenses 4) insurance expenses and 5) internet expenses, with the projection details as follows:

1) **General Expenses** The IFA projected general expenses at 3.00 percent of advertising revenue throughout the projection, with reference to AVA's financial projection used for the auction in 2017.

2) **Maintenance Expenses** The IFA projected maintenance expenses at 5.00 percent of advertising revenue throughout the projection, with reference to AVA's financial projection used for the auction in 2017.

3) **Coordination Expenses** The IFA projected coordination expenses at 3.00 percent of advertising revenue throughout the projection, with reference to AVA's financial projection used for the auction in 2017.

4) **Insurance Expenses** The IFA projected insurance expenses at 3.00 percent of advertising revenue throughout the projection, with reference to AVA's financial projection used for the auction in 2017.

5) **Internet Expenses** The IFA projected internet expenses at the station at RUPEE 6.00 million per station per month, and RUPEE 6.00 million per month for the internet expenses on trains, with reference to AVA's financial projection used for the auction in 2017. Growth rate of internet expenses was 4.57 percent per annum throughout the projections, in accordance with the average historical 3-year Indonesia's inflation rate.

Projected selling and administrative expenses are summarized below:

| Assumptions                    | Unit                 | 2019F             | 2020F             | 2021F             | 2022F             | 2023F             | 2024F             | 2025F             | 2026F             | 2027F             | 2028F             |
|--------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Selling Expenses</b>        | <b>RUPEE Million</b> | <b>7,991.93</b>   | <b>13,371.03</b>  | <b>17,477.05</b>  | <b>20,102.69</b>  | <b>22,931.69</b>  | <b>23,978.90</b>  | <b>25,073.94</b>  | <b>26,218.98</b>  | <b>27,416.31</b>  | <b>28,668.33</b>  |
| <b>Administrative Expenses</b> | <b>RUPEE Million</b> | <b>28,811.76</b>  | <b>47,852.65</b>  | <b>62,271.86</b>  | <b>71,511.92</b>  | <b>81,466.04</b>  | <b>85,186.32</b>  | <b>89,076.49</b>  | <b>93,144.32</b>  | <b>97,397.91</b>  | <b>101,845.75</b> |
| - General Expenses             | RUPEE Million        | 5,993.95          | 10,028.27         | 13,107.79         | 15,077.02         | 17,198.77         | 17,984.18         | 18,805.45         | 19,664.24         | 20,562.24         | 21,501.24         |
| - Maintenance Expenses         | RUPEE Million        | 9,989.91          | 16,713.79         | 21,846.32         | 25,128.36         | 28,664.61         | 29,973.63         | 31,342.42         | 32,773.73         | 34,270.39         | 35,835.41         |
| - Coordination Expenses        | RUPEE Million        | 5,993.95          | 10,028.27         | 13,107.79         | 15,077.02         | 17,198.77         | 17,984.18         | 18,805.45         | 19,664.24         | 20,562.24         | 21,501.24         |
| - Insurance Expenses           | RUPEE Million        | 5,993.95          | 10,028.27         | 13,107.79         | 15,077.02         | 17,198.77         | 17,984.18         | 18,805.45         | 19,664.24         | 20,562.24         | 21,501.24         |
| - Internet Expenses            | RUPEE Million        | 840.00            | 1,054.03          | 1,102.17          | 1,152.50          | 1,205.13          | 1,260.16          | 1,317.71          | 1,377.89          | 1,440.81          | 1,506.61          |
| Assumptions                    | Unit                 | 2029F             | 2030F             | 2031F             | 2032F             | 2033F             | 2034F             | 2035F             | 2036F             | 2037F             | 2038F             |
| <b>Selling Expenses</b>        | <b>RUPEE Million</b> | <b>29,977.51</b>  | <b>31,346.49</b>  | <b>32,777.98</b>  | <b>34,274.84</b>  | <b>35,840.05</b>  | <b>37,476.75</b>  | <b>39,188.19</b>  | <b>40,977.78</b>  | <b>42,849.10</b>  | <b>7,467.65</b>   |
| <b>Administrative Expenses</b> | <b>RUPEE Million</b> | <b>106,496.71</b> | <b>111,360.05</b> | <b>116,445.50</b> | <b>121,763.18</b> | <b>127,323.69</b> | <b>133,138.14</b> | <b>139,218.12</b> | <b>145,575.74</b> | <b>152,223.70</b> | <b>26,529.21</b>  |
| - General Expenses             | RUPEE Million        | 22,483.14         | 23,509.86         | 24,583.48         | 25,706.13         | 26,880.04         | 28,107.56         | 29,391.14         | 30,733.34         | 32,136.83         | 5,600.73          |
| - Maintenance Expenses         | RUPEE Million        | 37,471.89         | 39,183.11         | 40,972.47         | 42,843.55         | 44,800.07         | 46,845.94         | 48,985.24         | 51,222.23         | 53,561.38         | 9,334.56          |
| - Coordination Expenses        | RUPEE Million        | 22,483.14         | 23,509.86         | 24,583.48         | 25,706.13         | 26,880.04         | 28,107.56         | 29,391.14         | 30,733.34         | 32,136.83         | 5,600.73          |
| - Insurance Expenses           | RUPEE Million        | 22,483.14         | 23,509.86         | 24,583.48         | 25,706.13         | 26,880.04         | 28,107.56         | 29,391.14         | 30,733.34         | 32,136.83         | 5,600.73          |
| - Internet Expenses            | RUPEE Million        | 1,575.41          | 1,647.35          | 1,722.58          | 1,801.25          | 1,883.50          | 1,969.52          | 2,059.46          | 2,153.51          | 2,251.85          | 392.45            |

Remarks 1. Selling and administrative expenses for 2038F was only computed for 2 months, from 1st January 2038 to 28th February 2038, as per the concession termination.

2. The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

**3. Depreciation Expenses** The IFA projected AVA's depreciation expenses with reference to AVA's financial projection used for the auction in 2017 and from the interviews of VGM's executives.

Projected expenses are summarized below:

| Assumptions             | Unit                 | 2019F             | 2020F             | 2021F             | 2022F             | 2023F             | 2024F             | 2025F             | 2026F             | 2027F             | 2028F             |
|-------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Selling Expenses        | RUPEE Million        | 7,991.93          | 13,371.03         | 17,477.05         | 20,102.69         | 22,931.69         | 23,978.90         | 25,073.94         | 26,218.98         | 27,416.31         | 28,668.33         |
| Administrative Expenses | RUPEE Million        | 28,811.76         | 47,852.65         | 62,271.86         | 71,511.92         | 81,466.04         | 85,186.32         | 89,076.49         | 93,144.32         | 97,397.91         | 101,845.75        |
| Depreciation Expenses   | RUPEE Million        | 22,707.30         | 22,707.30         | 22,707.30         | 22,707.30         | 22,707.30         | 14,192.06         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         |
| <b>Total Expenses</b>   | <b>RUPEE Million</b> | <b>59,510.99</b>  | <b>83,930.99</b>  | <b>102,456.22</b> | <b>114,321.91</b> | <b>127,105.03</b> | <b>123,357.29</b> | <b>142,534.56</b> | <b>147,747.43</b> | <b>153,198.36</b> | <b>158,898.21</b> |
| Assumptions             | Unit                 | 2029F             | 2030F             | 2031F             | 2032F             | 2033F             | 2034F             | 2035F             | 2036F             | 2037F             | 2038F             |
| Selling Expenses        | RUPEE Million        | 29,977.51         | 31,346.49         | 32,777.98         | 34,274.84         | 35,840.05         | 37,476.75         | 39,188.19         | 40,977.78         | 42,849.10         | 7,467.65          |
| Administrative Expenses | RUPEE Million        | 106,496.71        | 111,360.05        | 116,445.50        | 121,763.18        | 127,323.69        | 133,138.14        | 139,218.12        | 145,575.74        | 152,223.70        | 26,529.21         |
| Depreciation Expenses   | RUPEE Million        | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         |
| <b>Total Expenses</b>   | <b>RUPEE Million</b> | <b>164,858.35</b> | <b>171,090.67</b> | <b>177,607.60</b> | <b>184,422.14</b> | <b>191,547.88</b> | <b>198,999.02</b> | <b>206,790.43</b> | <b>214,937.66</b> | <b>223,456.93</b> | <b>62,380.98</b>  |

Remarks: The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

#### Other Assumptions

- Tax Expenses** The IFA projected tax expenses at 25.00 percent throughout the entire projected period, in accordance with the corporate income tax of Indonesia.
- Working Capital** Based on the interviews from VGM's executives, the IFA projected the debt collection period at 90 days, and payable payment period at 45 days for each service.
- Capital Expenditure** Based on the projections from VGM's executives on the capital expenditure, the IFA projected that there was no investment in fixed asset and intangible asset for AVA.
- Financial Expenses** The IFA projected that there were no financial expenses throughout the projected period, given that AVA did not borrow source of funds from any institution for the operations, with reference to the information from AVA's financial statement as at 31<sup>st</sup> December 2017 prepared by AVA's accounting team which the IFA received from VGM, and based on the AVA's financial projection used for the auction in 2017 as well as from the interviews of VGM's executives.

**Assumptions on Discount Rate**

Discount rate used to compute net present value of AVA was the Cost of Equity, since AVA did not borrow funds from the operations throughout the projections with reference to the information from AVA’s financial statement as at 31<sup>st</sup> December 2017 prepared by AVA’s accounting team which the IFA received from VGM, and based on the AVA’s financial projection used for the auction in 2017 as well as from the interviews of VGM’s executives. Details of the formula are as follows:

|  |
|--|
| $K_e = R_f + \beta(R_m - R_f) + \text{Country Risk Premium}$ |
|--|

Where:

- $K_e$  = Expected rate of returns of the shareholders.
- $R_f$  = Risk Free Rate (R<sub>f</sub>) = Rate of return on risk-free investment, with reference to Indonesia’s 20-year government bond rate of 7.73 percent. (source: Bloomberg as of 17<sup>th</sup> May 2018)
- $R_m$  = Historical 25-year average daily returns of the Stock Exchange of Malaysia (1994-2018) of 21.35 percent. The chosen span period of time better reflects variations on the Stock Exchange than those of a shorter period. (source: Bloomberg)
- Country Risk Premium = Given that all 3 credit rating agencies give a lower credit rating for Indonesia than those of Malaysia, thus, the IFA minused Malaysia’s risk free rate of 4.90 percent from Indonesia’s risk free rate of 7.73 percent, with reference to Indonesia’s 20-year government bond rate as at 17<sup>th</sup> May 2018 (source: Bloomberg). The country risk premium from the above assumptions was 2.83. The rate was used to adjust to the expected rate of returns in order to reflect the investment risk in Indonesia for the VGM and PBSM who based in Malaysia.

| Credit Rating Agencies    | Credit Rating for Indonesia | Credit Rating for Malaysia |
|---------------------------|-----------------------------|----------------------------|
| Standard and Poor’s (S&P) | BBB-                        | A-                         |
| Moody’s                   | Baa2                        | A3                         |
| Fitch Rating              | BBB                         | A-                         |

Source : <http://www.tradingeconomics.com/country-list/rating>

- $\beta$  = Variations on average daily returns of the listed companies in Stock Exchange of Indonesia whom operate similar media and advertisement business as AVA, which are PT Mahaka Media Tbk and PT Global Mediacom Tbk, and compared to 3-year historical returns of the Stock Exchange of Indonesia from 18th

May 2016 to 17th May 2018. (Source: Bloomberg) The average unlevered beta of the above 2 companies were 0.365. The Beta ( $\beta_L$ : Levered Beta) of AVA was derived at 0.365 times with the DE ratio of 0.00.

The expected rate of returns of the shareholders ( $K_e$ ) was equivalent to 15.53 percent per year, after derived the formula using the above variables.

Substituting the variables in the formula to compute the expected rate of returns of the shareholders

$$\begin{aligned} K_e &= R_f + \beta (R_m - R_f) + \text{Country Risk Premium} \\ &= 7.73\% + 0.365 (21.35\% - 7.73\%) + 2.83\% \\ &= 15.53\% \end{aligned}$$

### **Assumptions on Terminal Value**

The IFA projected no terminal value for AVA since the main concession for this business will be terminated in 2038 as per the AVA's concession period. Since this projection covers the entire concession period, and for the conservative basis, the IFA expected that AVA would not operate such business after the concession had been expired.



**Financial Projections**

| Unit: RUPEE Million                           | 2019F             | 2020F             | 2021F             | 2022F             | 2023F             | 2024F             | 2025F             | 2026F               | 2027F               | 2028F              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|--------------------|
| <b>Advertising Revenue</b>                    | <b>199,798.27</b> | <b>334,275.83</b> | <b>436,926.37</b> | <b>502,567.27</b> | <b>573,292.20</b> | <b>599,472.54</b> | <b>626,848.45</b> | <b>655,474.53</b>   | <b>685,407.87</b>   | <b>716,708.16</b>  |
| Total Cost                                    | 104,663.56        | 150,702.35        | 186,535.08        | 210,485.56        | 236,242.87        | 247,686.88        | 259,692.83        | 272,288.75          | 285,504.08          | 299,369.76         |
| Total Expenses                                | 59,510.99         | 83,930.99         | 102,456.22        | 114,321.91        | 127,105.03        | 123,357.29        | 142,534.56        | 147,747.43          | 153,198.36          | 158,898.21         |
| <b>Profit Before Interests and Income Tax</b> | <b>35,623.72</b>  | <b>99,642.50</b>  | <b>147,935.08</b> | <b>177,759.81</b> | <b>209,944.30</b> | <b>228,428.38</b> | <b>224,621.06</b> | <b>235,438.35</b>   | <b>246,705.43</b>   | <b>258,440.20</b>  |
| Financial Costs                               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                  |
| <b>Profit Before Tax</b>                      | <b>35,623.72</b>  | <b>99,642.50</b>  | <b>147,935.08</b> | <b>177,759.81</b> | <b>209,944.30</b> | <b>228,428.38</b> | <b>224,621.06</b> | <b>235,438.35</b>   | <b>246,705.43</b>   | <b>258,440.20</b>  |
| Income Tax                                    | 8,905.93          | 24,910.63         | 36,983.77         | 44,439.95         | 52,486.07         | 57,107.09         | 56,155.27         | 58,859.59           | 61,676.36           | 64,610.05          |
| <b>Net Profit (Loss)</b>                      | <b>26,717.79</b>  | <b>74,731.88</b>  | <b>110,951.31</b> | <b>133,319.86</b> | <b>157,458.22</b> | <b>171,321.28</b> | <b>168,465.80</b> | <b>176,578.76</b>   | <b>185,029.07</b>   | <b>193,830.15</b>  |
| Unit: RUPEE Million                           | 2029F             | 2030F             | 2031F             | 2032F             | 2033F             | 2034F             | 2035F             | 2036F               | 2037F               | 2038F              |
| <b>Advertising Revenue</b>                    | <b>749,437.83</b> | <b>783,662.16</b> | <b>819,449.40</b> | <b>856,870.92</b> | <b>896,001.36</b> | <b>936,918.76</b> | <b>979,704.72</b> | <b>1,024,444.56</b> | <b>1,071,227.53</b> | <b>186,691.15</b>  |
| Total Cost                                    | 313,918.30        | 329,183.86        | 345,202.35        | 362,011.49        | 379,650.94        | 398,162.39        | 417,589.63        | 437,978.72          | 459,378.06          | 178,465.42         |
| Total Expenses                                | 164,858.35        | 171,090.67        | 177,607.60        | 184,422.14        | 191,547.88        | 198,999.02        | 206,790.43        | 214,937.66          | 223,456.93          | 62,380.98          |
| <b>Profit Before Interests and Income Tax</b> | <b>270,661.19</b> | <b>283,387.63</b> | <b>296,639.45</b> | <b>310,437.29</b> | <b>324,802.54</b> | <b>339,757.35</b> | <b>355,324.65</b> | <b>371,528.19</b>   | <b>388,392.53</b>   | <b>(54,155.25)</b> |
| Financial Costs                               | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                  |
| <b>Profit Before Tax</b>                      | <b>270,661.19</b> | <b>283,387.63</b> | <b>296,639.45</b> | <b>310,437.29</b> | <b>324,802.54</b> | <b>339,757.35</b> | <b>355,324.65</b> | <b>371,528.19</b>   | <b>388,392.53</b>   | <b>(54,155.25)</b> |
| Income Tax                                    | 67,665.30         | 70,846.91         | 74,159.86         | 77,609.32         | 81,200.64         | 84,939.34         | 88,831.16         | 92,882.05           | 97,098.13           | -                  |
| <b>Net Profit (Loss)</b>                      | <b>202,995.89</b> | <b>212,540.72</b> | <b>222,479.59</b> | <b>232,827.97</b> | <b>243,601.91</b> | <b>254,818.01</b> | <b>266,493.49</b> | <b>278,646.14</b>   | <b>291,294.40</b>   | <b>(54,155.25)</b> |

Remarks: The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

**Financial Projections (continue)**

| Unit: RUPEE Million                         | 2018F                           | 2019F             | 2020F             | 2021F             | 2022F             | 2023F             | 2024F             | 2025F             | 2026F             | 2027F             | 2028F             |
|---|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NOPAT                                       |                                 | 26,717.79         | 74,731.88         | 110,951.31        | 133,319.86        | 157,458.22        | 171,321.28        | 168,465.80        | 176,578.76        | 185,029.07        | 193,830.15        |
| + Depreciation                              |                                 | 22,707.30         | 22,707.30         | 22,707.30         | 22,707.30         | 22,707.30         | 14,192.06         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         |
| - Investment Cost                           | (113,536.52)                    | -                 | -                 | -                 | -                 | -                 | (88,012.13)       | -                 | -                 | -                 | -                 |
| - Working Capital                           |                                 | (24,975.31)       | (27,482.84)       | (20,661.83)       | (13,464.15)       | (14,263.46)       | (5,044.52)        | (4,935.21)        | (5,840.40)        | (5,751.54)        | (6,008.41)        |
| <b>AVA's Free Cash Flow</b>                 | <b>(113,536.52)</b>             | <b>24,449.79</b>  | <b>69,956.34</b>  | <b>112,996.78</b> | <b>142,563.01</b> | <b>165,902.07</b> | <b>92,456.69</b>  | <b>191,914.72</b> | <b>199,122.50</b> | <b>207,661.67</b> | <b>216,205.86</b> |
| <b>AVA's Net Present Value of Cash Flow</b> | <b>(98,271.56)</b>              | <b>18,317.22</b>  | <b>45,363.23</b>  | <b>63,421.31</b>  | <b>69,257.73</b>  | <b>69,759.84</b>  | <b>33,649.94</b>  | <b>60,456.99</b>  | <b>54,293.88</b>  | <b>49,009.37</b>  | <b>44,165.44</b>  |
| Unit: RUPEE Million                         | 2029F                           | 2030F             | 2031F             | 2032F             | 2033F             | 2034F             | 2035F             | 2036F             | 2037F             | 2038F             |                   |
| NOPAT                                       | 202,995.89                      | 212,540.72        | 222,479.59        | 232,827.97        | 243,601.91        | 254,818.01        | 266,493.49        | 278,646.14        | 291,294.40        | (40,616.44)       |                   |
| + Depreciation                              | 28,384.13                       | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         | 28,384.13         |                   |
| - Investment Cost                           | (97,170.90)                     | -                 | -                 | -                 | -                 | (107,285.46)      | -                 | -                 | -                 | -                 |                   |
| - Working Capital                           | (5,877.52)                      | (6,955.97)        | (6,849.37)        | (7,154.86)        | (6,998.12)        | (8,282.74)        | (8,154.82)        | (8,518.02)        | (8,330.30)        | 182,904.85        |                   |
| <b>AVA's Free Cash Flow</b>                 | <b>128,331.60</b>               | <b>233,968.88</b> | <b>244,014.35</b> | <b>254,057.23</b> | <b>264,987.91</b> | <b>167,633.94</b> | <b>286,722.79</b> | <b>298,512.25</b> | <b>311,348.23</b> | <b>170,672.54</b> |                   |
| <b>AVA's Net Present Value of Cash Flow</b> | <b>22,690.34</b>                | <b>35,806.16</b>  | <b>32,322.68</b>  | <b>29,128.34</b>  | <b>26,296.78</b>  | <b>14,398.95</b>  | <b>21,316.86</b>  | <b>19,209.48</b>  | <b>17,341.71</b>  | <b>8,228.14</b>   |                   |
|   |                                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Value of AVA's Free Cash Flow</b>        | <b>Rupee 636,162.83 Million</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |

Remarks: The above projection is the projection for 1<sup>st</sup> January 2019 – 31<sup>st</sup> December 2038 (refer the AVA accounting period ended 31<sup>st</sup> December)

**AVA's Fair Value Calculation**

From the above details and assumptions, the AVA's fair value was calculated under Discounted Cash Flow Approach, with the details as follows:

|  | <b>Units: RUPEE Million</b> |
|--|-----------------------------|
| Net present value of free cash flows of 2018 – 2038                    | 636,162.83                  |
| Net present value of terminal value                                    | -                           |
| Cash and cash equivalent as of 31 <sup>st</sup> December 2017          | 4,806.55                    |
| <b>Total present value of cash flows before financial liabilities</b>  | <b>640,969.37</b>           |
| <b>Less</b> Financial Liabilities as of 31 <sup>st</sup> December 2017 | -                           |
| <b>Fair Value of AVA's ordinary shares</b>                             | <b>640,969.37</b>           |

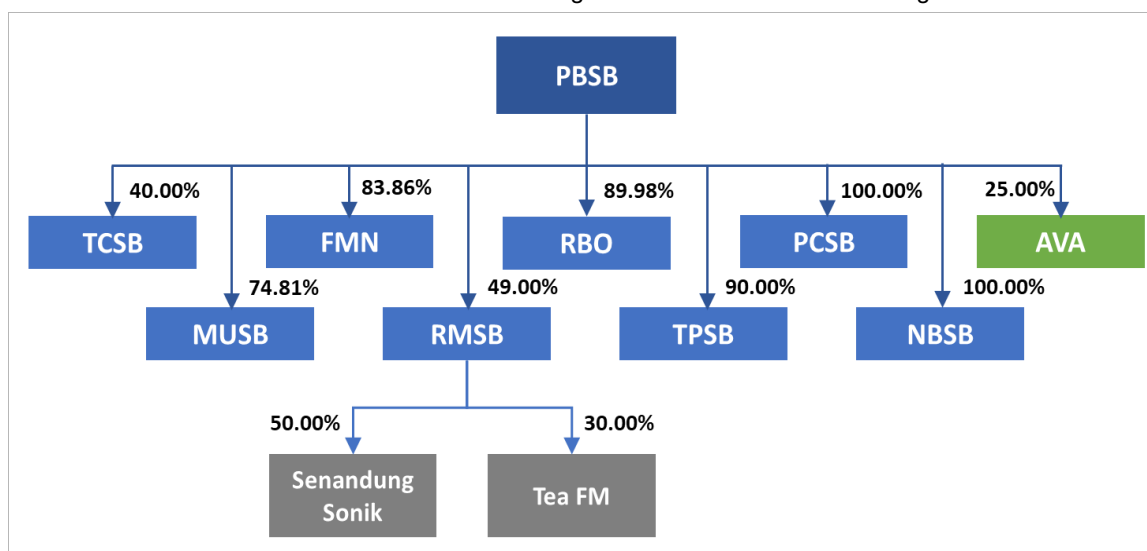
Remarks The IFA based the information on AVA's financial statement as at 31<sup>st</sup> December 2017 prepared by AVA's accounting team, which provided by VGM to adjust for the AVA's fair value computation, given that it was the latest financial statement received from VGM.

According to the cash flow forecasted using assumptions and Cost of Equity as mentioned above, the net present value of cash flow is equivalent to RUPEE 636,162.83 Million, plus cash and cash equivalents as of 31<sup>st</sup> December 2017 of RUPEE 4,806.55 Million, thus, the net present value before financial liabilities is RUPEE 640,969.37 million. However, as of 31<sup>st</sup> December 2017, AVA reported no financial liabilities, thus the fair value of AVA is then RUPEE 640,969.37 Million.

#### 5.4.10 Puncak Berlian Sdn. Bhd. (PBSB)

The IFA assessed PBSB under Sum of the Parts Approach : SOTP which is an assessment to each of the PBSB's subsidiary located both in Malaysia and Indonesia which the IFA already assessed for the fair value as indicated in 5.4.1 – 5.4.9. The IFA, then, multiplied the shares proportions on each subsidiary that PBSB invested in to the calculated fair value in order to reflect the true intrinsic value of shareholders' equity of PBSB who is operating as a holding company. The calculations are summarized as follows:

Table on PBSB's shareholding structure after the restructuring



Source : The Company

#### Fair Value of PBSB's Subsidiaries

| No. | Company                         | Symbol | Fair Value of Shareholders' Equity | Fair Value of Shareholders' Equity (Million Baht) |
|-----|---------------------------------|--------|------------------------------------|---|
| 1   | Titanium Compass Sdn. Bhd.      | TCSB   | MYR 17.50 Million                  | 141.13  |
| 2   | Meru Utama Sdn. Bhd.            | MUSB   | MYR 23.77 Million                  | 191.70  |
| 3   | Focus Media (Network) Sdn. Bhd. | FMN    | MYR 29.69 Million                  | 239.45  |
| 4   | Redberry Outdoor Sdn. Bhd.      | RBO    | MYR 27.46 Million                  | 221.48  |
| 5   | Redberry Media Sdn. Bhd.        | RMSB   | MYR 0 or No Value                  | -   |
| 6   | Point Cast (M) Sdn. Bhd.        | PCSB   | MYR 0 or No Value                  | -   |
| 7   | Ten Plus Resources Sdn. Bhd.    | TPSB   | MYR 0 or No Value                  | -   |
| 8   | Nova Berry Sdn. Bhd.            | NBSB   | MYR 2                              | 0.00  |
| 9   | PT Avabanindo Pekasa            | AVA    | RUPEE 640,969.37 Million           | 1,648.70  |

**Remarks** The IFA referred MYR exchange rate from Bank of Thailand for the average 1-year historical exchange rate from May 2017 to April 2018 of THB 8.0653 per MYR, and RUPEE exchange rate from Bank of Thailand for the average 1-year historical exchange rate from May 2017 to April 2018 of THB 0.0026 per RUPEE.

**PBSB's Fair Value Calculation**

From the above details and assumptions, the fair value of PBSB's subsidiaries was calculated under Sum of the parts Approach : SOTP, with the details as follows:

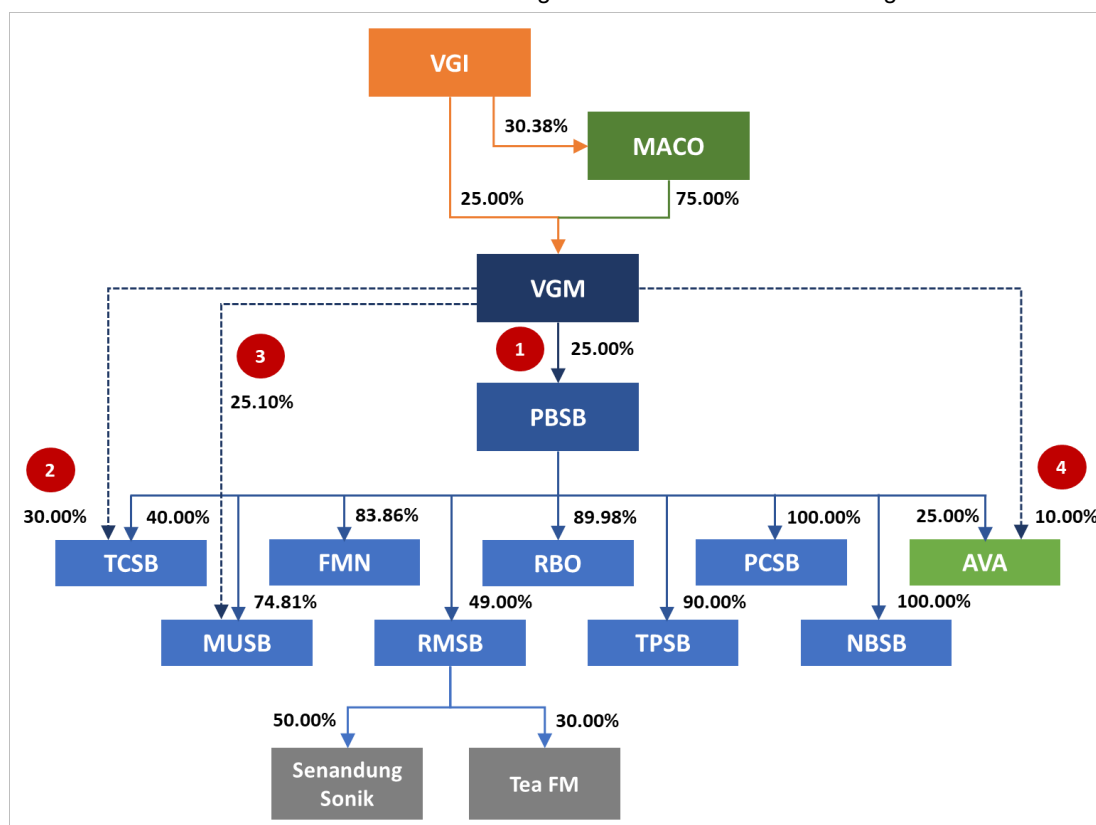
| No.                     | Subsidiaries | Fair Value of Shareholders' Equity (Million Baht) | PBSB's Shares Proportion | Fair Value of Shareholders' Equity of PBSB (Million Baht) |
|-------------------------|--------------|---|--------------------------|---|
| 1                       | TCSB         | 141.13  | 40.00%                   | 56.45   |
| 2                       | MUSB         | 191.70  | 74.81%                   | 143.41  |
| 3                       | FMN          | 239.45  | 83.86%                   | 200.80  |
| 4                       | RBO          | 221.48  | 89.98%                   | 199.29  |
| 5                       | RMSB         | -   | 49.00%                   | -   |
| 6                       | PCSB         | -   | 100.00%                  | -   |
| 7                       | TPSB         | -   | 90.00%                   | -   |
| 8                       | NBSB         | 0.00  | 100.00%                  | 0.00  |
| 9                       | AVA          | 1,648.70  | 25.00%                   | 412.18  |
| <b>Total PBSB Value</b> |              |   |                          | <b>1,012.12</b>   |

From the above calculation, by multiplying the fair value of shareholders' equity of each of the subsidiary of PBSB to PBSB's shares proportion, thus, the shareholders' equity of PBSB is 1,012.12 million baht.

**5.4.11 VGI Global Media (Malaysia) Sdn. Bhd. (VGM)**

The IFA assessed VGM under Sum of the Parts Approach : SOTP which is an assessment to each of the VGM’s subsidiary located both in Malaysia and Indonesia which the IFA already assessed for the fair value as indicated in 5.4.1 – 5.4.10. The IFA, then, multiplied the shares proportions on each subsidiary that VGM invested in to the calculated fair value in order to reflect the true intrinsic value of shareholders’ equity of VGM who is operating as a holding company. The calculations are summarized as follows:

Table on VGM’s shareholding structure after the restructuring



Source : The company

Fair Value of Shareholders’ Equity of VGM’s subsidiaries

| No. | Company                    | Symbol | Fair Value of Shareholders’ Equity<br>(Million Baht) |
|-----|----------------------------|--------|--|
| 1   | Puncak Berlian Sdn. Bhd.   | PBSB   | 1,012.12   |
| 2   | Titanium Compass Sdn. Bhd. | TCSB   | 141.13   |
| 3   | Meru Utama Sdn. Bhd.       | MUSB   | 191.70   |
| 4   | PT Avabanindo Pekasa       | AVA    | 1,648.70   |

Remarks The IFA used the result from the calculation derived from 5.4.10 part 5 page 74-75 to compute the fair value of shareholders’ equity of VGM’s subsidiaries.

**VGM's Fair Value Calculation**

From the above details and assumptions, the fair value of VGM's subsidiaries was calculated under Sum of the parts Approach : SOTP, with the details as follows:

| No. | Subsidiaries | Fair Value of Shareholders' Equity (Million Baht) | VGM's Shares Proportion | Fair Value of Shareholders' Equity of VGM (Million Baht) |
|-----|--------------|---|-------------------------|--|
| 1   | PBSB         | 1,012.12  | 25.00%                  | 253.03   |
| 2   | TCSB         | 141.13  | 30.00%                  | 42.34  |
| 3   | MUSB         | 191.70  | 25.10%                  | 48.12  |
| 4   | AVA          | 1,648.70  | 10.00%                  | 164.87   |
|     |              |   | <b>Total VGM Value</b>  | <b>508.35</b>  |

From the above calculation, by multiplying the fair value of shareholders' equity of each of the subsidiary of VGM to VGM's shares proportion, thus, the shareholders' equity of VGM is 508.35 million baht. After multiplying the 75.00 percent of VGM's paid-up capital, **the after-restructuring fair value of shareholder equities of VGM in accordance with the investment proportion of the company is 381.27 million baht.**

#### 5.4.12 Sensitivity Analysis

The accuracy of the fair value valuation of VGM's ordinary shares depends on appropriateness and the accuracy of assumptions used in the financial projection, a business plan, and the company's management policy in the future under current economy and circumstances. Therefore, if there are any circumstances that cause any changes in economy, natural environment and government policies, the financial projection which was projected under the above assumptions might be differed significantly. Further, fair value of VGM's ordinary share which also got impacted.

Since there are several factors which could affect the fair value valuation of VGM's ordinary shares after the restructuring in accordance with the investment proportion of the company, the IFA thus perform sensitivity analysis of the fair value to study the impact of any changing factors. The IFA then studied and analyzed the impact of the fair value caused by changes of 2 main factors which are Weighted Average Cost of Capital (WACC) and advertising growth rate of each subsidiary who was valuated based on Discounted Cash Flow Approach. The conclusion of sensitivity analysis on the fair value of VGM's ordinary share shares after the restructuring in accordance with the investment proportion of the company was summarized below:

#### Summary of Sensitivity Analysis on the Fair Value of VGM's ordinary share shares after the restructuring in accordance with the investment proportion of the company

(Unit : Million Baht)

| Weighted Average Cost of Capital<br>(WACC) | Growth of Advertising Rate |               |               |               |         |
|--|----------------------------|---------------|---------------|---------------|---------|
|  | - 1.00%                    | - 0.50%       | Base case     | + 0.50%       | + 1.00% |
| WACC + 1.0%                                | 306.48                     | 328.82        | 351.59        | 374.77        | 398.44  |
| WACC + 0.5%                                | 319.00                     | <b>342.30</b> | <b>366.06</b> | <b>390.23</b> | 414.93  |
| WACC                                       | 332.15                     | <b>356.47</b> | <b>381.27</b> | <b>406.50</b> | 432.29  |
| WACC - 0.5%                                | 345.97                     | <b>371.38</b> | <b>397.27</b> | <b>423.63</b> | 450.56  |
| WACC - 1.0%                                | 360.50                     | 387.05        | 414.11        | 441.66        | 469.82  |

Remarks: The IFA used 0.50% range for the sensitivity analysis in order to shorten the wide range of the variations of the VGM's fair value of shareholders' equity after the restructuring.

According to the sensitivity analysis on the fair value of VGM's ordinary share shares after the restructuring in accordance with the investment proportion of the company, after projected changes of weighted average cost of capital (WACC) and changes of advertising growth rate of each subsidiary who was valuated based on Discounted Cash Flow Approach, **the fair value of VGM's ordinary shares after the restructuring in accordance with the investment proportion of the company were at ranges between 342.30 – 423.63 million baht with base case value of 381.27 million baht.**



## 5.5 Conclusion of the Valuation

Below table is the summarized of the computed fair value of shareholders' equity of VGM after the restructuring in accordance with the investment proportion of the company:

| Valuation Approach                | Fair value of shareholders' equity of VGM after the restructuring in accordance with the investment proportion of the company (Million Baht) |
|-----------------------------------|--|
| Book Value Approach               | 162.97   |
| Adjusted Book Value Approach      | 162.97   |
| Market Comparable Approach - P/E  | N/A  |
| Market Comparable Approach - P/BV | 109.01 - 133.57  |
| Sum of the Parts Approach         | 342.30 – 423.63  |

In conclusion, the IFA has an opinion that the fair value of VGM's ordinary share after the restructuring in accordance with the investment proportion of the company calculated under Sum of the Parts : SOTP approach is most appropriate, since this approach reflects the best fair value of shareholders' equity of VGM and also considers the future cash flow generation ability of each VGM's subsidiary.

Whereby the calculations under Book Value Approach and Adjusted Book Value Approach were to indicate the book value of VGM at a point of time without taking into the consideration of future operations and growth of VGM. Moreover, drafted audited consolidated financial statement referred for the valuation was not the financial statement that truly reflects the company's structure after the restructuring from this investment, thus, the IFA viewed that these 2 approaches were not appropriate to use for fair value valuation of VGM after the restructuring as per the investment proportions.

On the other hands, market comparable approach which referred historical information without taking into consideration of VGM and its subsidiaries' performance and future growth as well as drafted audited consolidated financial statement referred for the valuation was not the financial statement that truly reflects the company's structure after the restructuring from this investment, thus, the IFA viewed that the approaches might not be appropriate to use for fair value valuation of VGM after the restructuring as per the investment proportions.

Thus, the IFA concluded that Sum of the Parts Approach would be used to compute VGM's fair value after the restructuring as per the investment proportions, with the **value between 342.30-423.63 million baht.**

However, the fair value of VGM after the restructuring as per the investment proportions depends on the historical information received from VGM as previously mentioned. Accuracy of the financial projection depends on accuracy and the appropriateness of assumptions applied in the financial projections. The IFA has reviewed all assumptions used for the projection under prudential basis and as per the professional ethics, in order to ensure the appropriateness and the possibilities of assumptions used. However, shareholders may also consider to refer other valuation approaches to compute the fair value as well.

**Remarks:** After VGM entered into the transaction, there might be expenses occurred from the TCSB's shares transfer of 30.00 percent or 300,000 shares whereby 19% of the shares are currently held by VGI, and 11% of PBSB at par value of MYR 1 or MYR 300,000. (PBSB holds 11 percent shares instead of VGM under Declaration Trust between VGI and PBSB since the shares could not yet be transferred due to the limitations on the concession which needs the resolution from the shareholders.)

## **Section 6: Summary of the Opinion of Independence Financial Advisor**

As the Board of Directors' Meeting No. 6/2018 of Master Ad Public Company Limited (the "Company" or "MACO") held on 17 May 2018, resolved to approve the acquisition of 75 percent of shares in VGI Global Media (Malaysia) Sdn. Bhd ("VGM"), at the purchasing price of 360,000,000 Baht from VGI Global Media Public Company Limited ("VGI"), a major shareholder of the Company (the "VGM Share Acquisition Transaction") and to propose the same at the general meeting of shareholders for consideration and approval.

By considering related information e.g. conditions for entering the Transaction, advantage and disadvantage of entering the Transaction, risk from entering the Transaction as well as appropriateness of acquisition of 75 percent shares of VGM, the IFA's opinion can be summarized as follows:

After study the related information e.g., condition of entering into the transaction benefit and disadvantage of entering into the transaction including the appropriateness of acquired price of VGM's ordinary share for 75.00% shares, the IFA summarizes the opinion as following;

### **Benefit of entering into the transaction**

1. Increase the diversity of the Out-of-Home Media category of the Company.
2. Expansion of the company's business to the region
3. Enhance the Company's capability to generate revenue in the future
4. Diversify Company Risk
5. Create new knowledge in doing business abroad with various media types
6. Create alliance and presence of the company abroad
7. Eliminate conflict of interest with the Company's major shareholders

### **Disadvantages of entering into the transaction**

1. The Company has a risk in investing in newly established companies.
2. The Company is exposed to the risk of doing business abroad.
3. The Company has limited power to control.
4. The Company is required to raise funds for the purchase of VGM's shares.

### **Risk from entering into the transaction**

1. Risk from operating results and returns is not as expected.
2. Risk of delays in operation of MRT in Indonesia
3. Risks on renewal of the concession in the future
4. Risk from lack of power to control
5. Risks from exchange rate fluctuation
6. Risk from not being able to raise enough capital fund

**Appropriateness of the Transaction price**

For the appropriateness of the Transaction price, the IFA has appraised fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company with various approaches with details as follows:

| Valuation Approach                | Fair value of shareholders' equity of VGM after the restructuring in accordance with the investment proportion of the company (Million Baht) |
|-----------------------------------|--|
| Book Value Approach               | 162.97   |
| Adjusted Book Value Approach      | 162.97   |
| Market Comparable Approach - P/E  | N/A  |
| Market Comparable Approach - P/BV | 109.01 - 133.57  |
| Sum of the Parts Approach         | 342.30 – 423.63  |

In conclusion, the IFA opine that fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company appraised by Sum of the Sections approach is the most appropriateness as such approach is only approach that best reflect fair value of VGM's shareholders' equity after the restructuring. In addition, such approach also accounts for ability to generate future cashflow of each VGM's subsidiaries. The fair value of VGM's shareholders' equity after the restructuring according to the portion to be acquired by the Company appraised by Sum of the Sections approach **is between 342.30 – 423.63 million baht.**

From aforesaid reason, the IFA opines that the acquisition of ordinary shares of VGM at 75.00 percent of VGM's total shares with transaction price of totaling 360,000,000 Baht from VGI is **appropriate in perspective of transaction price** and thus opine that the Company's shareholders **should approve the Transaction.** However, the shareholders should consider reasonableness and risks in which the IFA has mentioned in the IFA report. The IFA's opinion based on the assumption that information, document, draft information and document as well as interview with management and relevant person is true, complete, reasonable, accurate, and reliable. The IFA opines that the assumption used in preparing the financial projection is reasonableness; however, those assumptions is based on industry circumstance and information in the study period. As such, the IFA cannot responsible for result of financial projection in this IFA Report which may be change in future and affect the IFA's opinion.

In consideration of approve or not to approve acquisition of 75 percent of shares in VGM, at the purchasing price of 360,000,000 baht from VGI who is connected person pursuant to the Notification on Connected Transaction, the Company shareholders can consider information reason and opinion of various issues as the IFA mention in this report. However, the final decision is depended on the Company's shareholders discretion.

Silom Advisory Company Limited, as the independent financial advisor of the Company, hereby certified that the IFA has considered and studied the information with caution and reason in compliance with the professional standards and has given the opinion based on reasonableness and fair analysis, in concern of benefit of the Company's shareholders.

Best Regards,

.....  
(Mr. Pitak Kittiakrastien)  
Managing Director and Supervisor  
Silom Advisory Company Limited

**Attachment 1: Information of Master Ad Public Company Limited**

**1. General information**

|                                  |   |  |
|----------------------------------|---|--|
| Company name                     | : | Master Ad Public Company Limited   |
| Registration Date                | : | 5 April 1995   |
| Registered Number                | : | 0107546000113  |
| Head office location             | : | 1 4-6 Fl. Soi Lat Phrao 19 Lat Phrao Rd. Chom Pon,<br>Chatuchak, Bangkok 10900   |
| Authorized share capital         | : | 409,521,187.5 Baht (As of 31 March 2018)<br>Ordinary shares of 4,095,211,875 shares at par value 0.10<br>Baht per share  |
| Issued and paid-up share capital | : | 343,891,036.60 Baht (As of 31 March 2018)<br>Ordinary shares of 3,438,910,366 shares at par value 0.10<br>Baht per share |
| Type of Business                 | : | Advertising services, media and printing   |

**2. General business information**

Master Ad Public Company Limited (“MACO”) has effectively connected brands and product’s owners to their target customer with variety of media services. MACO continues to develop products and services and build the attractive advertising network in order to provide the Out of Home media end-to-end solution for advertisers. Currently, MACO provide the full media service with the combination of static and digital media format at over 2,000 locations, presenting in all provinces of Thailand. Products and services of MACO can be divided into 5 categories which are

- 1) Billboards : The Company is considered as one of the first pioneer in initiating billboard business in Thailand. At the present, MACO offers various billboard formats to different customer’s needs, comprising of 1) Large-format Billboards, 2) Nationwide Billboards, 3) PTT Posters (Billboard in PTT Jiffy gas station) with a total billboards of over 1,229 panels.
- 2) Street Furniture : Street Furniture became a very attractive media for brands and product’s owners since it enabled them to conduct advertising campaigns in the heart of the city. Likewise, Street Furniture is one of the outstanding media format in MACO’s portfolio because of its location that installed primarily in city centre locations along with major commuting routes where pedestrians and traffic congestion reached their peak. MACO Street Furniture contracts include Street Furniture under BTS stations and Bangkok’s flyovers. For BTS skytrain network, MACO was granted the exclusive rights from Bangkok Mass Transit System Public Company Limited (BTSC) to install and manage 188 advertising panels under 23 BTS station. For Bangkok’s flyovers, MACO was granted the rights from the Bangkok Metropolitan Administration (BMA) to manage 306 advertising panels under 19 flyovers across Bangkok.
- 3) Digital Media : A key trend in the media landscape is the increasing proliferation of digital media. The growth of digital media is supported by its flexibility and scalability for advertisers to deliver messages to a target audience. Through its flexibility, advertisers can easily and quickly deploy marketing

- campaigns, reaching a broader scope of audience compared to static media. In order to sustain competitive edge, the Company has started to introduce digital media into our product portfolio. Digital media of the Company comprises of 1) CBD LED Network (Digital Billboard) and 2) Aroy Aroy Network
- 4) Oversea Media : MACO has expanded its media footprint in Malaysia market with strong local partnership to establish a joint venture company, namely Eyeball Channel Sdn. Bhd. (“Eyeball Channel”). Eyeball Channel is focusing OOH media business in Malaysia whose network is located in major highway, main road that connects airport and Kuala Lumpur city centre, and important places that enable to reach audience effectively.
- 5) Oversea Media : MACO has expanded its media footprint in Malaysia market with strong local partnership to establish a joint venture company, namely Eyeball Channel Sdn. Bhd. (“Eyeball Channel”). Eyeball Channel is focusing OOH media business in Malaysia whose network is located in major highway, main road that connects airport and Kuala Lumpur city centre, and important places that enable to reach audience effectively.

### 3. Board of Directors

Board of Directors as of 31 May 2018 are as follow:

| No. | Name                        | Position   |
|-----|-----------------------------|--|
| 1.  | Mr. Mana Jantanayingyong    | Chairman of the Board  |
| 2.  | Mr. Mana Jantanayingyong    | Chairman of the Executive Committee, Chief Executive Committee, and Director |
| 3.  | Mr. Chaiyasit Puvapiromquan | Director   |
| 4.  | Mr. Surachet Sangchayosawat | Director   |
| 5.  | Mr. Chavin Kalayanamitr     | Director   |
| 6.  | Miss Daranee Phanklin       | Director   |
| 7.  | Mr. Paisal Tarasansombat    | Chairman of Audit Committee and Independent Director                         |
| 8.  | Mr. Paisal Tarasansombat    | Audit Committee and Independent Director                                     |
| 9.  | Mr. Chalush Chinthammit     | Audit Committee and Independent Director                                     |

Source : www.set.or.th

### 4. Shareholder Structure

Top 10 Shareholders as of 31 May 2018 are as follow:

| No. | List of shareholders   | No. of Share  | Percentage |
|-----|--|---------------|------------|
| 1.  | VGI Global Media Public Company Limited  | 1,044,710,300 | 30.38      |
| 2.  | BTS Group Holdings Public Company Limited  | 621,973,000   | 18.09      |
| 3.  | NORTRUST NOMINEES LIMITED-Guernsey RE GGDP<br>RE: AIF CLIENTS 10 PERCENT ACCOUNT                                   | 253,047,900   | 7.36       |
| 4.  | Employee Provident Fund Of Electricity Generating Authority<br>Of Thailand Listed By Bbl Asset Management Co.,Ltd. | 130,516,500   | 3.80       |
| 5.  | Mr. Noppadon Tansalarak  | 105,031,999   | 3.05       |

| No.          | List of shareholders                 | No. of Share         | Percentage    |
|--------------|--------------------------------------|----------------------|---------------|
| 6.           | THAI NVDR Company Limited            | 66,855,450           | 1.94          |
| 7.           | Phatra Small and Mid Cap Equity Fund | 42,992,200           | 1.25          |
| 8.           | Mr. Wanthana Jaroennawarat           | 36,640,000           | 1.07          |
| 9.           | Miss Pornrat Maneerattanaporn        | 34,171,600           | 0.99          |
| 10.          | TISCO Mid/Small Cap Equity Fund      | 33,878,900           | 0.99          |
| 11.          | Other Shareholders                   | 1,069,092,517        | 31.09         |
| <b>Total</b> |                                      | <b>3,438,910,366</b> | <b>100.00</b> |

Source : www.set.or.th

## 5. Financial statements

### Statements of financial position

| Unit : Thousand Baht  | Financial statement as of |                  |                  |                |
|---|---------------------------|------------------|------------------|----------------|
|   | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018  |
| <b>Assets</b>   |                           |                  |                  |                |
| <b>Current assets</b>   |                           |                  |                  |                |
| Cash and cash equivalents   | 149,291                   | 312,496          | 195,473          | 263,226        |
| Current investments   | 14,025                    | 171,710          | 7,646            | 5,146          |
| Trade and other receivables   | 338,411                   | 276,172          | 345,221          | 260,904        |
| Inventory   | 2,889                     | 1,465            | -                | -              |
| Short-term loans to related parties   | 13,485                    | 30,360           | -                | -              |
| Short-term loans to others  | 164                       | -                | -                | -              |
| Current portion of long-term loans to related parties   | -                         | -                | 11,282           | 14,735         |
| Prepaid expenses  | 64,132                    | 52,439           | 73,093           | 72,816         |
| Dividend receivable   | -                         | -                | -                | -              |
| Other current assets  | 8,357                     | 18,959           | 34,677           | 39,759         |
| <b>Total current assets</b>   | <b>590,754</b>            | <b>863,601</b>   | <b>667,392</b>   | <b>656,586</b> |
| <b>Non-current assets</b>   |                           |                  |                  |                |
| Restricted bank deposits  | 6                         | -                | 194              | 194            |
| Long-term loans to related parties, net of current portion  | -                         | -                | 7,494            | 4,129          |
| Investments in subsidiaries   | -                         | -                | -                | -              |
| Investments in associates   | 32,333                    | 35,638           | 42,270           | 43,787         |
| Investment properties   | 35,317                    | 35,317           | 35,317           | 35,317         |
| Buildings and equipment   | 156,305                   | 175,870          | 471,065          | 507,840        |
| Estimated amount by which costs of the acquisition of investment in a subsidiary exceed identifiable net assets of the acquiree | -                         | -                | 281,612          | 281,612        |
| Goodwill  | 13,998                    | 384,379          | 384,379          | 384,379        |
| Intangible assets   | 695                       | 52,542           | 43,970           | 43,704         |

| Unit : Thousand Baht   | Financial statement as of |                  |                  |                  |
|--|---------------------------|------------------|------------------|------------------|
|  | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018    |
| Deferred tax assets  | 4,390                     | 3,865            | 4,617            | 8,606            |
| Other non-current assets   | 55,195                    | 80,082           | 72,420           | 55,969           |
| <b>Total non-current assets</b>  | <b>304,185</b>            | <b>767,693</b>   | <b>1,343,338</b> | <b>1,365,537</b> |
| <b>Total assets</b>  | <b>894,940</b>            | <b>1,631,295</b> | <b>2,010,730</b> | <b>2,022,123</b> |
| <b>Liabilities and shareholders' equity</b>                                  |                           |                  |                  |                  |
| <b>Current liabilities</b>   |                           |                  |                  |                  |
| Short-term loans from financial institutions                                 | -                         | -                | 230,000          | 230,000          |
| Trade and other payables   | 68,132                    | 327,148          | 164,423          | 126,747          |
| Current portion of long-term loan from financial institution                 | 11,208                    | 8,695            | -                | -                |
| Current portion of liabilities under finance lease agreements                | 110                       | 336              | -                | -                |
| Income tax payable   | 17,586                    | 17,265           | 17,583           | 26,594           |
| Dividend payable   | 9,871                     | 13,751           | -                | -                |
| Other current liabilities  | 180                       | 60,000           | 39,000           | 30,000           |
| Income tax payable   | 3,006                     | 6,859            | 28,169           | 24,665           |
| <b>Total current liabilities</b>   | <b>110,094</b>            | <b>434,054</b>   | <b>479,175</b>   | <b>438,006</b>   |
| <b>Non-current liabilities</b>   |                           |                  |                  |                  |
| Long-term loan from financial institution, net of current portion            | 8,695                     | -                | -                | -                |
| Long-term liabilities under finance lease agreements, net of current portion | -                         | 1,296            | -                | -                |
| Long-term loans from shareholders  | 400                       | 400              | -                | -                |
| Provision for long-term employee benefits                                    | 21,392                    | 17,920           | 20,743           | 20,859           |
| Deferred tax liabilities   | -                         | 10,391           | 8,155            | 7,747            |
| Other non-current liabilities  | 8,994                     | 8,660            | 9,084            | 9,330            |
| <b>Total non-current liabilities</b>   | <b>39,482</b>             | <b>38,668</b>    | <b>37,982</b>    | <b>37,936</b>    |
| <b>Total liabilities</b>   | <b>149,576</b>            | <b>472,723</b>   | <b>517,157</b>   | <b>475,942</b>   |
| <b>Shareholders' equity</b>  |                           |                  |                  |                  |
| Share capital  |                           |                  |                  |                  |
| Registered   |                           |                  |                  |                  |
| 4,095,211,875 ordinary shares of Baht 0.1 each                               | 376,121                   | 409,521          | 409,521          | 409,521          |
| Issued and fully paid-up   |                           |                  |                  |                  |
| 3,438,910,366 ordinary shares of Baht 0.1 each                               | 300,897                   | 334,297          | 343,891          | 343,891          |
| Share premium  | 167,084                   | 561,205          | 743,492          | 743,492          |
| Retained earnings  |                           |                  |                  |                  |
| Appropriated - statutory reserve   | 37,612                    | 40,952           | 40,952           | 40,952           |
| Unappropriated   | 202,529                   | 156,760          | 277,137          | 329,960          |
| Other components of shareholders' equity                                     | 21,221                    | 21,393           | 20,961           | 20,956           |



| Unit : Thousand Baht                              | Financial statement as of |                  |                  |                  |
|---|---------------------------|------------------|------------------|------------------|
|   | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018    |
| Equity attributable to owners of the Company      | 729,344                   | 1,114,606        | 1,426,433        | 1,479,251        |
| Non-controlling interests of the subsidiaries     | 16,018                    | 43,965           | 67,140           | 66,930           |
| <b>Total shareholders' equity</b>                 | <b>745,363</b>            | <b>1,158,572</b> | <b>1,493,573</b> | <b>1,546,181</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>894,939</b>            | <b>1,631,295</b> | <b>2,010,730</b> | <b>2,022,123</b> |

Source : www.set.or.th

## Statements of Comprehensive income

| Unit : Thousand Baht  | Financial statement as of |                  |                  |                |
|---|---------------------------|------------------|------------------|----------------|
|   | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018  |
| <b>Profit or loss:</b>  |                           |                  |                  |                |
| <b>Revenues</b>   |                           |                  |                  |                |
| Revenues from services and sales  | 694,397                   | 734,631          | 932,080          | 290,137        |
| Other income  | 24,798                    | 18,225           | 26,403           | 4,875          |
| <b>Total revenues</b>   | <b>719,194</b>            | <b>752,856</b>   | <b>958,483</b>   | <b>295,012</b> |
| <b>Expenses</b>   |                           |                  |                  |                |
| Costs of services and sales   | 309,047                   | 330,047          | 389,638          | 109,116        |
| Selling expenses  | 54,640                    | 86,493           | 103,778          | 48,091         |
| Administrative expenses   | 139,013                   | 194,985          | 188,374          | 70,533         |
| <b>Total expenses</b>   | <b>502,700</b>            | <b>611,525</b>   | <b>681,790</b>   | <b>227,740</b> |
| <b>Profit before share of profit from investments in associates, finance cost and income tax</b>          | <b>216,494</b>            | <b>141,331</b>   | <b>276,693</b>   | <b>67,272</b>  |
| Share of profit from investments in associates  | 2,157                     | 3,339            | 6,631            | 1,517          |
| <b>Profit before finance cost and income tax</b>  | <b>218,652</b>            | <b>144,671</b>   | <b>283,325</b>   | <b>68,789</b>  |
| Finance cost  | (2,904)                   | (3,497)          | (7,778)          | (1,483)        |
| <b>Profit before income tax</b>   | <b>215,747</b>            | <b>141,174</b>   | <b>275,547</b>   | <b>67,306</b>  |
| Income tax  | (44,355)                  | (37,421)         | (49,205)         | (13,043)       |
| <b>Profit for the period</b>  | <b>171,392</b>            | <b>103,753</b>   | <b>226,342</b>   | <b>54,263</b>  |
| <b>Other comprehensive income:</b>  |                           |                  |                  |                |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                    |                           |                  |                  |                |
| Exchange differences on translation of financial statements in foreign currency                           | 201                       | 119              | (380)            | (5)            |
| Realised fair value adjustment due to disposal of available-for-sale investments, net of tax              | (3,065)                   | -                | -                | -              |
| Gain on change in value of available-for-sale investments - net of income tax                             | 287                       | 52               | (52)             | -              |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | (2,576)                   | 171              | (432)            | (5)            |

| Unit : Thousand Baht  | Financial statement as of |                    |                    |               |
|---|---------------------------|--------------------|--------------------|---------------|
|   | 31 December 2015          | 31 December 2016   | 31 December 2017   | 31 March 2018 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                    |                           |                    |                    |               |
| Actuarial loss - net of income tax  | -                         | -                  | (3,795)            | -             |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | -                         | -                  | (3,795)            | -             |
| <b>Total comprehensive income for the period</b>  | <b>(2,576)</b>            | <b>171</b>         | <b>(4,226)</b>     | <b>(5)</b>    |
| <b>Total comprehensive income for the period</b>  | <b>168,816</b>            | <b>103,924</b>     | <b>222,115</b>     | <b>54,258</b> |
| <b>Profit (loss) attributable to:</b>   |                           |                    |                    |               |
| Equity holders of the Company   | 170,654,597               | 101,999,457        | 220,861,403        | 52,823        |
| Non-controlling interests of the subsidiaries   | 737,785                   | 1,753,885          | 5,480,812          | 1,440         |
| <b>Total</b>  | <b>171,392,382</b>        | <b>103,753,342</b> | <b>226,342,215</b> | <b>54,263</b> |
| <b>Total comprehensive income attributable to:</b>  |                           |                    |                    |               |
| Equity holders of the Company   | 168,078,253               | 102,170,592        | 216,890,564        | 52,818        |
| Non-controlling interests of the subsidiaries   | 737,785                   | 1,753,885          | 5,225,161          | 1,440         |
| <b>Total</b>  | <b>168,816,038</b>        | <b>103,924,477</b> | <b>222,115,725</b> | <b>54,258</b> |

Source : www.set.or.th

Statements of Cash Flows

| Unit : Thousand Baht   | Financial statement as of |                  |                  |               |
|--|---------------------------|------------------|------------------|---------------|
|  | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018 |
| <b>Cash flows from operating activities</b>  |                           |                  |                  |               |
| Profit before tax  | 215,747                   | 141,174          | 275,547          | 67,306        |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: |                           |                  |                  |               |
| Depreciation and amortisation  | 26,393                    | 36,184           | 75,821           | 23,445        |
| Allowance for doubtful accounts (reversal)   | (2,119)                   | 3,567            | (2,301)          | (4,558)       |
| Loss (gain) on sales of equipment  | (3,834)                   | -                | (421)            | (222)         |
| Loss on sale of investment in an associate   | 959                       | -                | -                | -             |
| Reversal of allowance for impairment of investment in an associate                                   | (2,500)                   | -                | -                | -             |
| Loss on impairment of assets   | (896)                     | (2,169)          | 2,530            | 23,666        |
| Loss on sales / written-off assets   | 21                        | 494              | -                | -             |
| Reversal of liabilities  | (1,498)                   | -                | -                | -             |
| Provision for long-term employee benefits  | 2,772                     | 3,006            | 4,383            | 885           |
| Loss on exchange   | 338                       | -                | -                | -             |
| Share of profit from investments in associates   | (2,157)                   | (3,339)          | (6,631)          | (1,517)       |

| Unit : Thousand Baht  | Financial statement as of |                  |                  |                |
|---|---------------------------|------------------|------------------|----------------|
|   | 31 December 2015          | 31 December 2016 | 31 December 2017 | 31 March 2018  |
| Interest income   | (4,319)                   | (5,090)          | (3,674)          | (368)          |
| Interest expenses   | 2,904                     | 3,496            | 7,778            | 1,483          |
| Profit from operating activities before changes in operating assets and liabilities | 231,811                   | 177,323          | 353,031          | 110,120        |
| Operating assets (increase) decrease  |                           |                  |                  |                |
| Trade and other receivables   | (207)                     | 89,791           | (50,326)         | 88,875         |
| Inventory   | (12)                      | -                | -                | -              |
| Prepaid expenses  | -                         | 37,651           | 2,020            | (19,161)       |
| Other current assets  | (309)                     | (5,788)          | (21,257)         | (7,095)        |
| Other non-current assets  | 6,813                     | (23,864)         | 33,336           | 19,882         |
| Operating liabilities increase (decrease)   |                           |                  |                  |                |
| Trade and other payables  | (4,957)                   | 11,887           | (6,435)          | 1,932          |
| Undue output VAT  | (162)                     | -                | -                | -              |
| Other current liabilities   | (822)                     | 4,548            | 5,341            | (3,484)        |
| Provision for long-term employee benefits   | (676)                     | (8,193)          | (6,519)          | (769)          |
| Other non-current liabilities   | 1,248                     | (643)            | (2,584)          | 313            |
| Cash flows from (used in) operating activities                                      | 25,567                    | 282,712          | 306,608          | 190,613        |
| Cash received from interest income  | 4,235                     | 5,516            | 4,488            | 368            |
| Cash paid for interest expenses   | (2,539)                   | (2,531)          | (4,983)          | (1,353)        |
| Cash paid for corporate income tax  | (32,106)                  | (40,156)         | (56,111)         | (9,612)        |
| <b>Net cash flows from (used in) operating activities</b>                           | <b>(4,843)</b>            | <b>245,542</b>   | <b>250,002</b>   | <b>180,016</b> |
| <b>Cash flows from investing activities</b>   |                           |                  |                  |                |
| Purchase of current investments   | -                         | (316,954)        | (30,000)         | -              |
| Proceeds from sales of current investments  | 174,092                   | 159,333          | 194,421          | 2,500          |
| Increase in short-term loans to related parties                                     | (13,518)                  | (16,876)         | -                | -              |
| Increase in short-term loans to others  | 8,963                     | -                | -                | -              |
| Increase in long-term loans to related parties                                      | -                         | -                | -                | (88)           |
| Cash received from repayment of long-term loans to related parties                  | -                         | -                | 11,584           | -              |
| Decrease in restricted bank deposits  | -                         | 5,952            | (194)            | -              |
| Cash paid for investments in a subsidiary   | -                         | -                | -                | -              |
| Net cash paid for investments in a subsidiary                                       | -                         | (171,749)        | (314,815)        | -              |
| Cash paid for investments in associates   | (1,690)                   | -                | -                | -              |
| Cash received from sale of investment in an associate                               | 1,541                     | -                | -                | -              |
| Acquisition of equipment  | -                         | (23,635)         | (345,568)        | (59,873)       |
| Proceeds from sales of equipment  | 988                       | 11,453           | 10,783           | 249            |
| Acquisition of intangible asset   | (51,363)                  | -                | (2,394)          | (413)          |
| Dividend income   | -                         | -                | -                | -              |

| Unit : Thousand Baht  | Financial statement as of |                    |                    |                 |
|---|---------------------------|--------------------|--------------------|-----------------|
|   | 31 December 2015          | 31 December 2016   | 31 December 2017   | 31 March 2018   |
| <b>Net cash flows from (used in) investing activities</b>   | <b>119,013</b>            | <b>(352,476)</b>   | <b>(476,182)</b>   | <b>(57,625)</b> |
| <b>Cash flows from financing activities</b>   |                           |                    |                    |                 |
| Increase (decrease) in short-term loans from financial institutions                                 | (23,000)                  | -                  | 230,000            | -               |
| Cash receipt from long-term loan from financial institution   | 14,202                    | -                  | -                  | -               |
| Cash paid to settle payables from purchases of investment in a subsidiary                           | -                         | -                  | (175,600)          | (43,900)        |
| Repayment of long-term loan from financial institution  | (6,538)                   | (11,208)           | (8,695)            | (83)            |
| Cash receipt from long-term loan from a shareholder   | 400                       | -                  | (400)              | -               |
| Cash repayment to finance lease liabilities   | (127)                     | (397)              | (4,772)            | -               |
| Proceeds from increase in share capital   | -                         | 427,520            | -                  | -               |
| Cash received from exercised warrants   | -                         | -                  | 191,882            | -               |
| Cash paid for purchase of investment in a subsidiary from non-controlling interests of a subsidiary | (1,000)                   | -                  | -                  | -               |
| Dividends paid  | (97,365)                  | (145,929)          | (122,877)          | (10,650)        |
| <b>Net cash flows used in financing activities</b>  | <b>(113,428,474)</b>      | <b>269,985,860</b> | <b>109,537,752</b> | <b>(54,633)</b> |
| <b>Translation adjustments</b>  | (99)                      | 154                | (380)              | (5)             |
| <b>Net increase in cash and cash equivalents</b>  | <b>643</b>                | <b>163,205</b>     | <b>(117,023)</b>   | <b>67,753</b>   |
| Cash and cash equivalents at beginning of period  | 148,648                   | 149,291            | 312,496            | 195,473         |
| <b>Cash and cash equivalents at end of period</b>   | <b>149,291</b>            | <b>312,496</b>     | <b>195,473</b>     | <b>263,226</b>  |

Source : www.set.or.th

Financial Ratios

| Financial Ratios   | Unit  | Financial statement as of |      |      |         |
|--|-------|---------------------------|------|------|---------|
|  |       | 2015                      | 2016 | 2017 | Q1/2018 |
| <b><u>Liquidity Ratio</u></b>                            |       |                           |      |      |         |
| Current ratio  | Times | 5.4                       | 2.0  | 1.4  | 1.5     |
| Quick ratio  | Times | 4.4                       | 2.0  | 1.4  | 1.5     |
| Account receivable turnover                              | Times | 5.2                       | 2.4  | 3.1  | 4.5     |
| Average collection period                                | Days  | 70                        | 77   | 69   | 63      |
| Account payable turnover                                 | Days  | 6.1                       | 2.9  | 2.5  | 5.7     |
| Payable days   | Days  | 60                        | 124  | 145  | 64      |
| <b><u>Profitability Ratio</u></b>                        |       |                           |      |      |         |
| Gross profit   | %     | 55.5                      | 55.1 | 58.2 | 62.4    |
| Operating EBITDA   | %     | 35.3                      | 23.5 | 37.3 | 31.1    |
| Net Profit attributable to equity holders of the Company | %     | 24.6                      | 13.9 | 23.7 | 18.2    |
| Return on equity   | %     | 24.6                      | 11.1 | 17.4 | 18.0    |

| <b>Efficiency Ratio</b>       |       |       |      |      |      |  |
|-------------------------------|-------|-------|------|------|------|--|
| Return on assets              | %     | 28.1  | 11.5 | 15.6 | 16.4 |  |
| Return on fixed assets        | %     | 165.4 | 87.1 | 87.6 | 79.4 |  |
| Asset turnover                | Times | 0.8   | 0.6  | 0.5  | 0.6  |  |
| <b>Financial Policy Ratio</b> |       |       |      |      |      |  |
| Debt ratio                    | Times | 0.17  | 0.29 | 0.26 | 0.24 |  |
| Debt to equity                | Times | 0.20  | 0.40 | 0.34 | 0.30 |  |
| Interest coverage ratio       | Times | 75.3  | 41.4 | 36.4 | 46.4 |  |

Source : The Company

## 6. Analysis of financial position and performance of the company

### 6.1 Performance

#### Revenue

| Revenue                            | Revenue          |            |                  |            |               |            |
|------------------------------------|------------------|------------|------------------|------------|---------------|------------|
|                                    | 31 December 2016 |            | 31 December 2017 |            | 31 March 2018 |            |
|                                    | Mil. Baht        | %          | Mil. Baht        | %          | Mil. Baht     | %          |
| <b>Revenue from services</b>       |                  |            |                  |            |               |            |
| - Billboards                       | 325              | 44.1       | 584              | 62.6       | 226.8         | 78.2       |
| - Street Furniture                 | 365              | 49.7       | 348              | 37.4       | 63.2          | 21.8       |
| - Creative Product                 | 45               | 6.2        | -                | -          | -             | -          |
| <b>Total Revenue from services</b> | <b>735</b>       | <b>100</b> | <b>932</b>       | <b>100</b> | <b>290</b>    | <b>100</b> |

Source : The Company

In 2017, MACO reported revenue from services of 932 million Baht which increase of 26.9% YoY. Billboard revenue is 584 million Baht which increase of 64.5% YoY. Street Furniture revenue is 348 million Baht which decrease of 4.5% YoY. Billboard revenue is 62.6% of revenue from services and Street Furniture revenue is 37.4% of revenue from services. The growth drivers are including of;

- 1) The consolidation of outdoor media operators, namely in Multi Sign and COMASS, which started in October 2016 and July 2017, respectively. The acquisition has increased MACO's media network and expanded its presence nationwide. The expansion increased MACO media capacity by more than 55% from 900 million Baht (pre-consolidation) to 1,400 million Baht.
- 2) The launch of 1st phase of CBD LED Network, which consists of 21 LED billboards across 19 provinces. This rollout has transitioned MACO from a pure static media operator to a digital-static integrated media operator in order to capture the ever changing of modern lifestyle media.

In 1Q 2018, the Company reported a consolidated operating revenue of 290 million Baht, a significant increase of 53.1% YoY. The strong performance was mainly driven by the full-year consolidation of Comass, which was started in July 2017 and the revenue recognition of CBD LED Network. The Company has started rolling out the 1st phase of CBD LED Network, which consists of 21 LED billboards in July 2017 and increased this network to 35 screens in January 2018.

### Other revenues

In 2017, other revenues is 26.4 million Baht which increase 8.2 million Baht or 45% YoY.

### Expenses

In 2017, the company has total expenses of 681.7 million Baht which increase 70.2 million Baht or 11.5% YoY because;

- 1) **Cost of sales** grew by 18.1% from 330 million Baht in 2016 to 390 million Baht, mainly due to the aforementioned consolidation and cost of LED screens. As operating revenue increased more than cost of sale, Gross profit margin grew to 58.2% from 55.1% last year.
- 2) **Selling, General and Administrative expenses** increased slightly by 3.8% YoY from 281 million Baht to 292 million Baht, primarily due to the consolidation. SG&A to sales ratio decreased significantly from 38.3% in 2016 to 31.3%.

In 1Q 2018, the Company has total expenses of 228 million Baht which increase 73 million Baht or 47.0% YoY because;

- 1) **Cost of sales** grew by 22.9% from 89 million Baht in 1Q 2017 to 109 million Baht in 1Q 2018. This was mainly due to the aforementioned consolidation and cost of LED screens. As operating revenue increased more than cost of sale, Gross profit margin grew to 62.4% from 53.2% in the same period last year.
- 2) **Selling, General and Administrative expenses** increased significantly by 78.6% YoY from 66 million Baht to 119 million Baht In this quarter, the Company recognised a non-recurring item from loss on impairment of assets of 24 million Baht.

### Net Profit

In 2017, the company has net profit of 220.8 million Baht which increase 118.8 million Baht or 116.5%. Net profit margin was 23.7% increasing from 13.9% in the same period last year because cost of sales decreased comparing to revenues.

## 6.2 Financial Statement

### 6.2.1 Assets

Total assets of the company as of 31 December 2015, 31 December 2016, and 31 December 2017 was 895 million Baht, 1,631 million Baht, and 2,011 million Baht, respectively. Total assets as of 31 December 2017 stood at 2,011 million Baht, an increase of 380 million Baht or 23.3% from 1,631 million Baht as of 31 December 2016.

- Total current assets were 668 million Baht, decreasing by 21.2% or 180 million Baht. This was primarily attributable to the decrease in cash, cash equivalents and current investments of 281 million Baht, which

mainly due to a several investments comprising of a purchase of 74 billboards, an investment in 21 LED screens, an investment in COMASS and dividend payment. The decrease was offset by the increase in 1) trade and other receivables of 69 million Baht (see Trade and other receivables section), 2) prepaid expenses of 21 million Baht, and 3) other current assets of 14 million Baht.

- Total non-current assets stood at 1,343 million Baht, an increase of 71.3% or 559 million Baht primarily due to 1) the increase in building and equipment of 295 million Baht, which mainly from the recognition of billboard structure of 147 million Baht, an increase in work in process of LED screens installation of 139 million Baht and the recognition of COMASS's assets after consolidation of 43 million Baht and 2) the increase in the differences between the price paid by the Company and the targeted company's book value of 282 million Baht after the acquisition of COMASS.

### **6.2.2 Liabilities**

Company's total liabilities as of 31 December 2015, 31 December 2016, 31 December 2017 was 150 million Baht, 473 million Baht, and 517 million Baht, respectively. As of 31 December 2017, total liabilities were 517 million Baht, increasing by 9.4% or 44 million Baht from 473 million Baht as of 31 December 2016 mainly from an increase in 1) short-term loan from financial institution of 230 million Baht to invest in CBD LED network and 2) other current liabilities of 7 million Baht. The increase was partially offset by 1) a decrease in trade and other payables of 162 million Baht owing to the payment on investment purchase of Multi Sign and COMASS, 2) a decrease in dividend payable of subsidiaries of 21 million Baht and 3) a decrease in current portion of long-term loan from financial institution of 9 million Baht.

### **6.2.3 Equity**

Company's total equity as of 31 December 2015, 31 December 2016, 31 December 2017 was 150 million Baht, 473 million Baht, and 517 million Baht, respectively. As of 31 December 2017, total equity was 1,494 million Baht rose by 355 million Baht or 28.9%. This was attributed to an increase in 1) share premium of 182 million Baht from the exercise of convertible securities, MACO-W1, 2) unappropriated retained earnings of 120 million Baht, and 3) non-controlling interests of the subsidiaries of 23 million Baht. As of 31 December 2016, total equity included with equity attributable to owners of the Company of 1,426 million Baht and non-controlling interests of the subsidiaries of 67 million Baht.

## **7. Industry analysis**

Thailand's economic recovery remained on track and is poised to continue in 2018. The Thai GDP expanded by 3.8% in the first 9 month of 2017, (following the growth of 3.3% in the first 9 month of 2016). The growth supported by a marked upturn in exports which rose by 5.3% YoY as well as continued recovery in private consumption which expanding by 3.1% YoY. Nevertheless, Thailand's advertising industry reported a decline of 6.0% YoY to 101,445 million Baht in 2017, mainly due to an ongoing postponement of festivities subsequent to the mourning period over the passing of His Majesty King Bhumibol Adulyadej and the shrinkage of advertising spending in a conventional media sectors. The TV sector with the highest market share at 64.8%,

fell 7.4% YoY to 65,786 million Baht and Traditional media (Newspaper, Magazines and Radio) with a 13.9% market share, declined by 21.7% YoY to 14,125 million Baht.

Overall media spending is heavily asymmetrical, where upcountry has long been an underserved geographical segment. With 80.0% of the households and 75.0% of the country's household income derived from areas beyond Bangkok and its vicinities, only 30.0% of OOH media spend has been allocated to this market. As advertisers start to realize the growth potential of this segment, OOH media spending growth should continue to outperform. Out-of-Home media ("OOH"), which includes Transit, Outdoor and In-store media and Online media-segments which VGI focuses on-recorded 12,052 million Baht and 1,687 million Baht in advertising expenditure, an increase of 25.5% and 35.9%, respectively. As new age people spend time outside longer and online media is continuously growing; however, this high growth is from low-based of previous year.



**Attachment 2: Information of VGI Global Media Public Company Limited**

**1. General information**

|                                  |   |
|----------------------------------|---|
| Company name                     | : VGI Global Media Public Company Limited   |
| Registration Date                | : 5 April 1995  |
| Registered Number                | : 0107555000066   |
| Head office location             | : 21 TST Tower Bldg. 9 Fl. Vibhavadi Rangsit Rd. Chom Pon,<br>Chatuchak, Bangkok 10900                                  |
| Authorized share capital         | : 891,990,523 Baht (As of 16 May 2018)<br>Ordinary shares of 8,919,905,230 shares at par value 0.10<br>Baht per share   |
| Issued and paid-up share capital | : 721,366,542.8 Baht (As of 16 May 2018)<br>Ordinary shares of 7,213,665,428 shares at par value 0.10<br>Baht per share |
| Type of Business                 | : Advertising services, media and printing  |

**2. General business information**

Company group mainly operates as advertising network provider focusing on Lifestyle Media. Currently, VGI advertising network can access target customers' life follow its strategy towards "Nationwide Integrated Media Platform", through 6 key media segments;

- 1) Transit Media : VGI has right to manage advertising media and commercial rental space in BTS Green line covering 23 stations and BTS Green line extension covering 7 stations which are Krung Thonburi station, WongwianYai station, Bang Chak station, Punnawithi station, Udom Suk station, Bang Na station, and Bearing station
- 2) Office Building Media : VGI has right to manage and install digital LCD in elevators in many office building around Bangkok area
- 3) Outdoor Media : VGI invests in MACO, the second largest outdoor media player in Thailand with a media inventory exceeding 2,000 billboards nationwide
- 4) Aviation Media : VGI invests in AERO, the second largest aviation media player providing media services across 13 airports in Thailand (including prime airports Suvarnabhumi and Don Muang) which has more than 1,309 million passengers per year
- 5) Digital Media and online : VGI invests in BSSH and BSS to expand business to Rabbit Group, lifestyle digital service operator
- 6) Activation : VGI invests in DPT, a leader in business of providing media marketing event service including product sampling and product demonstration programs to promote the sale of product. DPT has more than 10-year experience and becomes the largest player in Thailand

Moreover, the Company operate other business which is adversing media production for slide media and VDO multi-media advertising and the Company expanded its investment to Malaysia

### 3. Board of Directors

Board of Directors as of 1 June 2018 are as follow:

| No. | Name                          | Position   |
|-----|-------------------------------|--|
| 1.  | Mr. Keeree Kanjanapas         | Chairman of the Board                                |
| 2.  | Mr. Marut Arthakaivalvatee    | Vice Chairman  |
| 3.  | Mr. Kavin Kanjanapas          | Chairman of the Executive Committee and Director     |
| 4.  | Mr. Surapong Laoha-Unya       | Director   |
| 5.  | Mr. Khong Chi Khueng          | Director   |
| 6.  | Mr. Chan Kin Tak              | Director   |
| 7.  | Mrs. Jaruporn Viyanant        | Chairman of Audit Committee and Independent Director |
| 8.  | Mrs. Maneeporn Siriwatanawong | Audit Committee and Independent Director             |
| 9.  | Mr. Kiet Srichomkwan          | Audit Committee and Independent Director             |

Source : [www.set.or.th](http://www.set.or.th)

### 4. Shareholder Structure

Top 10 Shareholders as of 1 June 2018 are as follow:

| No.          | List of shareholders                               | No. of Share         | Percentage    |
|--------------|--|----------------------|---------------|
| 1.           | Bangkok Mass Transit System Public Company Limited | 3,555,913,500        | 49.29         |
| 2.           | BTS Group Holdings Public Company Limited          | 1,003,335,492        | 13.91         |
| 3.           | Bangkok Bank Public Company Limited                | 712,754,706          | 9.88          |
| 4.           | Credit Suisse AG, Singapore Branch                 | 660,900,000          | 9.16          |
| 5.           | N.C.B.Trust Limited-Norges Bank 11                 | 133,394,000          | 1.85          |
| 6.           | South East Asia UK (Type C) Nominee Limited        | 124,485,243          | 1.73          |
| 7.           | Bangkok Bank Public Company Limited                | 122,485,210          | 1.70          |
| 8.           | State Street Europe Limited                        | 122,406,980          | 1.70          |
| 9.           | Phatra Securities Public Company Limited           | 86,099,200           | 1.19          |
| 10.          | AIA Company Limited (EQ1-P and EQ2-P)              | 76,000,000           | 1.05          |
| 11.          | Other Shareholders                                 | 615,891,097          | 8.54          |
| <b>Total</b> |  | <b>7,213,665,428</b> | <b>100.00</b> |

Source : [www.set.or.th](http://www.set.or.th)

### 5. Financial statements

#### Statements of financial position

| Unit: Baht                | Financial statement as of |               |               |
|---------------------------|---------------------------|---------------|---------------|
|                           | 31 March 2016             | 31 March 2017 | 31 March 2018 |
| <b>Assets</b>             |                           |               |               |
| <b>Current assets</b>     |                           |               |               |
| Cash and cash equivalents | 1,309,434,577             | 798,808,550   | 757,321,616   |
| Current investments       | 348,188,010               | 411,489,729   | 1,147,948,335 |

| Unit: Baht  | Financial statement as of |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | 31 March 2016             | 31 March 2017        | 31 March 2018        |
| Bank account for advances received from cardholders   | 284,785,698               | 375,228,953          | 442,549,224          |
| Trade and other receivables   | 484,420,384               | 763,109,539          | 1,143,116,636        |
| Short-term loans to related parties   | 118,317,951               | -                    | -                    |
| Current portion of long-term loans to related parties   | 53,662,500                | 91,402,480           | 14,734,902           |
| Prepaid expenses  | 19,435,374                | 91,211,111           | 97,821,363           |
| Other current assets  | 28,645,816                | 81,558,878           | 101,943,070          |
| <b>Total current assets</b>   | <b>2,646,890,310</b>      | <b>2,612,809,240</b> | <b>3,705,435,146</b> |
| <b>Non-current assets</b>   |                           |                      |                      |
| Restricted bank deposits  | 4,286,422                 | 4,303,182            | 4,844,138            |
| Long-term loans to related parties - net of current portion   | 83,532,879                | 60,846,791           | 75,286,044           |
| Investments in subsidiaries   | -                         | -                    | -                    |
| Investments in joint ventures   | 8,551,192                 | 709,604,246          | 654,626,808          |
| Investments in associates   | 742,192,726               | 641,422,980          | 766,091,251          |
| Other long-term investment  | 30,000,000                | 22,109,134           | -                    |
| Estimated amount by which costs of the acquisition of investment in a subsidiary exceed identifiable net assets of the acquiree | -                         | -                    | 281,611,877          |
| Goodwill  | 236,287,202               | 1,486,844,341        | 1,486,844,341        |
| Investment properties   | -                         | 64,919,837           | 64,919,837           |
| Advance payment for purchases of assets   | -                         | -                    | 94,581,494           |
| Plant and equipment   | 1,329,825,252             | 1,502,732,434        | 1,615,302,650        |
| Intangible assets   | 323,572,615               | 684,144,470          | 612,819,597          |
| Deferred tax assets   | 41,734,155                | 32,691,673           | 37,078,055           |
| Other non-current assets  | 116,145,516               | 162,555,498          | 217,073,324          |
| <b>Total non-current assets</b>   | <b>2,916,127,959</b>      | <b>5,372,174,586</b> | <b>5,911,079,416</b> |
| <b>Total assets</b>   | <b>5,563,018,269</b>      | <b>7,984,983,826</b> | <b>9,616,514,562</b> |
| <b>Liabilities and shareholders' equity</b>   |                           |                      |                      |
| <b>Current liabilities</b>  |                           |                      |                      |
| Short-term loans from financial institutions  | 240,000,000               | 778,000,000          | 230,000,000          |
| Trade and other payables  | 164,481,042               | 536,300,834          | 284,781,443          |
| Accrued expenses  | 292,455,082               | 399,772,314          | 571,254,570          |
| Advances received from cardholders  | 280,669,072               | 374,921,300          | 430,246,805          |
| Short-term loans from a related party   | 35,942,121                | -                    | -                    |
| Current portion of long-term loans from financial institutions  | 33,000,000                | 245,893,326          | 44,000,000           |
| Income tax payable  | 31,606,432                | 74,823,887           | 85,025,786           |
| Current portion of unearned revenues  | 64,162,076                | 54,222,124           | 74,270,746           |
| Deposits from cardholders   | 120,171,270               | 118,231,520          | 116,766,120          |
| Deposits received from renting spaces   | 62,551,560                | 75,317,700           | 81,710,761           |
| Other current liabilities   | 180,841,529               | 150,043,200          | 129,909,452          |
| <b>Total current liabilities</b>  | <b>1,505,880,184</b>      | <b>2,807,526,205</b> | <b>2,047,965,683</b> |

| Unit: Baht   | Financial statement as of |                      |                      |
|--|---------------------------|----------------------|----------------------|
|  | 31 March 2016             | 31 March 2017        | 31 March 2018        |
| <b>Non-current liabilities</b>   |                           |                      |                      |
| Long-term loans from financial institutions - net of current portion                                 | 173,000,000               | 1,933,000,000        | 1,489,000,000        |
| Unearned revenues - net of current portion   | 8,906,932                 | 5,901,612            | 5,396,292            |
| Provision for long-term employee benefits  | 36,229,373                | 48,355,173           | 82,700,956           |
| Deferred tax liabilities   | 2,550,549                 | 73,870,020           | 62,575,234           |
| Other non-current liabilities  | 1,195,970                 | 11,019,874           | 11,647,656           |
| <b>Total non-current liabilities</b>   | <b>221,882,824</b>        | <b>2,072,146,679</b> | <b>1,651,320,138</b> |
| <b>Total liabilities</b>   | <b>1,727,763,008</b>      | <b>4,879,672,884</b> | <b>3,699,285,821</b> |
| <b>Shareholders' equity</b>  |                           |                      |                      |
| Share capital  |                           |                      |                      |
| Registered - 8,919,905,230 ordinary shares of Baht 0.1 each  | 857,993,253               | 891,990,523          | 891,990,523          |
| Issued and fully paid-up   | 686,432,185               | 686,433,290          | 720,433,290          |
| Share premium  | 865,312,592               | 865,388,837          | 2,843,637,316        |
| Share subscriptions received in advance  |                           |                      | 65,327,682           |
| Retained earnings  |                           |                      |                      |
| Appropriated - statutory reserve   | 85,799,325                | 89,199,052           | 89,199,052           |
| Unappropriated   | 596,645,889               | 767,539,041          | 1,177,707,482        |
| Differences on business combination under common control   | 7,989,463                 | (663,671,949)        | (663,671,949)        |
| Surplus from changes in the ownership interests in a subsidiary                                      | -                         | 110,913,613          | 194,879,401          |
| Other components of shareholders' equity   | -                         | 319,956              | (1,715,870)          |
| Equity attributable to owners of the Company   | 2,242,179,454             | 1,856,121,840        | 4,425,796,404        |
| Non-controlling interests of the subsidiaries  | 301,856,967               | 1,249,189,102        | 1,491,432,337        |
| Equity attributable to shareholders of subsidiaries before business combination under common control | 1,291,218,840             | -                    | -                    |
| <b>Total shareholders' equity</b>  | <b>3,835,255,261</b>      | <b>3,105,310,942</b> | <b>5,917,228,741</b> |
| <b>Total liabilities and shareholders' equity</b>  | <b>5,563,018,269</b>      | <b>7,984,983,826</b> | <b>9,616,514,562</b> |

Source : www.set.or.th

Statements of Comprehensive income

| Unit: Baht   | Financial statement as of |               |               |
|--|---------------------------|---------------|---------------|
|  | 31 March 2016             | 31 March 2017 | 31 March 2018 |
| <b>Revenues</b>                                    |                           |               |               |
| Service income                                     | 2,325,507,004             | 3,029,248,473 | 3,905,711,048 |
| Sales  | 15,903,458                | 22,179,724    | 30,671,957    |
| Dividend income                                    | -                         | -             | -             |
| Gain on change in status of investment             | -                         | 207,437,995   | -             |
| Gain on sales of investment in a subsidiary        | 61,620,682                | -             | -             |
| Gain on change in the interests in a joint venture | 9,704,742                 | -             | 63,459,788    |

| Unit: Baht  | Financial statement as of |                      |                      |
|---|---------------------------|----------------------|----------------------|
|   | 31 March 2016             | 31 March 2017        | 31 March 2018        |
| Gain on sales of equipment  | 94,962,116                | -                    | -                    |
| Other income  | 76,954,080                | 99,409,230           | 79,819,301           |
| <b>Total revenues</b>   | <b>2,584,652,082</b>      | <b>3,358,275,422</b> | <b>4,079,662,094</b> |
| Expenses  |                           |                      |                      |
| Cost of services  | 875,450,282               | 1,267,216,528        | 1,521,114,304        |
| Cost of sales   | 5,209,160                 | 1,539,252            | 14,157,676           |
| Servicing and selling expenses  | 144,963,649               | 354,178,995          | 434,086,645          |
| Administrative expenses   | 382,215,963               | 663,467,063          | 745,605,078          |
| Loss on impairment of other long-term investment  | -                         | 7,890,866            | -                    |
| Loss on impairment of assets  | (94,382,535)              | -                    | 23,665,997           |
| Loss on provision for revenue being lower than the minimum guaranteed amount  | 134,881,270               | 28,230,298           | -                    |
| Other expenses  | 21,472,412                | 10,088,180           | 13,429,343           |
| <b>Total expenses</b>   | <b>1,469,810,201</b>      | <b>2,332,611,182</b> | <b>2,752,059,043</b> |
| Profit before share of loss from investments in joint ventures and associates, finance cost and income tax expenses | 1,114,841,881             | 1,025,664,240        | 1,327,603,051        |
| Share of loss from investments in joint ventures and associates   | 38,905,962                | (15,851,824)         | (69,949,823)         |
| Profit before finance cost and income tax expenses  | 1,153,747,843             | 1,009,812,416        | 1,257,653,228        |
| Finance cost  | (21,808,782)              | (31,712,439)         | (87,547,846)         |
| <b>Profit before income tax expenses</b>  | <b>1,131,939,061</b>      | <b>978,099,977</b>   | <b>1,170,105,382</b> |
| Income tax expenses   | (199,196,067)             | (209,651,382)        | (241,344,853)        |
| <b>Profit for the year</b>  | <b>932,742,994</b>        | <b>768,448,595</b>   | <b>928,760,529</b>   |
| <b>Other comprehensive income:</b>  |                           |                      |                      |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                              |                           |                      |                      |
| Exchange differences on translation of financial statements in foreign currency - net of income tax                 | 295,039                   | 604,798              | (2,269,574)          |
| Gain (loss) on changes in value of available-for-sale investments - net of income tax                               | -                         | 254,541              | (254,541)            |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax           | 295,039                   | 859,339              | (2,524,115)          |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                          |                           |                      |                      |
| Actuarial loss - net of income tax  | (13,947,095)              | -                    | (11,238,041)         |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax       | (13,947,095)              | -                    | (11,238,041)         |
| Other comprehensive income for the year   | (13,652,056)              | 859,339              | (13,762,156)         |
| <b>Total comprehensive income for the year</b>  | <b>919,090,938</b>        | <b>769,307,934</b>   | <b>914,998,373</b>   |

| Unit: Baht  | Financial statement as of |                    |                    |
|---|---------------------------|--------------------|--------------------|
|   | 31 March 2016             | 31 March 2017      | 31 March 2018      |
| <b>Profit (loss) attributable to:</b>   |                           |                    |                    |
| Equity holders of the Company   | 940,515,344               | 826,401,886        | 846,225,835        |
| Non-controlling interests of the subsidiaries                                 | (25,267,381)              | (48,654,322)       | 82,534,694         |
| Shareholders of subsidiaries before business combination under common control | 17,495,031                | (9,298,969)        | -                  |
| <b>Total</b>  | <b>932,742,994</b>        | <b>768,448,595</b> | <b>928,760,529</b> |

Source : [www.set.or.th](http://www.set.or.th)Statements of Cash Flows

| Unit: Baht   | Financial statement as of |               |               |
|--|---------------------------|---------------|---------------|
|  | 31 March 2016             | 31 March 2017 | 31 March 2018 |
| <b>Cash flows from operating activities</b>  |                           |               |               |
| Profit before tax  | 1,131,939,061             | 978,099,977   | 1,170,105,382 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: |                           |               |               |
| Depreciation   | 188,953,952               | 246,580,085   | 326,248,804   |
| Amortisation   | 48,057,993                | 100,084,469   | 107,389,969   |
| Allowance for doubtful accounts (reversal)   | -                         | 944,021       | 11,284,960    |
| Allowance for impairment of prepaid expenses   | -                         | -             | 19,437,637    |
| Allowance for impairment of other long-term investment   | -                         | 7,890,866     | -             |
| Allowance for impairment of equipment  | -                         | -             | 4,230,192     |
| (Gain) loss on disposals of assets   | (94,962,116)              | 1,062,833     | 2,060,531     |
| Loss on provision for revenue being lower than the minimum guaranteed amount                         | (94,382,535)              | -             | -             |
| Loss on provision for revenues being lower than the minimum guaranteed amounts                       | 134,881,270               | 28,230,298    | -             |
| Provision for long-term employee benefits  | 7,187,111                 | 8,787,720     | 28,935,387    |
| Dividend income  | -                         | -             | -             |
| Gain on change in status of investment   | -                         | (207,437,995) | -             |
| Gain on sales of investment in a subsidiary  | (61,620,682)              | -             | -             |
| Gain on change in the interests in a joint venture   | (9,704,742)               | -             | (63,459,788)  |
| Gain on sales of current investments   | (548,945)                 | (637,349)     | -             |
| Unrealised (gain) loss on changes in value of current investments in trading securities              | 238,689                   | 2,971,212     | (41,825)      |
| Share of loss from investments in joint ventures and associates                                      | (38,905,962)              | 15,851,824    | 69,949,824    |
| Interest income  | (27,784,058)              | (35,304,654)  | (28,018,868)  |
| Interest expenses  | 20,532,800                | 28,587,008    | 86,190,594    |
| Profit from operating activities before changes in operating assets and liabilities                  | 1,203,881,836             | 1,175,710,315 | 1,734,312,799 |
| Operating assets (increase) decrease   |                           |               |               |
| Bank account for advances received from cardholders  | (74,252,575)              | (90,443,256)  | (67,320,270)  |

| Unit: Baht   | Financial statement as of |                    |                      |
|--|---------------------------|--------------------|----------------------|
|  | 31 March 2016             | 31 March 2017      | 31 March 2018        |
| Trade and other receivables  | 99,589,554                | 49,044,375         | (266,721,011)        |
| Other current assets   | (3,693,730)               | (81,694,462)       | 2,217,505            |
| Other non-current assets   | (6,090,569)               | 11,058,206         | (1,131,029)          |
| Operating liabilities increase (decrease)                                  |                           |                    |                      |
| Trade and other payables   | (17,464,864)              | 32,771,244         | 40,849,672           |
| Accrued expenses   | (63,772,099)              | 39,957,840         | 126,736,859          |
| Advances received from cardholders   | 69,595,833                | 94,252,229         | 55,325,504           |
| Unearned revenues  | 3,955,713                 | (28,465,547)       | 21,908,648           |
| Deposits from cardholders  | 24,305,050                | (1,939,750)        | (1,465,400)          |
| Deposits received from renting spaces                                      | 1,905,765                 | 12,766,140         | 6,393,060            |
| Provisions   | (207,227,986)             | (28,230,298)       | -                    |
| Other current liabilities  | (24,718,183)              | 6,703,454          | (9,864,275)          |
| Provision for long-term employee benefits                                  | (7,868,008)               | (21,021,832)       | (8,852,106)          |
| Other non-current liabilities  | -                         | (409,467)          | (2,560,388)          |
| Cash flows from operating activities                                       | 998,145,737               | 1,170,059,191      | 1,629,829,568        |
| Cash paid for interest expenses  | (20,532,800)              | (25,777,287)       | (82,790,310)         |
| Cash paid for corporate income tax   | (245,587,631)             | (187,006,635)      | (276,800,913)        |
| Corporate income tax refund received                                       | -                         | -                  | 2,043,823            |
| <b>Net cash flows from operating activities</b>                            | <b>732,025,306</b>        | <b>957,275,269</b> | <b>1,272,282,168</b> |
| <b>Cash flows from investing activities</b>                                |                           |                    |                      |
| Increase in restricted bank deposits                                       | 64,103                    | (16,760)           | (540,956)            |
| Purchase of current investments  | (266,254,811)             | (349,120,956)      | (1,643,498,066)      |
| Proceeds from sales of current investments                                 | 335,857,902               | 445,418,939        | 907,174,228          |
| (Increase) decrease in short-term loans to related parties                 | (108,238,000)             | 118,317,951        | -                    |
| Increase in long-term loan to a related party                              | (109,870,379)             | (21,113,617)       | (25,981,983)         |
| Decrease in long-term loans to related parties                             | 11,925,000                | 29,842,970         | 7,716,558            |
| Net cash paid for purchases of investments in subsidiaries                 | 6,087,850                 | (2,422,723,465)    | (314,814,627)        |
| Cash paid for additional capital of a subsidiary                           | -                         | -                  | -                    |
| Cash paid for purchases of investments in joint ventures                   | -                         | (751,704,600)      | (250,000)            |
| Cash paid for purchases of investments in associates                       | (100,000,000)             | (492,500,000)      | (107,792,297)        |
| Cash paid to settle payable from purchase of investment in a joint venture | -                         | -                  | (250,000)            |
| Net cash received from sales of investments in subsidiaries                | 64,005,291                | -                  | -                    |
| Cash received from sale of investment in a joint venture                   | 38,750,000                | -                  | 325                  |
| Cash received from sale of other long-term investment                      | -                         | -                  | 22,000,000           |
| Advances paid for purchases of assets                                      | -                         | -                  | (94,581,494)         |
| Acquisition of equipment   | (170,746,239)             | (246,400,423)      | (389,058,172)        |
| Acquisition of intangible assets   | (36,214,501)              | (64,631,609)       | (65,355,113)         |
| Cash paid to settle payables from purchases of assets                      | -                         | -                  | (9,057,382)          |
| Dividend income  | 24,003,413                | 28,607,825         | 18,382,576           |

| Unit: Baht   | Financial statement as of |                        |                        |
|--|---------------------------|------------------------|------------------------|
|  | 31 March 2016             | 31 March 2017          | 31 March 2018          |
| Interest income  | 27,133,102                | 34,956,113             | 29,836,116             |
| Proceeds from sales of equipment   | 74,769,792                | 3,970,479              | 8,791,958              |
| <b>Net cash flows used in investing activities</b>   | <b>(208,727,477)</b>      | <b>(3,687,097,153)</b> | <b>(1,657,278,329)</b> |
| <b>Cash flows from financing activities</b>  |                           |                        |                        |
| Increase (decrease) in short-term loans from financial institutions  | (312,269,112)             | 838,000,000            | (548,000,000)          |
| Increase (decrease) in short-term loans from related parties   | -                         | (35,942,121)           | -                      |
| Cash paid for purchases of investments in subsidiaries   | -                         | (6,513,250)            | (40,262,871)           |
| Cash paid to settle payable from purchase of investment in a subsidiary  | -                         | -                      | (219,500,000)          |
| Cash received from sales of investment in a subsidiary   | -                         | 8,348,280              | 155,613,110            |
| Cash received from long-term loans from financial institutions   | -                         | 2,000,000,000          | -                      |
| Repayment of long-term loans from financial institutions   | (26,000,000)              | (343,274,000)          | (645,893,326)          |
| Proceeds from increase in share capital  | -                         | -                      | 2,040,000,000          |
| Cash paid for costs of issuing the additional ordinary shares  | -                         | -                      | (27,751,521)           |
| Proceeds from exercises of warrants  | 1,400                     | 77,350                 | -                      |
| Proceeds from exercises of a subsidiary's warrants   | -                         | -                      | 162,395,932            |
| Dividend paid  | (514,824,008)             | (652,109,007)          | (439,964,219)          |
| Dividend paid by a subsidiary to non-controlling interests of the subsidiary   | -                         | (34,268,920)           | (70,498,585)           |
| Dividend paid by a subsidiary to shareholders of the subsidiary before business combination  | -                         | -                      | (21,000,000)           |
| Cash received from non-controlling interests for issuance of ordinary shares of a subsidiary   | 160,000,100               | 427,520,000            | -                      |
| Cash received from shareholders of a subsidiary before business combination under common control for issuance of ordinary shares of the subsidiary | 1,125,000,000             | 12,757,394             | -                      |
| <b>Net cash flows from financing activities</b>  | <b>431,908,380</b>        | <b>2,214,595,726</b>   | <b>345,138,520</b>     |
| Increase (decrease) in translation adjustments   | 295,039                   | 4,600,131              | (1,629,293)            |
| Net increase (decrease) in cash and cash equivalents   | 955,501,248               | (510,626,027)          | (41,486,934)           |
| Cash and cash equivalents at beginning of year   | 353,933,329               | 1,309,434,577          | 798,808,550            |
| <b>Cash and cash equivalents at end of year</b>  | <b>1,309,434,577</b>      | <b>798,808,550</b>     | <b>757,321,616</b>     |

Source : [www.set.or.th](http://www.set.or.th)



Financial Ratios

| Financial Ratios   | Unit  | Audited Financial Statement |         |         |
|--|-------|-----------------------------|---------|---------|
|  |       | 2558/59                     | 2559/60 | 2560/61 |
| <b><u>Liquidity Ratio</u></b>                            |       |                             |         |         |
| Current ratio  | Times | 1.8                         | 0.9     | 1.8     |
| Quick ratio  | Times | 1.7                         | 0.8     | 1.2     |
| Account receivable turnover                              | Times | 4.5                         | 4.9     | 4.1     |
| Average collection period                                | Days  | 81.8                        | 74.6    | 88.4    |
| Account payable turnover                                 | Times | 4.5                         | 3.6     | 3.7     |
| Payable days   | Days  | 81                          | 100.8   | 97.6    |
| <b><u>Profitability Ratio</u></b>                        |       |                             |         |         |
| Gross profit   | %     | 62.4                        | 58.4    | 61      |
| Operating EBITDA   | %     | 44.6                        | 30.1    | 30.8    |
| Net Profit attributable to equity holders of the Company | %     | 38.8                        | 24.6    | 20.7    |
| Return on equity   | %     | 46.2                        | 40.3    | 26.9    |
| <b><u>Efficiency Ratio</u></b>                           |       |                             |         |         |
| Return on assets   | %     | 19.1                        | 12.2    | 9.6     |
| Return on fixed assets                                   | %     | 85.2                        | 75.8    | 75.2    |
| Asset turnover   | Times | 0.5                         | 0.5     | 0.5     |
| <b><u>Financial Policy Ratio</u></b>                     |       |                             |         |         |
| Debt ratio   | Times | 0.31                        | 0.61    | 0.38    |
| Debt to equity   | Times | 0.45                        | 1.57    | 0.63    |
| Interest coverage ratio                                  | Times | 52.9                        | 31.8    | 14.4    |

Source : [www.set.or.th](http://www.set.or.th)**6. Analysis of financial position and performance of the company****6.1 Performance****Revenue**

| Revenue                               | Revenue       |             |               |             |               |             |
|---------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                                       | 31 March 2016 |             | 31 March 2017 |             | 31 March 2018 |             |
|                                       | Mil.Baht      | %           | Mil.Baht      | %           | Mil.Baht      | %           |
| <b>Outdoor Media</b>                  | <b>2,083</b>  | <b>88.9</b> | <b>2,681</b>  | <b>87.9</b> | <b>3,559</b>  | <b>90.4</b> |
| - Transit Media                       | 1,793         | 76.5        | 1,865         | 61.1        | 2,262         | 57.5        |
| - Outdoor Media                       | -             | -           | 550           | 18.0        | 958           | 24.3        |
| - Office Building<br>Media and others | 240           | 10.3        | 266           | 8.7         | 338           | 8.6%        |
| - Modern Trade<br>Media               | 50            | 2.1         | -             | -           | -             | -           |
| <b>Digital Services</b>               | <b>258</b>    | <b>11.0</b> | <b>371</b>    | <b>12.1</b> | <b>378</b>    | <b>9.6</b>  |
| <b>Total</b>                          | <b>2,341</b>  | <b>100</b>  | <b>3,051</b>  | <b>100</b>  | <b>3,936</b>  | <b>100</b>  |

Source : [www.set.or.th](http://www.set.or.th)

The VGI Group's revenue increased by 29.0% YoY or 885 million Baht in 2017/18 from 3,051 million Baht in the same period last year to 3,936 million Baht.

**1) OOH media segment** recorded broad revenue growth across all product groups. 2017/18's revenue in OOH media segment rose considerably 32.7% YoY, representing a contribution of 90.4% to total revenue or 3,559 million Baht. The growth in OOH media revenue resulted from higher prices, synergies from the Digital Services segment, the launch new product – LED billboards –of the Outdoor media segment as well as the full year consolidation of Master Ad Public Company Limited (“MACO”)

**2) Digital services business** contributed 9.6% of total revenue or 378 million Baht, increasing by 1.9% YoY or 7 million Baht, mainly due to an increase in card issuing fee, project management fee and the lead to insurance and credit card website.

#### **Other revenues**

In 2017/18, the Company has other revenues of 79.8 million Baht, decreased 19.6 million Baht or 19.8% from previous year.

#### **Expenses**

In 2017/18, the Company has total expense of 2,752 million Baht, increased 419 million Baht or 17.9% from previous year. However, total expense ratio decreased from 69.5% to 67.5% because

- 1) Cost of sales** which came to 1,535 million Baht, an increase of 266 million Baht or 21.0% YoY, primarily from higher sales, an increase in the Transit media concession fee from 5% to 10% in May 2017 (revenue sharing scheme, which increases by 5% every 5 years since May 2012) and full year consolidation of MACO. Cost-to-sales ratio, however, decreased from 41.6% to 39.0% primarily due to sales growth outpaced cost growth, improved operational efficiency and cost management especially in the Outdoor media and digital services business.
- 2) Selling, general and administrative expenses** increased by 15.9% YoY or 162 million Baht from 1,018 million Baht to 1,180 million Baht. The ratio of SG&A to revenue decreased to 30.0% (prior year: 33.3%), from higher revenue growth.
- 3) Interest expenses** increased by 56 million Baht from 32 million Baht to 88 million Baht in 2017/18. The increase was mainly from an increase of loan for financing the Rabbit Group acquisition in March 2017. **Tax** increased by 31 million Baht from 210 million Baht to 241 million Baht in this fiscal year.

#### **Net profit**

In 2017/18, the Company has net profit of 928.7 million Baht, increased 160.3 million Baht or 20.8% because revenue increased. Net profit margin is 22.9% which is close to 2016/17 (22.8%) and Net Profit attributable to equity holders of the Company in 2017/18 is 846.2 million Baht, increased 19.8 million Baht from 2016/17.

## **6.2 Financial Statement**

### **Assets**

Total assets of the company as of 31 December 2015, 31 December 2016, and 31 December 2017 was 5,563 million Baht, 7,985 million Baht, and 9,617 million Baht, respectively. Total assets as of 31 March 2018 stood at 9,617 million Baht, an increase of 1,632 million Baht or 20.4% from 7,985 million Baht as of 31 March 2017. Total current assets were 3,705 million Baht, increasing by 41.8% or 1,093 million Baht. Total non-current assets stood at 5,911 million Baht, an increase of 10.0% or 539 million Baht. Trade and other receivables were 1,143 million Baht, an increase of 380 million Baht. The increase was in-line with higher sales in 2017/18.

### **Liabilities**

Company's total liabilities as of 31 December 2015, 31 December 2016, 31 December 2017 was 1,728 million Baht, 4,880 million Baht, and 3,699 million Baht, respectively. Company liabilities mainly are long-term borrowing. Total liabilities were 3,699 million Baht, a decrease of 1,181 million Baht or 24.2% from 4,880 million Baht as of 31 March 2017 mainly from a decrease in 1) short term loans, long term loans and current portion of long term loans of 548 million Baht, 444 million Baht and 202 million Baht, respectively.

### **Equity**

Company's total equity as of 31 December 2015, 31 December 2016, 31 December 2017 was 3,835 million Baht, 3,105 million Baht, and 5,917 million Baht, respectively. Total equity was 5,917 million Baht, increasing by 2,812 million Baht or 90.6%, due mainly attributable to an increase in share capital from the private placement in December 2017 and retained earnings.

## **7. Industry Analysis**

Thailand's economic recovery remained on track and is poised to continue in 2018. The Thai GDP expanded by 3.8% in the first 9 month of 2017, (following the growth of 3.3% in the first 9 month of 2016). The growth supported by a marked upturn in exports which rose by 5.3% YoY as well as continued recovery in private consumption which expanding by 3.1% YoY. Nevertheless, Thailand's advertising industry reported a decline of 6.0% YoY to 101,445 million Baht in 2017, mainly due to an ongoing postponement of festivities subsequent to the mourning period over the passing of His Majesty King Bhumibol Adulyadej and the shrinkage of advertising spending in a conventional media sectors. The TV sector with the highest market share at 64.8%, fell 7.4% YoY to 65,786 million Baht and Traditional media (Newspaper, Magazines and Radio) with a 13.9% market share, declined by 21.7% YoY to 14,125 million Baht.

Overall media spending is heavily asymmetrical, where upcountry has long been an underserved geographical segment. With 80.0% of the households and 75.0% of the country's household income derived from areas beyond Bangkok and its vicinities, only 30.0% of OOH media spend has been allocated to this market. As advertisers start to realise the growth potential of this segment, OOH media spending growth should continue to outperform. Out-of-Home media ("OOH"), which includes Transit, Outdoor and In-store media and Online media-segments which VGI focuses on-recorded 12,052 million Baht and 1,687 million Baht in advertising

expenditure, an increase of 25.5% and 35.9%, respectively. As new age people spend time outside longer and online media is continuously growing; however, this high growth is from low-based of previous year.

VGI media portfolio covers all forms of OOH advertising such as Transit, Outdoor, Office, Aviation and Activation, altogether amounting to 6,000 million Baht in media capacity nationwide. This business unit is expected to continue to grow substantially on the back of mass transit line expansion both domestically and internationally, new office building supply, digitisation of billboards and the increasing popularity of low cost airlines. VGI OOH media complements nascent Digital Services business which offers targeted and measurable advertising. This places the Company in a good position to offer optimal solutions to customers as well as capturing market share in OOH and Online media in the future.

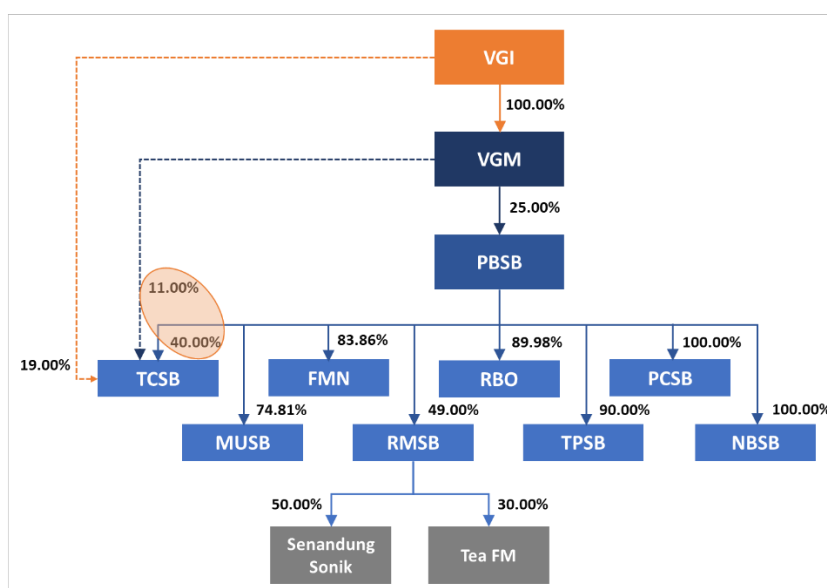
**Attachment 3: Information of VGI Global Media (Malaysia) Sdn. Bhd.**

**1. General information**

Company name : VGI Global Media (Malaysia) Sdn. Bhd.  
 Registration Date : 26 January 2017  
 Registered Number : 1217863-A  
 Head office location : 8<sup>th</sup> floor, Menara Manulife  
 6, Jalan Gelenggang, Damansara Height  
 Issued and paid-up share capital : 29,154,175 Malaysian Ringgit (As of 31 March 2018)  
 Ordinary shares of 291,154,175 shares at par value 1.00  
 Malaysian Ringgit per share  
 Type of Business : Advertising services, media and printing

**2. General business information**

Main business is to invest in other companies as a holding Company. Currently VGM invests in 10 companies by direct and indirect investment which are PBSB, TCSB, MUSB, FMN, RBO, RMSB, PCSB, TPSB, NBSB and AVA.



Source : The company

- Remark** (1) Currently, VGI and PBSB hold TCSB for 19% and 51% of issued shares of TCSB (Respectively). PBSB hold TCSB shares of 11% of issued shares as representative of VGM under Declaration of Trust between PBSB and VGI on 28 December 2017 because PBSB cannot transfer these shares to VGM by limitation of concession contact. In the future PBSB will sell these share to VGM at par  
 Before VGI enter the VGM shares purchasing transaction, VGI has to transfer all benefits of 19% TCSB shares to VGM because VGI cannot transfer these shares to VGM yet by limitation of concession contact. In the future PBSB will sell these share to VGM at par
- (2) Currently, VGM holds MUSB shares by PBSB. PBSB holds 74.81% of issued shares of MUSB. Before VGI enter the VGM shares purchasing transaction, VGM has to purchase 25.10% of issued shares of MUSB.

(3) Currently, PBSB and VGM are not AVA shareholders. PBSB and VGM are under negotiation period to purchase AVA shares. Before VGI enter the VGM shares purchasing transaction, VGM will acquire 10% of issued shares of AVA and PBSB will acquire 25% of issued shares of AVA

**3. Board of Directors as of 26 January 2018**

| No. | Name                       | Position |
|-----|----------------------------|----------|
| 1.  | Mr. Ong Peng Woon          | Director |
| 2.  | Mr. Chan Kin Tak           | Director |
| 3.  | Mr. Marut Arthakaivalvatee | Director |

Source: Company Act, annual return of a company having a share capital

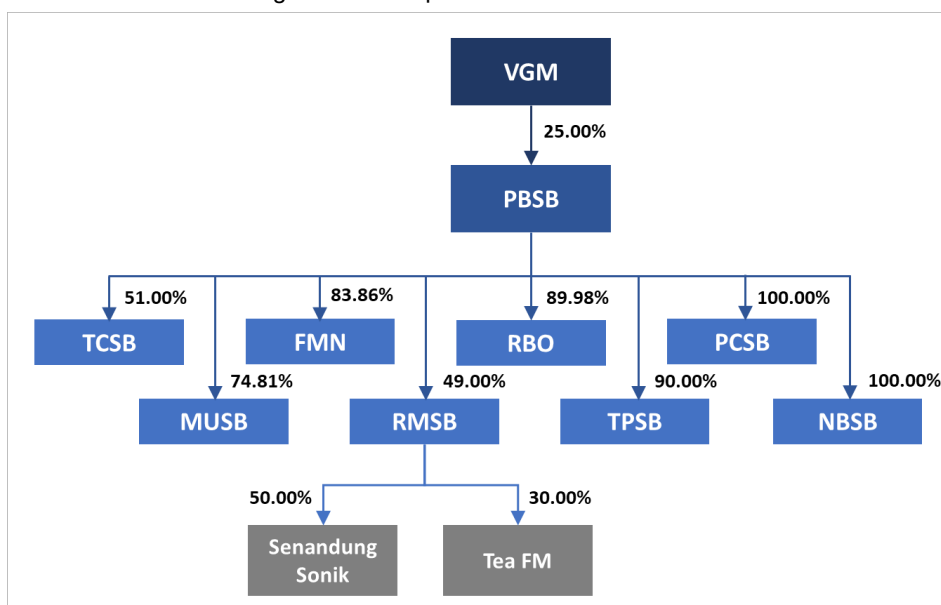
**4. Top Shareholders as of 25 May 2018**

| No.          | List of shareholders                    | No. of Share      | Percentage    |
|--------------|---|-------------------|---------------|
| 1.           | VGI Global Media Public Company Limited | 29,154,175        | 100.00        |
| <b>Total</b> |   | <b>29,154,175</b> | <b>100.00</b> |

Source: Company information disclosed to Malaysia Stock Exchange

**5. Draft proforma audited financial statement for the year 2018 ended 31 March 2018 of VGM which is audited by Malaysian accounting firm**

VGM holding structure in proforma audited financial statement



Source : The Company

Statements of financial position

| Unit : Malaysian Ringgit                   | 31 March 2018     |
|--|-------------------|
| <b>Assets</b>                              |                   |
| <b>Current assets</b>                      |                   |
| Other receivables, deposits and prepayment | 2,024,448         |
| Amount owing by associate                  | 2,883,747         |
| Amount owing by related party              | 1,421,659         |
| Cash and cash equivalents                  | 7,977,418         |
| <b>Total current assets</b>                | <b>14,307,272</b> |
| <b>Non-current assets</b>                  |                   |
| Investments in associates                  | 13,770,987        |
| Equipment                                  | 2,385,845         |
| <b>Total current assets</b>                | <b>16,156,832</b> |
| <b>Total assets</b>                        | <b>30,464,104</b> |
| <b>Liabilities</b>                         |                   |
| <b>Current liabilities</b>                 |                   |
| Other payables and accrued expenses        | 546,833           |
| Amount owing to immediate holding company  | 2,976,143         |
| <b>Total liabilities</b>                   | <b>3,522,976</b>  |
| <b>Equity</b>                              |                   |
| Share capital                              | 29,154,175        |
| Accumulated losses                         | (2,213,047)       |
| <b>Total equity and liabilities</b>        | <b>30,464,104</b> |

Source : The Company

Statements of Comprehensive income

| Unit : Malaysian Ringgit                                       | Financial statement as of |
|--|---------------------------|
|  | 31 March 2018             |
| <b>Other income</b>  | <b>690,819</b>            |
| Administrative expenses  | (3,364,404)               |
| Finance costs  | (30,148 )                 |
| Other expenses   | (126,126)                 |
| Share of profit in an associate, net of tax                    | 616,812                   |
| <b>Net profit (loss)</b>                                       | <b>(2,213,047)</b>        |
| <b>Net profit (loss) attributable to owners of the company</b> | <b>(2,213,047)</b>        |

Source : The Company

**Attachment 4: Information of Puncak Berlian Sdn. Bhd.**

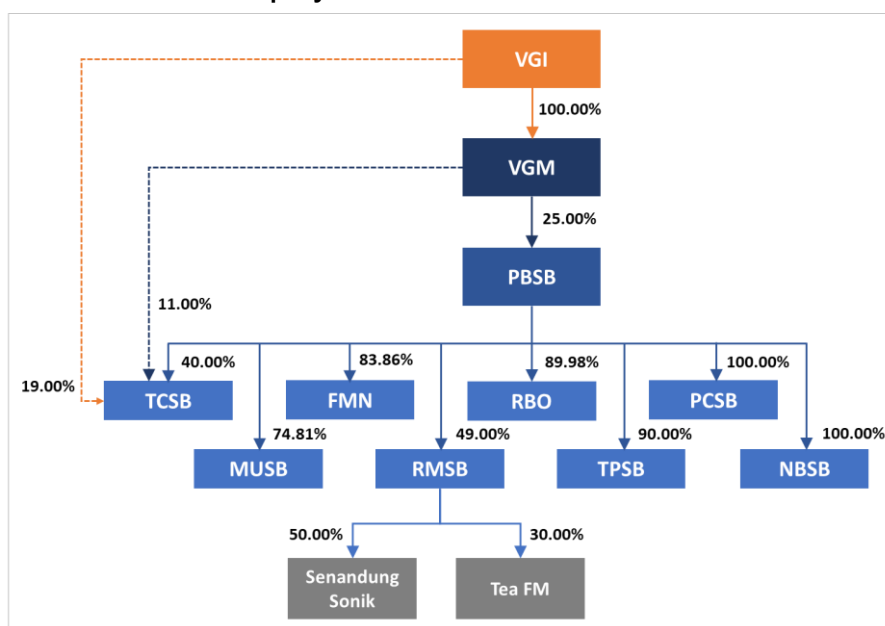
**1. General information**

Company name : Puncak Berlian Sdn. Bhd.  
 Registration Date : 18 March 2013  
 Registered Number : 1038662-M  
 Head office location : Unit C508, Block C, Kelana Square  
 Jalan SS7/26, Kelana Jaya  
 Issued and paid-up share capital : 17,125,105 Malaysian Ringgit (As of 31 May 2018)  
 Ordinary shares of 17,125,105 shares at par value 1.00  
 Malaysian Ringgit per share  
 Type of Business : Holding Company

**2. General business information**

PBSB is the holding company investing in media companies which operates in many areas such as airport, mass transit, office building, retail shop. The company structure is as follow;

**Company structure before the transaction**



Source: The Company

**3. Board of Directors as of 18 March 2017**

| No. | Name               | Position |
|-----|--------------------|----------|
| 1.  | Dr. Siew Ka Wei    | Director |
| 2.  | Datuk Wong Sai Wan | Director |
| 3.  | Lim Chang Meng     | Director |
| 4.  | Lee Cheun Wei      | Director |

Source: Company Act, annual return of a company having a share capital



**4. Top Shareholders as of 26 January 2018**

| No.          | List of shareholders                    | No. of Share      | Percentage    |
|--------------|---|-------------------|---------------|
| 1.           | Redberry SDN. BHD.                      | 12,843,827        | 75.00         |
| 2.           | VGI Global Media Public Company Limited | 4,281,277         | 25.00         |
| 3.           | Ancom Berhad                            | 1                 | 0.00          |
| <b>Total</b> |   | <b>17,125,105</b> | <b>100.00</b> |

Source: Shareholder Agreement between RBSB , VGM and PBSB

**5. Financial Statements****Statements of financial position**

| Unit : Malaysian Ringgit            | Audited financial statement as of |                   |
|-------------------------------------|-----------------------------------|-------------------|
|                                     | 31 May 2016                       | 31 May 2017       |
| <b>Assets</b>                       |                                   |                   |
| <b>Non-current assets</b>           | 17,065,483                        | 17,575,481        |
| Investment in subsidiaries          |                                   |                   |
| <b>Current assets</b>               | 4,901,020                         | 4,901,020         |
| Trade and other receivables         | 2,118                             | 3,343             |
| Cash and bank balances              | 4,903,138                         | 4,904,363         |
| <b>Total current assets</b>         | 21,968,621                        | 22,479,844        |
| <b>Total assets</b>                 | 17,065,483                        | 17,575,481        |
| <b>Liabilities</b>                  |                                   |                   |
| <b>Current liabilities</b>          |                                   |                   |
| Other liabilities                   | 1,509,169                         | 5,297,047         |
| Current tax liabilities             | 766,500                           | -                 |
| <b>Total liabilities</b>            | 2,275,669                         | 5,297,047         |
| <b>Equity</b>                       |                                   |                   |
| Share capital                       | 17,125,105                        | 17,125,105        |
| Retained earnings                   | 2,567,847                         | 57,692            |
| <b>Total equity</b>                 | <b>19,692,952</b>                 | <b>17,182,797</b> |
| <b>Total equity and liabilities</b> | <b>21,968,621</b>                 | <b>22,479,844</b> |

Source: The Company

**Statements of Comprehensive income**

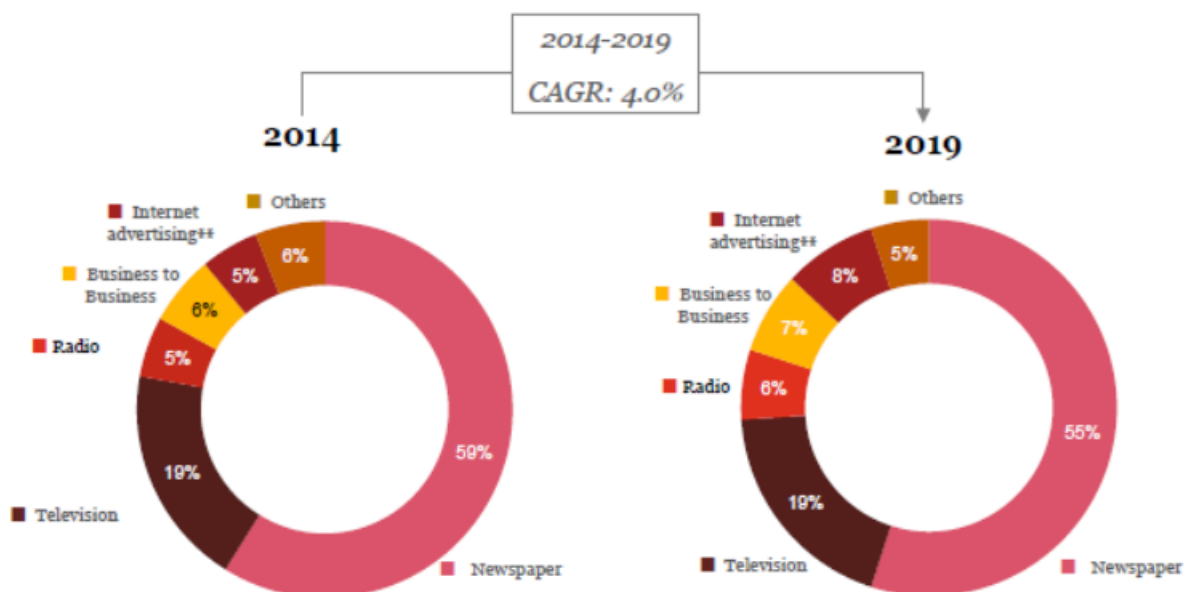
| Unit : Malaysian Ringgit                    | Audited financial statement as of |                 |
|---|-----------------------------------|-----------------|
|   | 31 May 2016                       | 31 May 2017     |
| Revenue                                     | 3,000,000                         | -               |
| Operating costs                             | (95,588)                          | (10,155)        |
| (Loss) Profit before tax                    | 2,904,412                         | (10,155)        |
| Tax   | (1,250)                           | -               |
| <b>(Loss) Profit for the financial year</b> | <b>2,903,162</b>                  | <b>(10,155)</b> |

Source: The Company

## 6. Industry Analysis

For Malaysia economy in 2017, Central Bank of Malaysia reported that Malaysia GDP was 314 billion US Dollar growing 5.9% from 2016. This figure is highest growth rate since 2014. The main driver is from private sector and other related parties. Domestic consumption grew at 7.0%, private investment grew at 6.2%, export grew at 14.8% from decreased at 14.9% and 4.9% in 2015 and 2015, respectively.

For advertising media business in Malaysia is steady growth. CAGR of revenue between 2014-2019 is 4%. Top media spending is newspaper, follow by TV and Business to Business



Media spending chart (Source: PWC entertainment media outlook)

For out of home media CAGR between 2014-2019 is 10.0%. Revenue of out of home media companies increased from 62 million US Dollar in 2010 to 82 million US Dollar in 2014 or more than 30% and expected to 133 million US Dollar in 2019.

For out of home digital media CAGR between 2014-2019 is 29.3%. Revenue increased from 17 million US Dollar in 2014 to 60 million US Dollar in 2019, accounted for 45.5% of total revenue from out of home media.

**Attachment 5: Information of Meru Utama Sdn. Bhd.**

**1. General information**

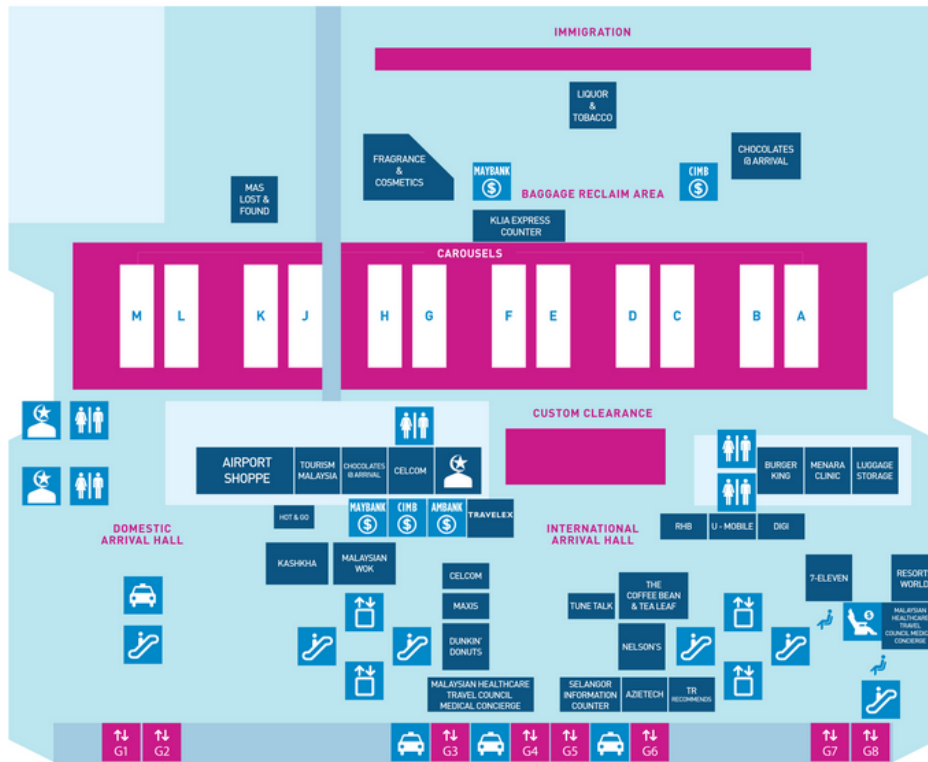
Company name : Meru Utama Sdn. Bhd.  
Registration Date : 21 August 1984  
Registered Number : 125505-X  
Head office location : Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
Issued and paid-up share capital : 1,100,000 Malaysian Ringgit (As of 31 May 2018)  
Ordinary shares of 1,100,000 shares at par value 1.00 Malaysian Ringgit per share  
Type of Business : Media/Exhibition space rental service in the airport

**2. General business information**

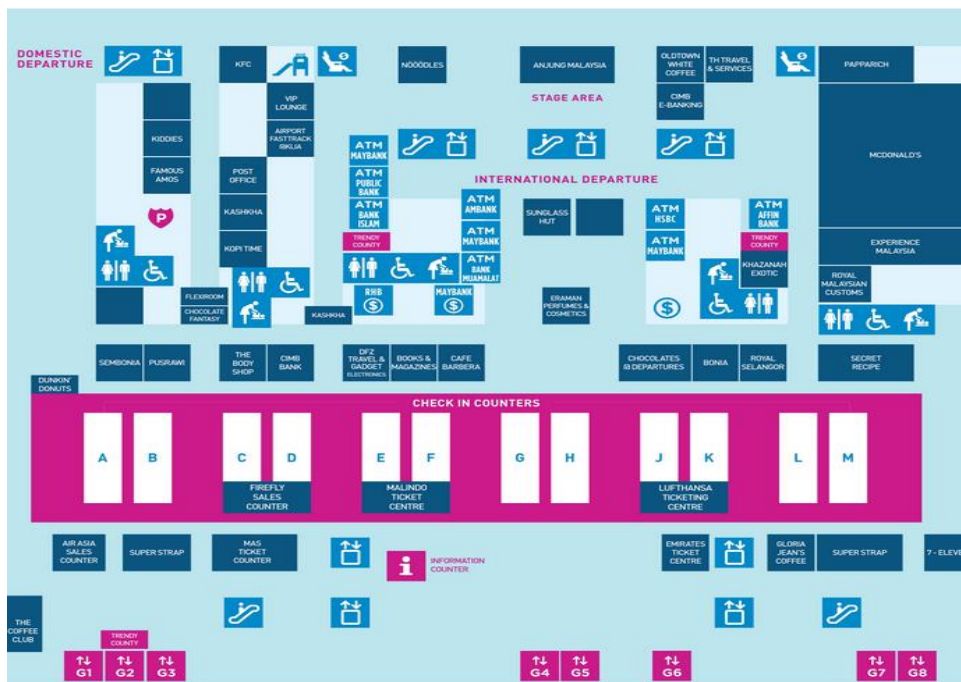
MUSB operates advertising media business in Terminal 1 and Terminal 2 of Kuala Lumpur International Airport. MUSB acquires concession from Kuala Lumpur International Airport 1 and Kuala Lumpur International Airport 2 for 7 years since 1 May 2014 to 1 May 2021 and has right to extend the concession for 3 years after concession ended.



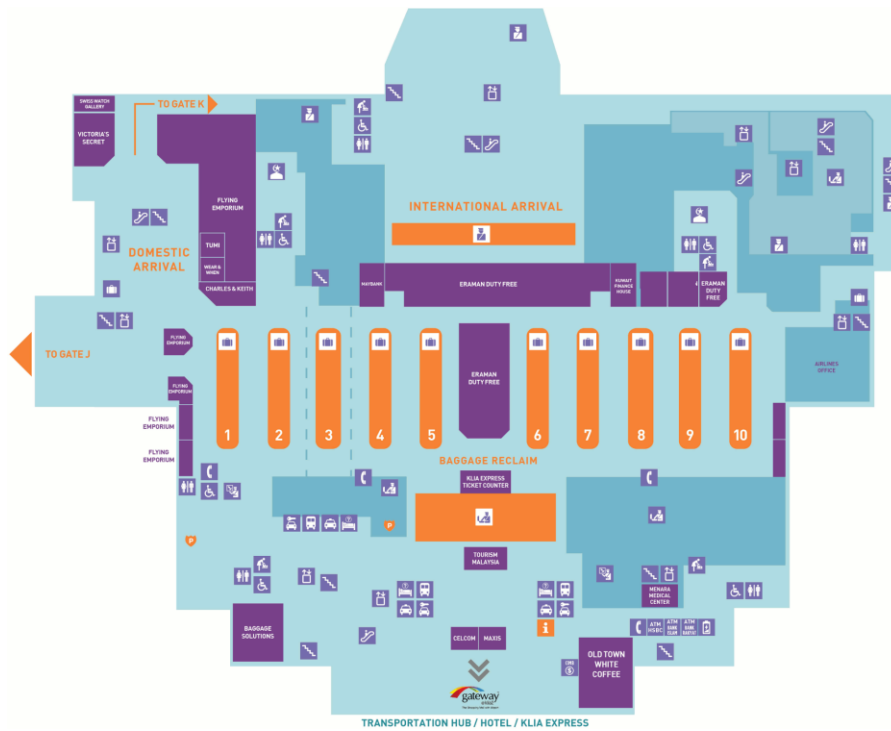
Advertising media of MUSB in KLIA 2 terminal



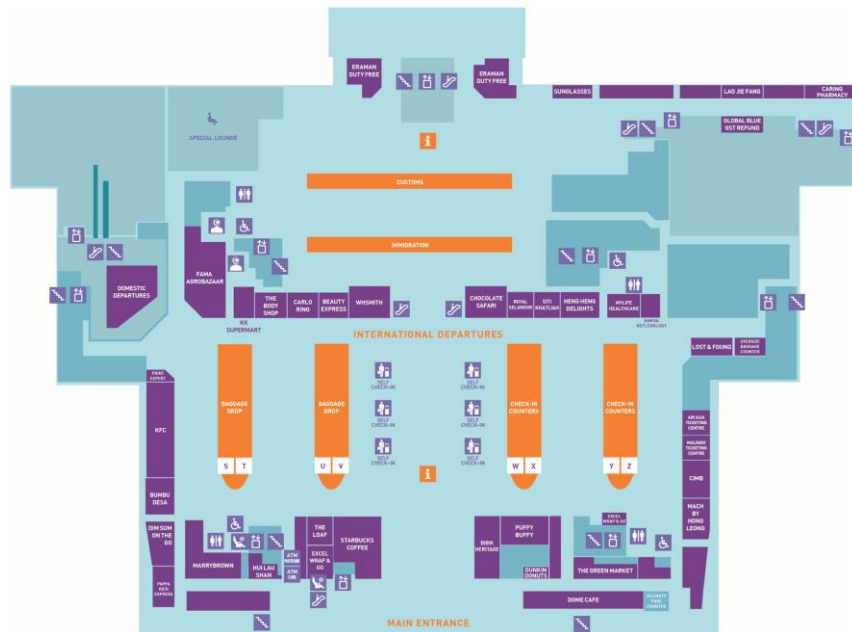
KLIA 1 Arrival Terminal Map (Source: www.Klia.com.my)



KLIA 1 Departure Terminal Map (Source: www.Klia.com.my)



KLIA 2 Arrival Terminal Map (Source: [www.Klia.com.my](http://www.Klia.com.my))



KLIA 2 Departure Terminal Map (Source: [www.Klia.com.my](http://www.Klia.com.my))

**3. Board of Directors as of 21 August 2017**

| No. | Name            | Position |
|-----|-----------------|----------|
| 1.  | Dr. Siew Ka Wei | Director |
| 2.  | Sabli Bin Sibil | Director |

Source: Company Act, annual return of a company having a share capital

**4. Top Shareholders as of 21 August 2017**

| No.          | List of shareholders     | No. of Share     | Percentage    |
|--------------|--------------------------|------------------|---------------|
| 1.           | Puncak Berlian SDN. BHD. | 822,800          | 74.80         |
| 2.           | VGI Malaysia             | 276,100          | 25.10         |
| 3.           | Other Shareholders       | 1,100            | 0.10          |
| <b>Total</b> |                          | <b>1,100,000</b> | <b>100.00</b> |

Source: Company Act, annual return of a company having a share capital

**5. Financial Statements****Statements of financial position**

| Unit : Malaysian Ringgit        | Audited financial statement as of |                   |                   |
|---------------------------------|-----------------------------------|-------------------|-------------------|
|                                 | 31 May 2015                       | 31 May 2016       | 31 May 2017       |
| <b>Assets</b>                   |                                   |                   |                   |
| <b>Non-current assets</b>       |                                   |                   |                   |
| Property, plant and equipment   | 6,749,210                         | 7,188,233         | 8,369,713         |
| Intangible assets               | 8,862                             | 6,114             | 3,536             |
| Deferred tax assets             | -                                 | -                 | 581,593           |
| <b>Total non-current assets</b> | <b>6,758,072</b>                  | <b>7,194,347</b>  | <b>8,954,842</b>  |
| <b>Current assets</b>           |                                   |                   |                   |
| Trade and other receivables     | 24,705,311                        | 24,870,218        | 26,519,453        |
| Current tax assets              | 858,493                           | 1,246,661         | 474,225           |
| Cash and bank balances          | 7,158,018                         | 7,190,519         | 5,655,547         |
| <b>Total current assets</b>     | <b>32,721,822</b>                 | <b>33,307,398</b> | <b>32,649,225</b> |
| <b>Total assets</b>             | <b>39,479,894</b>                 | <b>40,501,745</b> | <b>41,604,067</b> |
| <b>Liabilities</b>              |                                   |                   |                   |
| <b>Non-current liabilities</b>  |                                   |                   |                   |
| Borrowings                      | 2,480,757                         | 1,171,086         | 59,566            |
| Deferred tax liabilities        | 287,011                           | 143,781           | -                 |
| Total non-current liabilities   | 2,767,768                         | 1,314,867         | 59,566            |
| <b>Current liabilities</b>      |                                   |                   |                   |
| Trade and other payables        | 19,254,443                        | 19,678,992        | 20,674,751        |
| Borrowings                      | 5,794,177                         | 5,953,121         | 6,294,456         |
| Total current liabilities       | 25,048,620                        | 25,632,113        | 26,969,207        |
| <b>Total liabilities</b>        | <b>27,816,388</b>                 | <b>26,946,980</b> | <b>27,028,773</b> |
| <b>Equity</b>                   |                                   |                   |                   |
| Share capital                   | 1,100,000                         | 1,100,000         | 1,100,000         |
| Reserve                         | 10,513,506                        | 12,454,765        | 13,475,294        |
| <b>Total equity</b>             | <b>11,663,506</b>                 | <b>13,554,765</b> | <b>14,575,294</b> |

| Unit : Malaysian Ringgit            | Audited financial statement as of |                   |                   |
|-------------------------------------|-----------------------------------|-------------------|-------------------|
|                                     | 31 May 2015                       | 31 May 2016       | 31 May 2017       |
| <b>Total equity and liabilities</b> | <b>39,479,894</b>                 | <b>40,501,745</b> | <b>41,604,067</b> |

Source : The Company

**Statements of Comprehensive income**

| Unit : Malaysian Ringgit | Audited financial statement as of |                  |                  |
|--------------------------|-----------------------------------|------------------|------------------|
|                          | 31 May 2015                       | 31 May 2016      | 31 May 2017      |
| <b>Revenue</b>           | 58,165,383                        | 47,787,247       | 46,053,714       |
| Cost of sales            | (44,111,775)                      | (40,173,207)     | (39,342,128)     |
| Gross profit             | 14,053,608                        | 7,614,040        | 6,711,586        |
| Other operating income   | 1,075,427                         | 1,298,336        | 436,918          |
| Distribution costs       | (361,800)                         | (335,173)        | (208,655)        |
| Administrative expenses  | (9,922,818)                       | (4,541,118)      | (4,438,079)      |
| Other operating expenses | (916,415)                         | (849,817)        | (407,507)        |
| Financial costs          | (527,756)                         | (704,872)        | (739,168)        |
| Profit before tax        | 3,400,246                         | 2,481,396        | 1,355,095        |
| Tax                      | (1,202,298)                       | (590,137)        | (334,566)        |
| <b>Net profit</b>        | <b>2,197,948</b>                  | <b>1,891,259</b> | <b>1,020,529</b> |

Source : The Company

**Internal income statement for the year ended 31 May 2017**

| Unit : Malaysian Ringgit                              | Value              |
|---|--------------------|
| Advertising revenue                                   | 47,234,784         |
| Media production revenue                              | 2,159,586          |
| Electrical revenue                                    | 624,331            |
| Other revenue   | 264,086            |
| <b>Total revenue</b>                                  | <b>50,282,787</b>  |
| Total costs   | 49,573,028         |
| Total expenses  | 7,429,553          |
| <b>Profit (Loss) before interest expenses and tax</b> | <b>(6,719,794)</b> |
| Interest expenses                                     | 735,741            |
| <b>Profit (Loss) before tax</b>                       | <b>(7,455,536)</b> |
| Tax   | -                  |
| <b>Net profit (loss)</b>                              | <b>(7,455,536)</b> |



**Attachment 6: Information of Titanium Compass Sdn. Bhd.**

**1. General information**

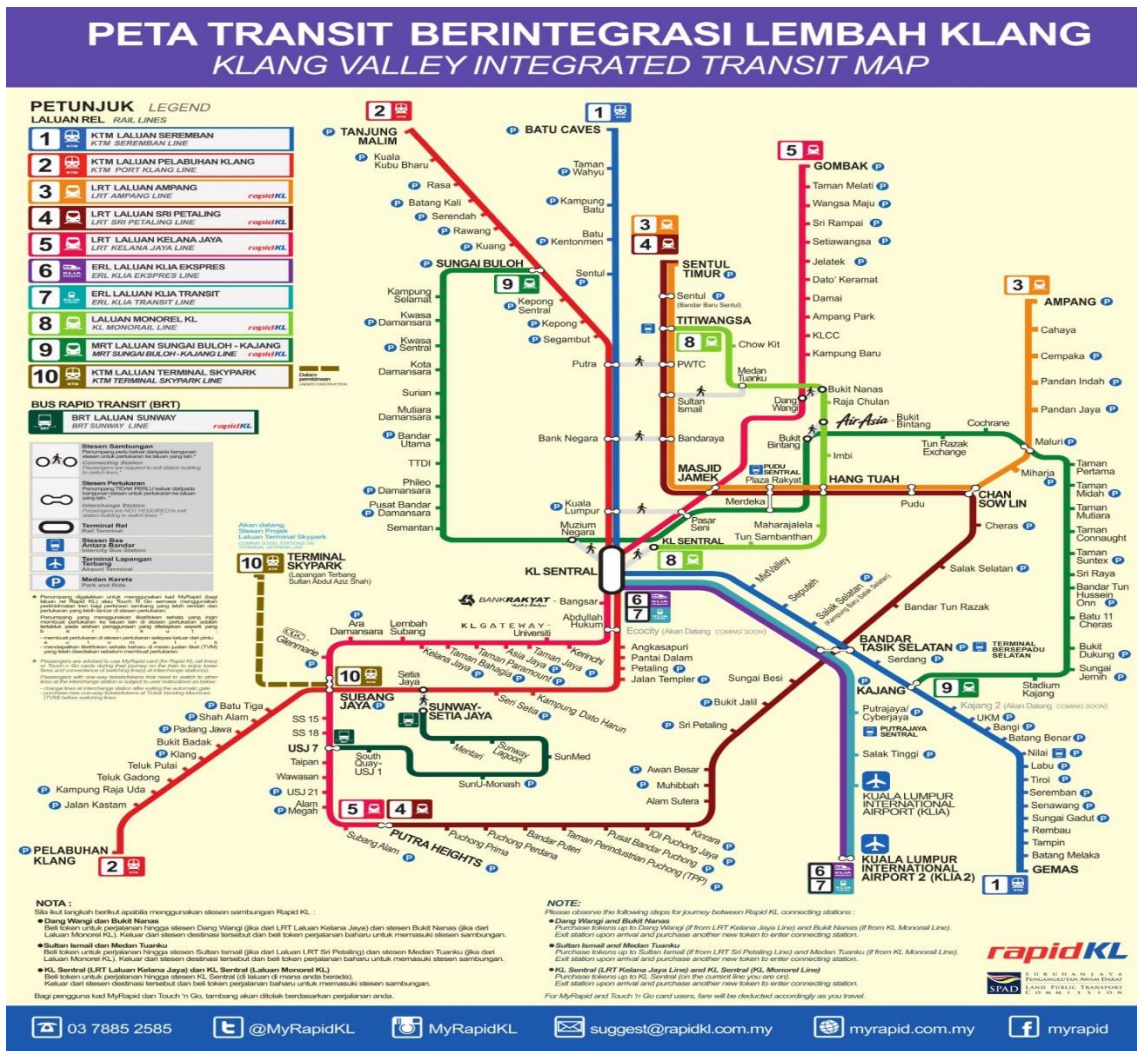
|                                  |   |   |
|----------------------------------|---|---|
| Company name                     | : | Titanium Compass Sdn. Bhd.  |
| Registration Date                | : | 22 April 2016   |
| Registered Number                | : | 1184819-H   |
| Head office location             | : | Unit C508, Block C, Kelana Square<br>Jalan SS7/26, Kelana Jaya  |
| Issued and paid-up share capital | : | 1,000,000 Malaysian Ringgit (As of 31 May 2018)<br>Ordinary shares of 1,000,000 shares at par value 1.00<br>Malaysian Ringgit per share |
| Type of Business                 | : | Media in mass transit   |

**2. General business information**

TCSB operates advertising media in MRT project of Sungai Buloh - Kajang Line (SBK line) which is new line in Malaysia opened since December 2016. TCSB acquired concession for 10 years from 16 December 2016 to 15 December 2526. The concession consists of 2 contacts for 1) Train station (Package A) and 2) Train fleet (Package C)







Kuala Lumpur train map, number 9 is Sungai Buloh - Kajang Line (SBK line)



Sungai Buloh - Kajang Line (SBK line) Map

**3. Board of Directors as of 22 August 2017**

| No. | Name                           | Position                             |
|-----|--------------------------------|--------------------------------------|
| 1.  | Dr.Siew KaWei                  | Director                             |
| 2.  | Datuk Wong Sai Wan             | Director                             |
| 3.  | Md Amr Bin Ismail              | Director                             |
| 4.  | Mohd Azni Bin Md Azar          | Director                             |
| 5.  | Ahmad Razif Bin Mohamed        | Director                             |
| 6.  | Mohd Yazid Bin Ahmad           | Director                             |
| 7.  | Chotchawal Leetrairong         | Director                             |
| 8.  | Stephane Sylvain Alphonse Taib | Director and Chief Executive Officer |

Source: Company Act, annual return of a company having a share capital

**4. Top Shareholders as of 28 December 2017**

| No.          | List of shareholders     | No. of Share     | Percentage    |
|--------------|--------------------------|------------------|---------------|
| 1.           | Puncak Berlian SDN. BHD. | 510,000          | 51.00         |
| 2.           | UTUSAN Airtime           | 200,000          | 20.00         |
| 3.           | VGI Malaysia             | 190,000          | 19.00         |
| 4.           | IKASAN Asli              | 100,000          | 10.00         |
| <b>Total</b> |                          | <b>1,000,000</b> | <b>100.00</b> |

Source: Declaration of Trust Contact between PBSB and VGI on 28 December 2017

Remark: Currently, VGI and PBSB hold TCSB for 19% and 51% of issued shares of TCSB (Respectively). PBSB hold TCSB shares of 11% of issued shares as representative of VGM under Declaration of Trust between PBSB and VGI on 28 December 2017 because PBSB cannot transfer these shares to VGM by limitation of concession contact. In the future PBSB will sell these share to VGM at par

**5. Financial Statements****Statements of financial position**

| Unit : Malaysian Ringgit        | Audited financial statement as of |
|---------------------------------|-----------------------------------|
|                                 | 31 May 2017                       |
| <b>Assets</b>                   |                                   |
| <b>Non-current assets</b>       |                                   |
| Property, plant and equipment   | 92,377                            |
| Intangible assets               | 4,400                             |
| <b>Total non-current assets</b> | 96,777                            |
| <b>Current assets</b>           |                                   |
| Trade and other receivables     | 716,379                           |
| Cash and bank balances          | 644,956                           |
| <b>Total current assets</b>     | 1,361,335                         |
| <b>Total assets</b>             | <b>1,458,112</b>                  |
| <b>Liabilities</b>              |                                   |
| <b>Current liabilities</b>      |                                   |
| Trade and other payables        | 1,934,934                         |

| Unit : Malaysian Ringgit            | Audited financial statement as of |
|-------------------------------------|-----------------------------------|
|                                     | 31 May 2017                       |
| <b>Total liabilities</b>            | <b>1,934,934</b>                  |
| <b>Equity</b>                       |                                   |
| Share capital                       | 1,000,000                         |
| Accumulated losses                  | (1,476,822)                       |
| <b>Total equity</b>                 | <b>(476,822)</b>                  |
| <b>Total equity and liabilities</b> | <b>1,458,112</b>                  |

**Statements of Comprehensive income**

| Unit : Malaysian Ringgit             | Audited financial statement as of |
|--------------------------------------|-----------------------------------|
|                                      | 31 May 2017                       |
| <b>Revenue</b>                       | <b>145,488</b>                    |
| Cost of sales                        | (1,076,060)                       |
| Gross loss                           | (930,572)                         |
| Other operating income               | 12,116                            |
| Distribution costs                   | (129,832)                         |
| Administrative expenses              | (419,201)                         |
| Financial costs                      | (9,333)                           |
| Loss before tax                      | (1,476,822)                       |
| Tax                                  | -                                 |
| <b>Net loss</b>                      | <b>(1,476,822)</b>                |
| <b>Loss for the financial period</b> | <b>(1,476,822)</b>                |

**Internal income statement for the year ended 31 May 2017**

| Unit : Malaysian Ringgit                              | Value              |
|---|--------------------|
| Advertising revenue                                   | 6,302,000          |
| Media production revenue                              | 1,700,000          |
| <b>Total revenues</b>                                 | <b>8,002,000</b>   |
| Total costs   | 4,942,500          |
| Total expenses  | 4,694,811          |
| <b>Profit (Loss) before interest expenses and tax</b> | <b>(1,635,311)</b> |
| Interest expenses                                     | -                  |
| <b>Profit (Loss) before tax</b>                       | <b>(1,635,311)</b> |
| Tax   | -                  |
| <b>Net profit (loss)</b>                              | <b>(1,635,311)</b> |

**Attachment 7: Information of Redberry Media Sdn. Bhd.**

**1. General information**

Company name : Redberry Media Sdn. Bhd.  
 Registration Date : 25 September 1997  
 Registered Number : 789619-P  
 Head office location : Unit 30-01, Level 30, Tower A  
 Vertical Business Suite, Avenue 3  
 Bangsar South, No. 8, Jalan Kerinchi  
 Issued and paid-up share capital : 100,000 Malaysian Ringgit (As of 31 May 2018)  
 Ordinary shares of 100,000 shares at par value 1.00 Malaysian Ringgit per share  
 Type of Business : Holding company

**2. General business information**

RMSB established for bidding the concession that required Malaysia citizen (Bumiputera). RMSB invested in Tea FM Radio SDN. BHD. and Senandang Sonik SDN. BHD., two companies operate radio business and acquired radio concession for East area of Malaysia

**3. Board of Directors as of 25 September 2017**

| No. | Name                           | Position |
|-----|--------------------------------|----------|
| 1.  | Fong Seow Kee                  | Director |
| 2.  | Dr.Mohamed Al Amin Abdul Majid | Director |
| 3.  | Abdul Latif Bin Mahamud        | Director |

Source: Company Act, annual return of a company having a share capital

**4. Top Shareholders as of 25 September 2017**

| No.          | List of shareholders     | No. of Share   | Percentage    |
|--------------|--------------------------|----------------|---------------|
| 1.           | Puncak Berlian SDN. BHD. | 49,000         | 49.00         |
| 2.           | Hamid Bin Mohd Sidek     | 30,000         | 30.00         |
| 3.           | Abdul Latif Bin Mahamud  | 21,000         | 21.00         |
| <b>Total</b> |                          | <b>100,000</b> | <b>100.00</b> |

Source: Company Act, annual return of a company having a share capital

## 5. Financial Statements

### Statements of financial position

| Unit : Malaysian Ringgit            | Audited financial statement as of |             |
|-------------------------------------|-----------------------------------|-------------|
|                                     | 31 May 2016                       | 31 May 2017 |
| <b>Assets</b>                       |                                   |             |
| <b>Non-current assets</b>           |                                   |             |
| Investment in joint ventures        | 540,000                           | -           |
| <b>Current assets</b>               |                                   |             |
| Trade and other receivables         | 55,671                            | 1,392,581   |
| Cash and bank balance               | 70,494                            | 7,102       |
| <b>Total current assets</b>         | 126,165                           | 1,399,683   |
| <b>Total assets</b>                 | 666,165                           | 1,399,683   |
| <b>Liabilities</b>                  |                                   |             |
| <b>Current liabilities</b>          |                                   |             |
| Trade and other payables            | 2,015,906                         | 3,349,976   |
| <b>Total liabilities</b>            | 2,015,906                         | 3,349,976   |
| <b>Equity</b>                       |                                   |             |
| Share capital                       | 100,000                           | 100,000     |
| Accumulated losses                  | (1,449,741)                       | (2,050,293) |
| <b>Total equity</b>                 | (1,349,741)                       | (1,950,293) |
| <b>Total equity and liabilities</b> | 666,165                           | 1,399,683   |

### Statements of Comprehensive income

| Unit : Malaysian Ringgit           | Audited financial statement as of |             |
|------------------------------------|-----------------------------------|-------------|
|                                    | 31 May 2016                       | 31 May 2017 |
| <b>Revenue</b>                     | 77,434                            | 1,349,774   |
| Cost of sales                      | (77,434)                          | (1,356,847) |
| Gross loss                         | -                                 | (7,073)     |
| Other operating income             | 60,000                            | -           |
| Distribution costs                 | (68,619)                          | (30,727)    |
| Administrative expenses            | (13,961)                          | (22,752)    |
| Other operating expenses           | (2,667)                           | (540,000)   |
| Loss before tax                    | (25,247)                          | (600,552)   |
| Tax expenses                       | -                                 | -           |
| <b>Net loss</b>                    | (25,247)                          | (600,552)   |
| <b>Loss for the financial year</b> | (25,247)                          | (600,552)   |

**Attachment 8: Information of Redberry Outdoors Sdn. Bhd.**

**1. General information**

Company name : Redberry Outdoors Sdn. Bhd.  
 Registration Date : 22 August 1997  
 Registered Number : 785698-M  
 Head office location : Unit 30-01, Level 30, Tower A  
 Vertical Business Suite, Avenue 3  
 Bangsar South, No. 8, Jalan Kerinchi  
 Issued and paid-up share capital : 5,000,000 Malaysian Ringgit (As of 31 May 2018)  
 Ordinary shares of 5,000,000 shares at par value 1.00  
 Malaysian Ringgit per share  
 Type of Business : Billboards and media in public bus

**2. General business information**

RBO operates media in public bus and billboards in expressway in Malaysia. Products can be categorize in 3 types which are 1) Billboards 2) Street Furniture Media and 3) Media in public bus such as Rapid Bus and School Bus by wrapping sticker around the bus.



Advertising media in public bus by RBO

RBO acquired concession from two major expressway services operators. (1) Sistem Lingkaran-Lebuhraya Kajang Sdn. Bhd. concession to operate advertising media in KAJANG SILK Highway for 10 years from 1 March 2015 to 1 March 2024 with right to extend concession for 12 years after concession ended. (2) Konsortium Lebuhraya Utara-Timur (KL) Sdn. Bhd. concession to operate advertising media in Duta Ulu-Kelang Expressway (DUKE) for 1 year from 1 October 2016 to 1 October 2017 with right to extend concession for 2 years after concession ended which RBO has already extend this concession to 1 October 2019

**3. Board of Directors as of 22 August 2017**

| No. | Name                           | Position |
|-----|--------------------------------|----------|
| 1.  | Dr. Siew Ka Wei                | Director |
| 2.  | Fong Seow Kee                  | Director |
| 3.  | Dr.Mohamed Al Amin Abdul Majid | Director |

| No. | Name            | Position |
|-----|-----------------|----------|
| 4.  | Sabli Bin Sibil | Director |

Source: Company Act, annual return of a company having a share capital

#### 4. Top Shareholders as of 22 August 2018

| No.          | List of shareholders              | No. of Share     | Percentage    |
|--------------|-----------------------------------|------------------|---------------|
| 1.           | Puncak Berlian SDN. BHD.          | 4,499,000        | 89.98         |
| 2.           | Dato'George Frederick Nadir Khan  | 500,000          | 10.00         |
| 3.           | Ancom Overseas Ventures Sdn. Bhd. | 1,000            | 0.02          |
| <b>Total</b> |                                   | <b>5,000,000</b> | <b>100.00</b> |

Source: Company Act, annual return of a company having a share capital

#### 5. Financial Statements

##### Statements of financial position

| Unit : Malaysian Ringgit             | Audited financial statement as of |                   |                   |
|--------------------------------------|-----------------------------------|-------------------|-------------------|
|                                      | 31 May 2015                       | 31 May 2016       | 31 May 2017       |
| <b>Assets</b>                        |                                   |                   |                   |
| <b>Non-current assets</b>            |                                   |                   |                   |
| Property, plant and equipment        | 4,075,674                         | 4,814,236         | 4,246,392         |
| Intangible assets                    | 372,303                           | 221,949           | 136,033           |
| <b>Total non-current assets</b>      | <b>4,447,977</b>                  | <b>5,036,185</b>  | <b>4,382,425</b>  |
| <b>Current assets</b>                |                                   |                   |                   |
| Trade and other receivables          | 4,369,111                         | 7,560,670         | 6,473,920         |
| Current tax assets                   |                                   | 33,110            | 25,981            |
| Cash and bank balances               | 594,773                           | 339,189           | 505,605           |
| <b>Total current assets</b>          | <b>4,963,884</b>                  | <b>7,932,969</b>  | <b>7,005,506</b>  |
| <b>Total assets</b>                  | <b>9,411,861</b>                  | <b>12,969,154</b> | <b>11,387,931</b> |
| <b>Liabilities</b>                   |                                   |                   |                   |
| <b>Non-current liabilities</b>       |                                   |                   |                   |
| Deferred tax liabilities             | 457,982                           | 175,423           | 315,804           |
| Hire purchase and lease creditors    | -                                 | 134,458           | -                 |
| <b>Total non-current liabilities</b> | <b>457,982</b>                    | <b>309,881</b>    | <b>315,804</b>    |
| <b>Current liabilities</b>           |                                   |                   |                   |
| Trade and other payables             | 7,228,652                         | 11,298,974        | 9,888,239         |
| Hire purchase and lease creditors    | -                                 | 51,810            | 134,458           |
| Current tax liability                | 157,500                           | -                 | -                 |
| <b>Total current liabilities</b>     | <b>7,386,152</b>                  | <b>11,809,784</b> | <b>10,022,697</b> |
| <b>Total liabilities</b>             | <b>7,844,134</b>                  | <b>12,119,665</b> | <b>10,338,501</b> |
| <b>Equity</b>                        |                                   |                   |                   |
| Share capital                        | 5,000,000                         | 5,000,000         | 5,000,000         |
| Share premium                        | 499,842                           | 499,842           | 499,842           |
| Accumulated losses                   | (3,932,115)                       | (4,650,353)       | (4,450,412)       |
| <b>Total equity</b>                  | <b>1,567,727</b>                  | <b>849,489</b>    | <b>1,049,430</b>  |
| <b>Total equity and liabilities</b>  | <b>9,411,861</b>                  | <b>12,969,154</b> | <b>11,387,931</b> |

**Statements of Comprehensive income**

| Unit : Malaysian Ringgit                    | Audited financial statement as of |                  |                |
|---|-----------------------------------|------------------|----------------|
|   | 31 May 2015                       | 31 May 2016      | 31 May 2017    |
| Revenue                                     | 15,311,513                        | 13,925,786       | 14,117,821     |
| Cost of sales                               | (11,462,485)                      | (12,864,602)     | (11,859,528)   |
| Gross profit                                | 3,849,028                         | 1,061,184        | 2,258,293      |
| Other operating income                      | 89,230                            | 21,084           | 89,498         |
| Distribution costs                          | (563,750)                         | (517,097)        | (370,132)      |
| Administrative expenses                     | (1,711,159)                       | (1,500,840)      | (1,579,297)    |
| Other operating expenses                    | (191,094)                         | (8,483)          | (19,327)       |
| Financial costs                             | -                                 | (54,048)         | (34,230)       |
| Profit (Loss) before tax                    | 706,290                           | (998,200)        | 344,805        |
| Tax   | (403,902)                         | 279,962          | (144,864)      |
| <b>Net profit (Loss)</b>                    | <b>302,388</b>                    | <b>(718,238)</b> | <b>199,941</b> |
| <b>Profit (Loss) for the financial year</b> | <b>302,388</b>                    | <b>(718,238)</b> | <b>199,941</b> |



**Attachment 9: Information of Focus Media Network Sdn. Bhd.****1. General information**

|                                  |   |
|----------------------------------|---|
| Company name                     | : Focus Media Network Sdn. Bhd.   |
| Registration Date                | : 17 August 1997  |
| Registered Number                | : 785190-W  |
| Head office location             | : Unit 30-01, Level 30, Tower A<br>Vertical Business Suite, Avenue 3<br>Bangsar South, No. 8, Jalan Kerinchi                              |
| Issued and paid-up share capital | : 4,483,800 Malaysian Ringgit (As of 31 May 2018)<br>Ordinary shares of 4,483,800 shares at par value 1.00<br>Malaysian Ringgit per share |
| Type of Business                 | : Media in cinema and LCD media   |

**2. General business information**

Focus Media Network Sdn. Bhd. operates media in cinema and LCD media in office building. Main revenue is from 37 locations of media in cinema of and 2 locations of large LCD. Major customer is TGV Cinemas Sdn. Bhd. (“TGV”), the second leader in cinema business in Malaysia.

**3. Board of Directors as of 17 August 2017**

| No. | Name            | Position |
|-----|-----------------|----------|
| 1.  | Dr. Siew Ka Wei | Director |
| 2.  | Fong Seow Kee   | Director |
| 3.  | Tho Tuck Wah    | Director |
| 4.  | Tong Seech Wi   | Director |
| 5.  | Sabli Bin Sibil | Director |

Source: Company Act, annual return of a company having a share capital

**4. Top Shareholders as of 17 August 2017**

| No.          | List of shareholders     | No. of Share     | Percentage    |
|--------------|--------------------------|------------------|---------------|
| 1.           | Puncak Berlian SDN. BHD. | 3,760,000        | 83.86         |
| 2.           | Sixth Media SDN. BHD.    | 723,800          | 16.14         |
| <b>Total</b> |                          | <b>4,483,800</b> | <b>100.00</b> |

Source: Company Act, annual return of a company having a share capital

**5. Financial Statements****Statements of financial position**

| Unit : Malaysian Ringgit             | Audited financial statement as of |                   |
|--------------------------------------|-----------------------------------|-------------------|
|                                      | 31 May 2016                       | 31 May 2017       |
| <b>Assets</b>                        |                                   |                   |
| <b>Non-current assets</b>            |                                   |                   |
| Property, plant and equipment        | 635,691                           | 471,694           |
| Intangible assets                    | 35,529                            | 8,578             |
| Other investment                     | 33,000                            | 33,000            |
| Deferred tax assets                  | -                                 | 314,688           |
| <b>Total non-current assets</b>      | <b>704,220</b>                    | <b>827,960</b>    |
| <b>Current assets</b>                |                                   |                   |
| Trade and other receivables          | 15,749,170                        | 16,414,066        |
| Current tax assets                   | -                                 | 358,640           |
| Cash and bank balances               | 159,159                           | 345,383           |
| <b>Total current assets</b>          | <b>15,908,329</b>                 | <b>17,118,089</b> |
| <b>Total assets</b>                  | <b>16,612,549</b>                 | <b>17,946,049</b> |
| <b>Liabilities</b>                   |                                   |                   |
| <b>Non-current liabilities</b>       |                                   |                   |
| Deferred tax liabilities             | 9,060                             | -                 |
| Hire purchase and lease creditors    | 9,393                             | -                 |
| <b>Total non-current liabilities</b> | <b>18,453</b>                     | <b>-</b>          |
| <b>Current liabilities</b>           |                                   |                   |
| Trade and other payables             | 11,013,067                        | 9,893,268         |
| Hire purchase and lease creditors    | 18,823                            | 9,393             |
| Current tax liability                | 461,669                           | -                 |
| <b>Total current liabilities</b>     | <b>11,493,559</b>                 | <b>9,902,661</b>  |
| <b>Total liabilities</b>             | <b>11,512,012</b>                 | <b>9,902,661</b>  |
| <b>Equity</b>                        |                                   |                   |
| Share capital                        | 4,483,800                         | 4,483,800         |
| Retained earnings                    | 616,737                           | 3,559,588         |
| <b>Total equity</b>                  | <b>5,100,537</b>                  | <b>8,043,388</b>  |
| <b>Total equity and liabilities</b>  | <b>16,612,549</b>                 | <b>17,946,049</b> |

**Statements of Comprehensive income**

| Unit : Malaysian Ringgit         | Audited financial statement as of |                  |
|----------------------------------|-----------------------------------|------------------|
|                                  | 31 May 2016                       | 31 May 2017      |
| <b>Revenue</b>                   | 18,705,203                        | 19,313,270       |
| Cost of sales                    | (11,606,464)                      | (12,590,241)     |
| Gross profit                     | 7,098,739                         | 6,723,029        |
| Other operating income           | 597                               | 34,187           |
| Distribution costs               | (1,362,052)                       | (1,660,639)      |
| Administrative expenses          | (1,861,726)                       | (2,659,576)      |
| Other operating expenses         | (61,575)                          | (17,273)         |
| Financial costs                  | (1,502)                           | (1,663)          |
| Profit before tax                | 3,812,481                         | 2,418,065        |
| Tax                              | (909,575)                         | 524,786          |
| <b>Net profit (Loss)</b>         | <b>2,902,906</b>                  | <b>2,942,851</b> |
| Profit (Loss) for financial year | 2,902,906                         | 2,942,851        |

**Internal income statement for the year ended 31 May 2017**

| <b>Unit : Malaysian Ringgit</b>                       | <b>Value</b>      |
|---|-------------------|
| Advertising revenue                                   | 24,949,166        |
| Media production revenue                              | 933,639           |
| Other revenues  | 170,000           |
| <b>Total revenues</b>                                 | <b>26,052,805</b> |
| Total costs   | 16,449,229        |
| Total expenses  | 5,419,218         |
| <b>Profit (Loss) before interest expenses and tax</b> | <b>4,184,358</b>  |
| Interest expenses                                     | 1,713             |
| <b>Profit (Loss) before tax</b>                       | <b>4,182,645</b>  |
| Tax   | 1,048,415         |
| <b>Net profit (loss)</b>                              | <b>3,134,231</b>  |

**Attachment 10: Information of Point Cast (M) Sdn. Bhd.**

**1. General information**

Company name : Point Cast (M) Sdn. Bhd.  
 Registration Date : 25 August 1998  
 Registered Number : 830478-T  
 Head office location : Unit 30-01, Level 30, Tower A  
 Vertical Business Suite, Avenue  
 Bangsar South, No. 8, Jalan Kerinchi  
 Issued and paid-up share capital : 2,500,000 Malaysian Ringgit (As of 31 May 2018)  
 Ordinary shares of 2,500,000 shares at par value 1.00  
 Malaysian Ringgit per share  
 Type of Business : Advertising media on cashier in supermarket

**2. General business information**

PCSB operates advertising media on cashier in supermarket in Malaysia. There are 52 supermarkets that have PCSB's advertising media.

**3. Board of Directors as of 25 August 2017**

| No. | Name            | Position |
|-----|-----------------|----------|
| 1.  | Dr. Siew Ka Wei | Director |
| 2.  | Tho Tuck Wah    | Director |

Source: Company Act annual return of a company having a share capital

**4. Top Shareholders as of 25 August 2017**

| No.          | List of shareholders | No. of Share     | Percentage    |
|--------------|----------------------|------------------|---------------|
| 1.           | Redburry SDN. BHD.   | 2,500,000        | 100.00        |
| <b>Total</b> |                      | <b>2,500,000</b> | <b>100.00</b> |

Source: Company Act annual return of a company having a share capital

## 5. Financial Statements

### Statements of financial position

| Unit : Malaysian Ringgit             | Audited financial statement as of |                    |
|--------------------------------------|-----------------------------------|--------------------|
|                                      | 31 May 2016                       | 31 May 2017        |
| <b>Assets</b>                        |                                   |                    |
| <b>Non-current assets</b>            |                                   |                    |
| Property, plant and equipment        | 1,103,396                         | 857,949            |
| Intangible assets                    | 60,287                            | 48,537             |
| <b>Total non-current assets</b>      | <b>1,163,683</b>                  | <b>906,486</b>     |
| <b>Current assets</b>                |                                   |                    |
| Trade and other receivables          | 161,514                           | 154,615            |
| Cash and bank balances               | 22,821                            | 3,789              |
| <b>Total current assets</b>          | <b>184,335</b>                    | <b>158,404</b>     |
| <b>Total assets</b>                  | <b>1,348,018</b>                  | <b>1,064,890</b>   |
| <b>Liabilities</b>                   |                                   |                    |
| <b>Non-current liabilities</b>       |                                   |                    |
| Hire purchase and lease creditors    | -                                 | 25,376             |
| <b>Total non-current liabilities</b> | <b>-</b>                          | <b>25,376</b>      |
| <b>Current liabilities</b>           |                                   |                    |
| Hire purchase and lease creditors    | -                                 | 72,034             |
| Payables                             | 5,682,527                         | 5,915,257          |
| <b>Total current liabilities</b>     | <b>5,682,527</b>                  | <b>5,987,291</b>   |
| <b>Total liabilities</b>             | <b>5,682,527</b>                  | <b>6,012,667</b>   |
| <b>Equity</b>                        |                                   |                    |
| Share capital                        | 2,500,000                         | 2,500,000          |
| Accumulated losses                   | (6,834,509)                       | (7,447,777)        |
| <b>Total equity</b>                  | <b>(4,334,509)</b>                | <b>(4,947,777)</b> |
| <b>Total equity and liabilities</b>  | <b>1,348,018</b>                  | <b>1,064,890</b>   |

### Statements of Comprehensive income

| Unit : Malaysian Ringgit           | Audited financial statement as of |                  |
|------------------------------------|-----------------------------------|------------------|
|                                    | 31 May 2016                       | 31 May 2017      |
| <b>Revenue</b>                     | 1,264,286                         | 974,453          |
| Cost of sales                      | (619,720)                         | (501,648)        |
| Gross profit                       | 644,566                           | 472,805          |
| Other operating income             | -                                 | -                |
| Distribution costs                 | (125,270)                         | (112,260)        |
| Administrative expenses            | (706,130)                         | (958,817)        |
| Other operating expenses           | -                                 | -                |
| Financial costs                    | -                                 | (6,996)          |
| Loss before tax                    | (186,834)                         | (613,268)        |
| Tax                                | -                                 | -                |
| <b>Net profit (loss)</b>           | <b>(186,834)</b>                  | <b>(613,268)</b> |
| <b>Loss for the financial year</b> | <b>(186,834)</b>                  | <b>(613,268)</b> |

**Attachment 11: Information of Ten Plus Resources Sdn. Bhd.**

**1. General information**

|                                  |   |   |
|----------------------------------|---|---|
| Company name                     | : | Ten Plus Resources Sdn. Bhd.  |
| Registration Date                | : | 10 December 2013  |
| Registered Number                | : | 1073411-A   |
| Head office location             | : | Unit 30-01, Level 30, Tower A<br>Vertical Business Suite, Avenue<br>Bangsar South, No. 8, Jalan Kerinchi                            |
| Issued and paid-up share capital | : | 100,000 Malaysian Ringgit (As of 31 May 2018)<br>Ordinary shares of 100,000 shares at par value 1.00 Malaysian<br>Ringgit per share |
| Type of Business                 | : | Digital advertising media on electricity posts  |

**2. General business information**

TPSB operates digital advertising media on electricity posts in Melaka, Malaysia. There are 45 media locations now.

**3. Board of Directors as of 10 December 2017**

| No. | Name               | Position |
|-----|--------------------|----------|
| 1.  | Datuk Wong Sai Wan | Director |
| 2.  | Sabli Bin Sibil    | Director |

Source: Company Act, annual return of a company having a share capital

**4. Top Shareholders as of 25 January 2018**

| No.          | List of shareholders     | No. of Share   | Percentage    |
|--------------|--------------------------|----------------|---------------|
| 1.           | Puncak Berlian SDN. BHD. | 90,000         | 90.00         |
| 2.           | Lian Tan Yong            | 10,000         | 10.00         |
| <b>Total</b> |                          | <b>100,000</b> | <b>100.00</b> |

Source: Company Act, Register member

## 5. Financial Statements

### Statements of financial position

| Unit : Malaysian Ringgit            | Audited financial statement as of |             |
|-------------------------------------|-----------------------------------|-------------|
|                                     | 31 May 2016                       | 31 May 2017 |
| <b>Assets</b>                       |                                   |             |
| <b>Non-current assets</b>           |                                   |             |
| Property, plant and equipment       | -                                 | 76,893      |
| <b>Current assets</b>               |                                   |             |
| Other receivables and deposit       | 1,000,000                         | 2,000,300   |
| Cash and bank balances              | 657                               | 4,094       |
| <b>Total current assets</b>         | 1,000,657                         | 2,004,394   |
| <b>Total assets</b>                 | 1,000,657                         | 2,081,287   |
| <b>Liabilities</b>                  |                                   |             |
| <b>Current liabilities</b>          |                                   |             |
| Other payables and accruals         | 1,037,494                         | 2,121,835   |
| <b>Total liabilities</b>            | 1,037,494                         | 2,121,835   |
| <b>Equity</b>                       |                                   |             |
| Share capital                       | 2                                 | 2           |
| Accumulated losses                  | (36,839)                          | (40,550)    |
| <b>Total equity</b>                 | (36,837)                          | (40,548)    |
| <b>Total equity and liabilities</b> | 1,000,657                         | 2,081,287   |

### Statements of Comprehensive income

| Unit : Malaysian Ringgit        | Audited financial statement as of |                |
|---------------------------------|-----------------------------------|----------------|
|                                 | 31 May 2016                       | 31 May 2017    |
| <b>Revenue</b>                  | -                                 | -              |
| Cost of sales                   | -                                 | -              |
| Gross profit                    | -                                 | -              |
| Administrative expenses         | (24,029)                          | (3,711)        |
| Loss before tax                 | -                                 | -              |
| Tax                             | -                                 | -              |
| <b>Net profit (loss)</b>        | <b>(24,029)</b>                   | <b>(3,711)</b> |
| <b>Total comprehensive loss</b> | <b>(24,029)</b>                   | <b>(3,711)</b> |