

1. Business Overview

VISION

To lead and shape the multi-media communications market in Thailand and aspire to become the most-admired Digital Life Service Provider.

MISSION

- We commit to deliver superior, innovative and responsible services that can add value and enhance peoples' daily lives along with business capabilities.
- We commit to enhance Customer Intimacy through the best customer experience.
- We commit to drive intrapreneurship along with a professional and lively work culture for all our employees.
- We commit to build win-win growth with our key stakeholders.

Advanced Info Service Plc. (AIS) aims to be the 'Digital Life Service Provider' operating in three core businesses: mobile, fixed broadband, and digital content. AIS is the leading mobile operator in Thailand with approximately 50% revenue market share and is serving more than 41million subscribers nationwide as of the end of 2016. For more than 26 years of service, mobile business continues to be the largest revenue contribution of AIS' total revenue. With the strength of current spectrum holding, AIS can provide quality 2G, 3G and 4G networks and other various services. Furthermore, the new 900MHz license was granted in June 2016 and is valid until 2031. The 900MHz frequency is used to deploy 2G network as well as to help strengthen both coverage and capacity for 3G and 4G networks. Currently, AIS' 3G network is operated on 2100MHz license and is valid until 2027. 3G coverage is more than 98% of Thai population. At year-end 2016, AIS' 4G network, operated on 1800MHz license which is valid until 2033, reached nationwide coverage of 98% of total population and continue to increase capacity and expand more in year 2017. Moreover, mobile services of AIS include domestic voice call, internet on mobile, digital contents, video streaming, mobile financial service, International Direct Dialing (IDD) service, and International Roaming service.

In addition to the mobile business, in early 2015, AIS started a new fixed broadband business under the brand 'AIS Fibre'. In the second year of operation in 2016, AIS Fibre showed an accelerated growth as we continue to expand coverage and scale up the business. In the meanwhile, the fixed broadband market is expanding and the demand for better speed and quality for at-home connectivity grows. AIS Fibre can attract customers with its differentiation of FTTH (Fibre-To-The- Home) technology and with affordable price to upgrade from ADSL. This year-end we reported a revenue increase of 616% YoY and subscriber growth of 6.8 times from 44k at the end of last year to 302k with 5.2 million available homepasses. AIS will continue to ramp up the service for next year and target to become a major player in the market within 3 years.

The last part of AIS' core business is digital content. Going towards the digital transformation, AIS as a Digital Life Service Provider has been developing and improving many digital contents and services to serve customers. AIS cooperates with the content creators and providers to build up a telecom ecosystem to grow together. Among the five key areas namely video, game, mobile banking, cloud, and M2M, the examples of our success in 2016 were the popularity of AIS PLAY, a video-content mobile application, and the launch of the Cloud Enterprise business. Ultimately, AIS' digital content will enhance and extend our integrated service and strive AIS for future growth in the digital society.

1.1 The Compliance with telecommunication regulatory regime

The Thailand's telecommunication industry has been regulated under the National Broadcasting and Telecommunication Commission ("NBTC"). NBTC was established by the Act on the Organization

to Assign Radio Frequency and to Regulate the Broadcasting Business and Telecommunication Service, B.E. 2553 (The Frequency Allocation Act B.E. 2553). The NBTC has authority related to the telecommunication business as follows:

- To formulate a frequency management master plan, table of frequency allocation, frequency plan, and telecommunications numbering plan;
- To issue a license and regulate the use of radio frequency and radio communication equipment in the undertaking of telecommunication services;
- To issue a license and regulate the operations of telecommunication services as well as prescribe licensing criteria and procedures, conditions, or licensing fees;
- To set tariff structure and price structure for telecommunication services and promote the equality of people in the access to telecommunication service;
- To prescribe measure for prevention of anti-competitive conduct or unfair competition in telecommunication business and protect the right and liberty of the people in relation to telecommunication services.

Since Advanced Wireless Network Co., Ltd. (AWN) has awarded the 900/1800/2100 licenses from the NBTC, the former operation under concession agreement has been transformed to a licensed. Under the license to operate telecommunication business, all licensed companies within AIS group have to comply with all the NBTC's telecommunication laws and regulation, including a payment of license fee, a payment on use of frequency and numbering fee, supporting of research and development fund for the public interest as well as compliance of the coverage obligation and tariff regulatory regime.

1.2 Key Milestones in 2016

January

- Advanced Wireless Network Limited Company (AWN), an AIS subsidiary, officially launched 4G Advanced Service accessible in 42 provinces. After receiving a license to operate on 1800 MHz spectrum in December 2015, AWN was the first operator in Thailand to deploy LTE Advanced technology.

February

- AIS announced 2016 investment of 40 billion baht for the expansion of 4G and 3G network, Fibre internet service and AIS shops.

March

- AIS introduced the world's first commercial 4.5G network. Through a strategic alliance with Huawei, the network capability offers a maximum speed of 550 megabytes per second, and plans for the speed of one gigabyte per second. The 4.5G network enables customers to view video in higher resolutions and enjoy future applications such as Virtual Reality.
- All AIS Data Center received ISO 27001:2013 - a certification in Information Security Management System from Bureau Veritas Certification (Thailand) Company Limited. This ISO certification reassures AIS safety standard on data security together with building construction friendly to the environment.
- AIS unveiled "Absolutely from Our Hearts, Absolute No.1 in Service," an extension of "AIS Live 360" campaign previously launched. The extended campaign utilized digital technology for new service offerings catered to fulfill customers' different lifestyles; increased service channels on social media; introduced "Ask Aunjai Service," a virtual agent capable of answering customer inquiry 24 hours on website; employed over 5,000 experienced staff for customer service; and delivered an array of privileges to meet customers' expectation 360 degrees.

April

- AIS announced the achievement of 4G network coverage in all 77 provinces countrywide after the first launch in 42 provinces in January.

May

- AIS in coordination with partner, developed the VoLTE technology in AIS Lava smart phones. Often found in expensive smart phones, VoLTE is made available by AIS for middle-range and affordable smart phones. VoLTE running on 4G offers high-quality sound in full HD with low noise, as well as faster and more reliable connection.
- AWN, an AIS subsidiary, participated in the license auction on 900 MHz spectrum and won the license for the bandwidth of 895-905 MHz along with 940-950 MHz, a combined bandwidth of 2x10 MHz spectrum, for the winning bid of 75,654 million baht. AWN received the 15-year license of 900 MHz spectrum starting July 1, 2016.
- AIS Fibre introduced Thailand's first prepaid internet broadband service for dormitories and apartments, offering 100% fiber optic to university-student and apartment rental segment.

June

- AIS introduced SIM2FLY, a new roaming SIM designed exclusively for eight popular countries in Southeast Asia including Japan, South Korea, Singapore, Hong Kong, Taiwan, Laos, Malaysia and India at starting price of 399 baht. Presently, SIM2FLY has expanded its roaming service to cover Europe, North America and more than 50 countries around the world.

July

- AIS announced the new business “AIS Business Cloud” and the vision to enhance Thailand’s business sector toward becoming the Digital Enterprise. With an aim to be the leading Business Cloud service provider in Thailand, AIS collaborates with the global partners in Cloud service such as Microsoft, VMware NSX, NetApp and Check Point. .
- AIS and National Electronics and Computer Technology Center (NECTEC) launch a joint project “ICT System and Integrated Alternative Energy for Communities along the Border” under the patronage of H.R.H. Princess Maha Chakri Sirindhorn. The project is an initiative to provide hybrid electricity generated from hydropower and solar cell equipped with a remote monitoring system for electricity use of the learning center of Border Patrol Police located at Baan Kirilorm, Prachuap Kirikhan province.

August

- AIS 4G network took the lead in providing the largest coverage of 4G roaming service covering 74 countries through partnership with 121 mobile networks in every continent.
- AIS provided mobile broadcasting and rerun of Rio 2016 Olympic Games via “AIS PLAY”. This is the first in Asian to provide Thai consumers access to 12 Olympic channels with HD quality through mobile connectivity.

September

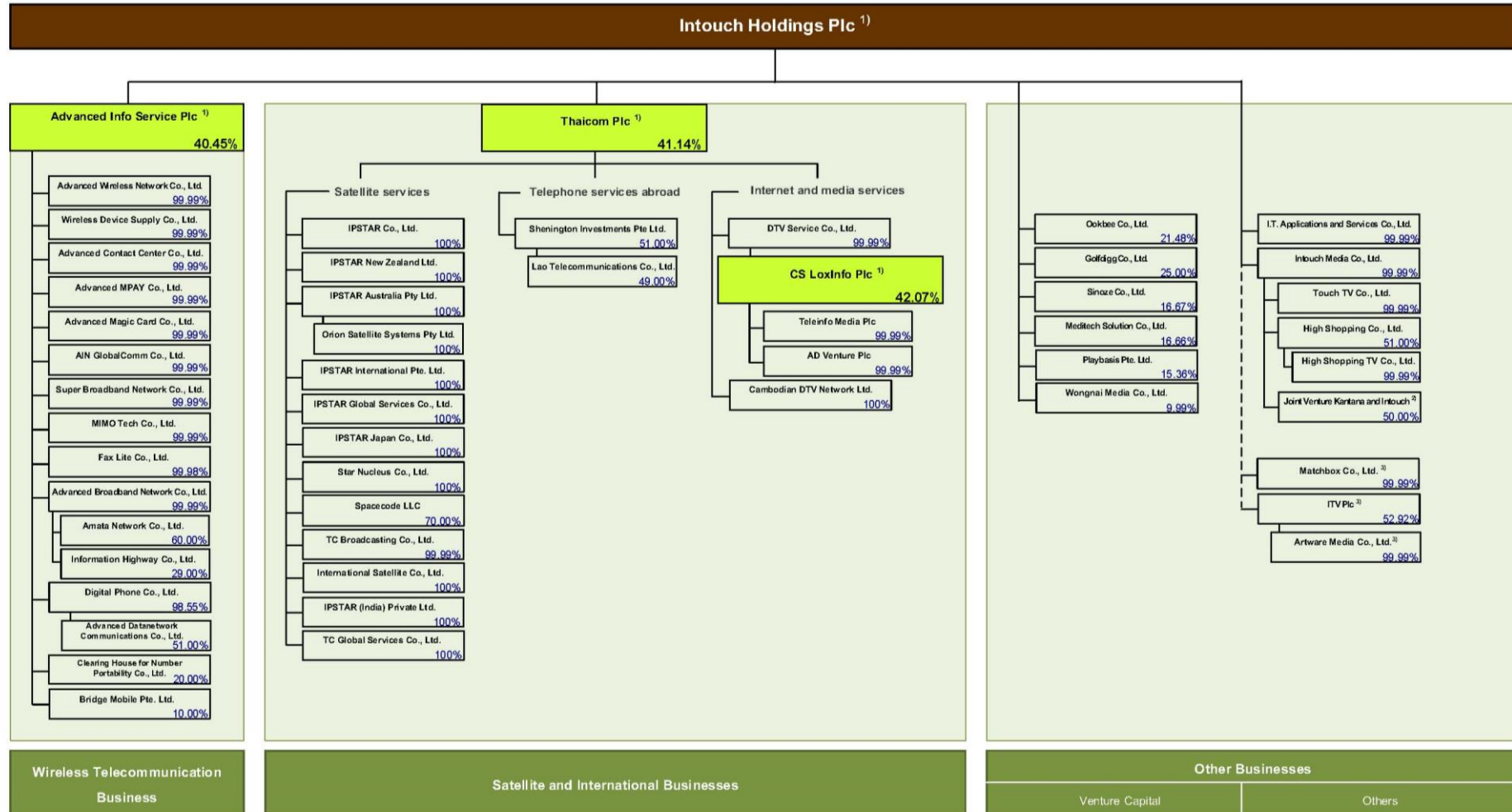
- AIS won the exclusive rights to live broadcast and replay of Paralympics Games 2016, held in Rio De Janeiro, Brazil. The content was offered free as service to AIS customers via AIS Play mobile application and AIS Playbox set-top box.

October

- AIS and DTAC (Total Access Communication Public Limited Company) co-launched VoLTE service across the two networks for the first time in Thailand and ASEAN. Prepaid and postpaid customers of AIS and DTAC can access VoLTE service for 4G video and voice call featuring full HD sound quality available in all 4G service areas nationwide.

1.3 Investment Structure

Investment Structure of Intouch Group as of 31 December 2016

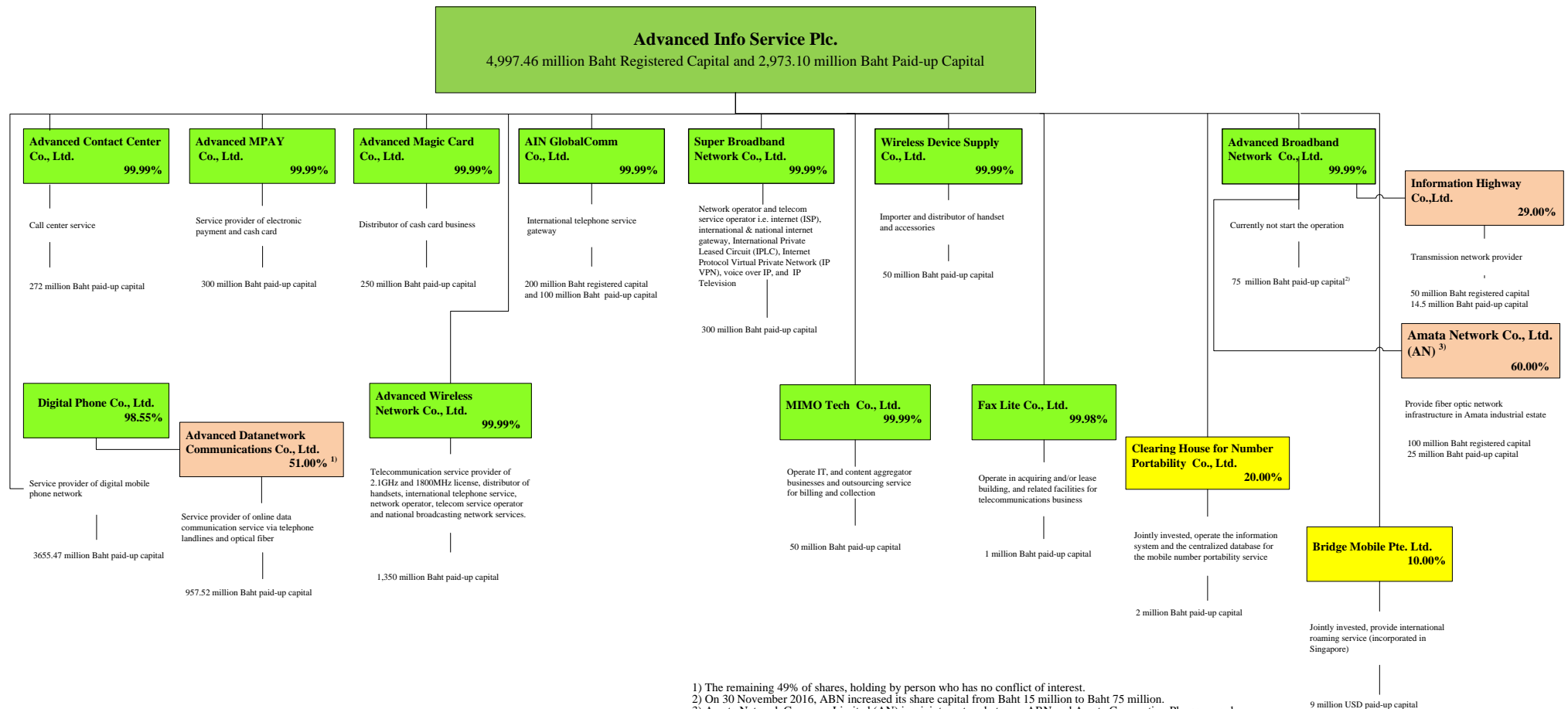


¹⁾ Listed Company on the Stock Exchange of Thailand

²⁾ Currently on the liquidation process

³⁾ Currently not in operation

Investment Structure of AIS as of 31 December 2016



1) The remaining 49% of shares, holding by person who has no conflict of interest.

2) On 30 November 2016, ABN increased its share capital from Baht 15 million to Baht 75 million.

3) Amata Network Company Limited (AN) is a joint-venture between ABN and Amata Corporation Plc. as regards to the news submitted to the SET on October 2015. AN was completely registered on 8 December 2016.

1.4 Awards of Achievement 2016

BEST COMPANY

- Thailand's Top Corporate Brands Awards 2016

Organized by the Faculty of Accounting and Commerce, Chulalongkorn university, Thailand's Top Corporate Brands 2016 was awarded to AIS for having the highest corporate value of Baht 582,434 million in the category of Information and Communication Technology. It was also the highest value across all categories. AIS has now received this award for five consecutive years.

- Best Employer Thailand Award, and Best of the Best Award 2016

Aon Hewitt (Thailand) in collaboration with Sasin Graduate Institute of Business Administration, Chulalongkorn University, awarded AIS a Best Employer Thailand Award 2016 while also honoring Advanced Call Center with the Best of the Best Award for the ability to initiate and retain excellence in human management, effective leadership, goal-oriented corporate culture, and corporate identity of outstanding and trustworthy employers with high scores recorded for employee satisfaction and engagement.

- Best Company 2016, and Best Company 2016 under the Technology Industry category

Awarded by Money & Banking Magazine to listed companies with the highest performance of the year in their industry.

- Thailand Top Company Awards 2016 under the category of the Telecommunication Industry category

Organized by Business+ Magazine (under ARIP Publishing House) and the University of the Thai Chamber of Commerce, AIS was presented with a Thailand Top Company Award 2016 for its great achievements in business performance and outstanding management skills that serve as a business role model.

- Listed in the Dow Jones Sustainability Indices (DJSI) for two consecutive years

AIS is the only telecom operator from Thailand to be listed in the Dow Jones Sustainability Indices (DJSI) for two consecutive years (2015-2016). The achievement is recognition for AIS operating sustainable business governed by the Company's goals of providing continuous and long-term value to shareholders and utilizing digital technology to connect and strengthen Thai society with the least impact on the environment. Of all 90 telecom operators worldwide who submitted applications, AIS is one of only 17 telecom operators listed in the DJSI.

- MSCI Global Sustainability Indexes for two consecutive years

For outstanding performance in economic, social, and environmental management, this award is further proof that the business operations of AIS adhere to sustainable development accepted by the global benchmarking standard.

- FTSE4Good Emerging Market Index

One of thirty-three telecom companies worldwide listed in "FTSE4Good Emerging Index" hosted by FTSE Group, a world's renowned provider of stock market indices associating with stock exchange markets in numerous countries including Europe and Asia Pacific. FTSE4Good index promotes outstanding companies featuring a strong financial performance while maintaining a positive contribution to community and environment.

- Best Company in the Telecommunication Industry

Organized by IR Magazine and presented at the IR Magazine Awards & Conference – Southeast Asia 2016 in cooperation with the Stock Exchange of Thailand, this award was presented to AIS in recognition of its service excellence in Investor Relations as measured by an analysts and investors poll from major institutes in the region, including the Philippines, Malaysia, Malaysia, Singapore, Indonesia and Thailand.

- Sustainability Report Award 2016

AIS has now received this award for two consecutive years in recognition of the Company's integrity in disclosing information transparently and completely in the Sustainability Report for the benefit of the Company's investors and the Stock Exchange of Thailand.

BEST CEO

- Best CEO in the Technology Industry category

The Investment Analysts Association presented the Best CEO award to Mr. Somchai Lertsutthiwong, Chief Executive Officer of AIS, for his vision and competency in organization management leading to the Company's success and sustainable development. The award was presented at the IAA Awards for Listed Companies 2015/2016.

BEST CUSTOMER SERVICE

- The Fastest Response Brand on Pantip

Pantip.com, Thailand's most popular web board, presented this award to AIS for providing the fastest response to users on Pantip.com and in recognition of being the country's leader in telecom services. The award was presented during the Thailand Zocial Awards 2016.

BEST BRAND

- Thailand's Most Admired Brand 2016

AIS received this award from BrandAge magazine based on the results of its consumer survey. Consumers nationwide voted AIS as No.1 mobile-phone operator with the highest scores for most admired and most trusted brand. The company has now received this award for five consecutive years.

- Brand of the Year

The World Branding Awards 2016-2017 is the premier awards of the World Branding Forum. This awards ceremony honors the success of brand excellence in various industries around the world. AIS was the only telecom operator from Thailand to win a Brand of the Year award, which it was awarded on merit in three categories: brand valuation, consumer market research, and public online voting.

BEST INNOVATION

- Champion of WSIS Prize 2016 in the Field of ICT Applications: e-Agriculture

AIS received this award for City-to-Farm Agriculture Assisting (CFAA), the Company's self-developed application that utilizes digital technology to improve the quality of life of Thai farmers. Through CFAA, farmers can trade their crops directly with city residents which enables the farmers to generate higher revenues and provides the buyers with better quality

products. This awards ceremony was organized by the World Summit on the Information Society Forum (WSIS), a collaboration between the International Telecommunication Union (ITU) and the United Nations (UN). Its main objective is to promote the use of ICT for advancing sustainable development.

CORPORATE SOCIAL RESPONSIBILITY

- AIS received a Corporate Social Responsibility Award 2016 at the 15th Asia Business Leaders Awards 2016 hosted by CNBC. The award was presented for the Company's contribution to the Southeast Asia region. Only six awards were listed: Asia Business Leader Award, Asia Disruptor of the Year Award, Asia Talent Management Award, Lifetime Achievement Award, Indonesia Business Leader of the Year Award, and Corporate Social Responsibility Award. Of all sixty-six companies from Southeast Asia nominated, AIS was the only Thai company to receive the award.

2. Nature of business

2.1 Revenue structure from providing service & sales income in AIS group to the third party within 3 years

Service/Product	Operated by	% Holding of shares as at 31 Dec. 16	2014		2015		2016	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service								
- Mobile phone services & rental and call center services	Advanced Info Services Plc.		26,708.27	17.88	7,466.95	4.81	413.61	0.27
	Advanced Wireless Network Co., Ltd.	99.99	94,478.94	63.27	117,370.25	75.60	124,922.33	82.11
	Digital Phone Co., Ltd.	98.55	27.19	0.02	3.69	-	-	-
	AIN Globalcomm Co., Ltd.	99.99	2,873.93	1.92	1,272.30	0.82	369.46	0.24
	Advanced mPAY Co., Ltd.	99.99	368.75	0.25	224.59	0.14	189.92	0.12
	Fax Lite Co., Ltd.	99.98	-	-	30.37	0.02	149.12	0.10
	Advanced Contact Center Co., Ltd.	99.99	3.90	-	3.52	-	1.30	-
- Construction income from the Agreements for operation	Advanced Info Services Plc.		600.26	0.40	63.59	0.04	-	-
Sub-total			125,061.24	83.74	126,435.26	81.43	126,045.74	82.84
Mobile phone sales								
	Advanced Info Services Plc.		8.38	0.01	0.19	-	-	-
	Advanced Wireless Network Co., Ltd.	99.99	15,877.15	10.63	23,736.29	15.29	23,197.03	15.25
	Wireless Device Supply Co., Ltd.	99.99	7,528.74	5.04	4,090.35	2.63	749.90	0.50
Sub-total			23,414.27	15.68	27,826.83	17.92	23,946.93	15.75

Service/Product	Operated by	% Holding of shares as at 31 Dec. 16	2014		2015		2016	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Data network and broadband service	Advanced Datanetwork Communication Co., Ltd.	51.00	24.40	0.02	3.60	-	3.46	-
	Super Broadband Network Co., Ltd.	99.99	786.18	0.53	883.63	0.57	595.62	0.39
	Advanced Wireless Network Co., Ltd.	99.99	-	-	127.12	0.08	1,558.12	1.02
	Advanced Internet Revolution Co., Ltd.	99.99	42.96	0.03	-	-	-	-
Sub-total			853.54	0.58	1,014.35	0.65	2,157.20	1.41
Grand Total			149,329.05	100.00	155,276.44	100.00	152,149.87	100.00

Remarks: 1) Advanced Datanetwork Communication Co., Ltd is an indirect subsidiary.

2) Advanced Internet Revolution Co.,Ltd. has finished a liquidation process on 19 October 2015.

2.2 Products and Services

Today, the use of mobile phone has become broader along with the improvement of modern technology which brings greater connectivity at high speed; meanwhile, inexpensive smartphones are widespread and more variety of digital contents and applications are available. Mobile data consumption has been rising rapidly, and it substitutes the use of voice service. Over the past year, AIS has also been expanding the expanded into residential fixed broadband service and digital contents with an aim to better serve the needs of customers in digital era.

The three main businesses of AIS are explained in detail below.

1. Mobile phone business

AIS currently provides mobile network service using 2G, 3G and 4G technology on 2.1GHz, 1800MHz and 900MHz spectrum. These services support 41 million mobile subscribers of which 34.6 million are prepaid and 6.4 million are postpaid. In 2016, AIS expanded its 3G base stations to 51,200 covering 98% of population, and 4G base stations to 42,100 covering 98% of population.

Prepaid service Customers using prepaid service make an advanced payment (pre-pay) to use the mobile service and can top up the amount through a variety of channels such as AIS shop, mPAY application, banks, ATMs and convenience stores. When money is added, customers can select and use the services that most suit their behavior from various packages under AIS 1-2-Call! brand. In general, when the prepaid SIM is registered, customers can choose a main package that includes voice and internet with AIS WiFi, or NET SIM that provides only internet for devices such as tablets. The third option is a package for voice calls only, which has different price plans for usage on AIS network or others. In addition, AIS offers special voice call packages for the audio and visually impaired.

Postpaid service Customers using postpaid mobile services are billed after use, at the end of each payment cycle, which is considered to be convenient for those who are willing to commit to a monthly plan. Similar to the Prepaid, Postpaid packages can be selected from a bundled pack (voice plus data and WiFi), an internet-only package or a voice-only package.

Apart from the main prepaid and postpaid packages, customers can buy on-top packages to extend service usage and control their spending limits. On-top packages include adding minutes, internet usage, internet speed, are either one-time or recurring. A variety of channels are available for customers to purchase the packages, including USSD code, eService, AIS Online store and other applications, such as AIS App and LINE.

• **New packages and SIMs in 2016**

AIS continue focusing on providing personalized products and services for customers. AIS study and analyze customer behaviors in order to develop innovative prepaid and postpaid packages that are suitable for efficient 4G usage.

Postpaid service

4G Max Speed

This is designed and developed for customers who needs high speed mobile internet, suitable for HD video, multimedia and other digital contents. 4G Max Speed package provide customers more data allowance than unlimited data packages with the same price points but at 4G speed. When the data allowance reaches the limit, the customers need to buy on-top package to continue using the internet. Moreover, 4G Max Speed provides Multi SIM service, allowing customers to use mobile internet on up to five devices within one package.

iEntertain Non-Stop

This innovative package target the new generation who use mobile internet to enjoy various entertainment contents, including video clips, movies, digital TV and music. This package offers non-stop and dedicated internet for popular entertainment applications including AIS

Play, Youtube, JOOX, Atime Online, Coolism and Seed, for customers to enjoy anywhere, anytime.

Prepaid service

Super Play SIM

In August 2016, AIS launched a new prepaid SIM called “Super Play” to maximize 4G speed internet capacity, for streaming VDO and other multimedia contents. The special offer of this SIM is 1GB per week allowance of YouTube and AIS Play for 52 weeks or one year. It also includes unlimited music through top application ie. Joox , Seed , A Time and Coolism.

EASY FREE NET SIM

In September 2016, AIS launched new prepaid SIM called “EASY FREE NET”, which is the first and only SIM in Thailand that allows users to surf net at no charge anywhere, anytime, with a non-stop of 64 Kbps speed. This product was designed to attract non-internet users or beginners for convenient mobile internet accessibility. Customers can use the internet

Apart from packages and SIM for voice and data services in prepaid and postpaid segments, AIS also launched campaigns for a wide variety of good quality phones at value price, especially smartphones that became more popular along with the increase in mobile internet usage.

- **AIS Super Combo**

AIS offers various models of quality smartphones at reasonable prices under the brand Super Combo LAVA, which is a special partnership between the device manufacturer and AIS, targeting at prepaid segment. The campaign offered 3G/4G phones, as well as new ones that support 4G VoLTE HD Voice.

Please visit www.ais.co.th/supercombo for more information on LAVA brand products.

- **AIS Hot Deal**

AIS offers varieties of well-known smartphone brands with special offerings and discounts targeting for new and existing postpaid subscribers, including port-in (customer moving service from other operators while carrying same phone number) and customers who want to switch service from prepaid to postpaid.

Please visit www.ais.co.th/hotdeal for more information on the campaign.

- **International Roaming and International Direct Dialing services**

AIS also provide international roaming services for AIS customers travelling abroad to use mobile services for voice calls and data by roaming abroad on our partners’ network, without changing SIM and number. AIS has agreements with 232 international operators in all continents, covering 464 networks to provide International Roaming services. For international roaming on 4G networks, AIS partners with 140 international operators in 82 countries. We also provide international direct dialing (IDD) services for international call from Thailand to more than 240 foreign countries.

In 2016, AIS has launched a new, great saving roaming package, “Roam Like Home”, offering unlimited calls to Thailand and local calls together with non-stop data roaming in the same package in 40 popular countries. This package provides worry-free roaming experience of both voice and data roaming to AIS customers without switching phone number.

Moreover, AIS has launched SIM2Fly products to compete with overseas local prepaid SIM and pocket WiFi which offer alternatives to international roaming products. Customers can choose packages with different duration and usage volumes according to their needs. The SIM can be used in many popular destination countries in Asia, Europe and America, providing convenience and high value to customers. SIM2Fly can be bought in Thailand before traveling and used upon arrival at destination.

2. Fixed Broadband Business

AIS provides high-speed internet services through a pure fiber optic network as Fibre to the Home (FTTH) and Fibre to the Building (FTTB), under the brand “AIS Fibre”. The service aligns with our focus to lead in Digital home service infrastructure, responding customer demands in speed and stability for internet users. The service is bundled with AIS PLAYBOX, the set top box for home entertainment.

In 2016, AIS Fibre had 301,500 subscribers with service coverage in 28 provinces, namely Bangkok, Nonthaburi, Pathum Thani, Samut Prakan, Nakhon Pathom, Samut Sakorn, Chonburi, Khon Kaen, Udon Thani, Nakhon Ratchasima, Chiang Mai, Phuket, Pra Nakhon Sri Ayutthaya, Rayong, Ubon Ratchatani, Buriram, Nong Khai, Chiang Rai, Phitsanulok, Surat Thani, Songkhla, Saraburi, Surin, Ratchaburi, Sakon Nakhon, Mahasarakham, Narathiwat, and Nakhon Si Thammarat. Moving forward, AIS will continue to expand service provision with the aim to become a significant player in the next three years.

AIS Fiber packages offer three types of package designed to fulfill different needs of customers:

- **PowerHome Package:** targeting home use. Benefiting from an upload speed, this package supports general use such as web surfing, social media, online games, photo upload and download, video streaming, YouTube.
- **PowerPRO Package:** targeting home use or SMEs that require a dedicated access and speed to increase work efficiency particularly during peak hours. The package also connects with larger international bandwidth to allow faster speed.
- **PowerBiz Package:** targeting enterprise users who need internet for business functions. The outstanding feature is IP service for installing a server, which provides access to a range of business services via high-speed internet, such as teleconference with full HD quality and speedy aftersales services, to ensure business efficiency.

Products and services in 2016

- **Dorm Net (Net Hor)**

“Dorm Net by AIS Fibre” was the first innovative prepaid fixed broadband service launched in Thailand targeting college students living in dorms near campuses.

- **Partnership with property developers**

AIS Fibre partners with property developers, such as Property Perfect PLC., N.C. Group, D’Well Grand Asset Ltd. and MK Real Estate Development Plc. to provide high-speed internet infrastructure ready for residential customers in their projects.

3. Digital content business

Beyond providing network service, AIS also offers various leading value-added services to encourage the market growth, including Calling Melody, e-Book and other services in collaboration with partners.

With an enhance capability of network technology such as 3G, 4G and Super WiFi, along with higher smartphone penetration, digital services and digital contents are becoming a key focus to better respond to customer lifestyle. Our focus is on the five key areas: video, game, mobile banking, cloud and M2M.

- **Video**

AIS sees the importance of platform for customers to enjoy a variety of video contents, ranging from movies, sports, to karaoke. Apart from AIS PLAYBOX, which is a set top box for home entertainment, in 2016, AIS also developed AIS PLAY application, a digital content platform on mobile to enjoy anywhere, anytime. We partner with content developers to provide a wide variety of exclusive contents, such as live concerts from GMM Grammy as well as Olympic and Paralympic Games with more selections than free TV broadcast.

- **Gaming**

AIS partners with game developers to provide gaming contents for customers and develop payment channels through direct carrier billing and AIS One-2-Call! top-up cards.

- **Mobile banking**

Mobile banking services are also developed to enhance the convenience of money transfer through AIS mPay application on mobile phones. In 2016, AIS also launched “AIS mPay MasterCard”, Thailand’s first prepaid MasterCard for secure online shopping.

- **Cloud service**

In 2016, AIS launched “AIS Business Cloud”, all-in-one service for corporate clients ranging from data center, Infrastructure-as-a-Service (e.g. virtual machine, backup storage, network security), Software-as-a-Service (e.g. Office365, Mobile Threat Prevention App, Enterprise Storage Box), managed cloud service, and professional consulting service. It responds to the trend of businesses in Thailand using cloud computing to improve competitiveness. AIS provides world-class standard facilities and security to support all sizes of businesses. We also partner with international suppliers to strengthen our cloud service.

- **Machine-to-machine or M2M**

AIS’ M2M is marketed in a wide range of businesses, e.g. logistics, finance and banking, utilities, through a partnership with leading suppliers to facilitate M2M management for our customers.

In content development, especially new applications, AIS continue to encourage startups with “AIS the StartUp CONNECT program”. Startups from all over Thailand can submit their ideas online. Upon evaluation process, teams will be considered to co-work with AIS using our strength in network technology and other enablers, such as payment and billing system, as well as an access to prepaid and postpaid customer base.

2.3 Distribution Channels

Distribution channels are the strategic support for AIS in providing customers with access to our products and services nationwide. AIS maintain in good relationship with our distributors by developing sustainable business with existing partners, as well as finding new strategic partners to strengthen our network. To respond to the changing in customer behavior, AIS has set up various channels to meet the needs of different market segments. Today, 97% of all AIS distributions are handled by qualified partners who have good business potential and are capable of providing good care to customers. The criteria for selecting partners are based on their locations, performance track record and financial status. Also, regional distributors must be familiar with local market and perform well in order to provide reliable services to customers. AIS partners in mobile business can be categorized as follows:

1. AIS Shop

AIS expanded AIS Shop to reach more customers across a wider coverage area. Service processes have also been improved to increase efficiency, while shop interiors and product displays were redesigned to enhance customer experience. In 2016 we expanded AIS shop to 130 locations including 43 AIS Shops by partner, run by selected high potential partners. These partners will help AIS reach more customers by offering the same sales and service standards as at AIS Shops. Staff selection and training processes were developed by human resource management and training team from AIS in order to achieve the same standards at each location.

2. Telewiz shop

AIS has over 100 Telewiz partners, with more than 430 Telewiz and Telewiz Plus branches throughout the country. They are authorized to distribute AIS goods and services, postpaid subscription, payment service, and other general services. Apart from sales revenue, Telewiz partners also receive incentive from AIS mobile registration and supports for marketing activities. AIS will ensure quality and standard of services by setting terms and condition, as well as providing operational guidance, such as selecting and developing outlets, and supporting in sales promotions. In 2016, AIS selected Telewiz 20 branches to join “Telewiz-Uplift” program to raise the quality by emphasizing on the development of sales and service, higher standard before transforming to “AIS Shop”.

3. Advanced Distribution Partnership or ADP

The Advanced Distribution Partnership (ADP) is selected from Telewiz or other existing agents who demonstrate significant distribution potential in their target markets and maintain a healthy financial status. ADP agents are particularly experienced in wholesale distribution and local marketing.

4. AIS Buddy

AIS Buddy is selected from high potential “Advanced Retail Shop” (ARS) located in strategic area in each province. AIS Buddy provides sale and services of AIS including mobile service subscription, mobile number port, and bill payment, almost similar to Telewiz Shop. In 2016, AIS expanded AIS Buddy to 1,100 branches and aim for more in the future. In responding to the expansion of AIS customer base, AIS has developed mobile application, called “AIS Easy App” to improve capability and efficiency of AIS Buddy.

5. Advanced Retail Shop or ARS

Advanced Retail Shops are the key outposts that distribute goods directly to our customers. There are currently over 22,000 ARS shops across the country designed to reach customers in remote locations, and this number is continually growing as our reach further expands into local communities. In 2016, AIS also uses “AIS Easy App” to improve capability and efficiency of ARS to serve more customer needs.

6. Key Account and Modern Trade outlets

AIS distributes a variety of goods and services, including prepaid and postpaid subscription, bill payment, prepaid refill, through the large chain stores and retailers who have nationwide distribution. These include Jay Mart, TG, Bangkok Telecom, CSC, and various modern trade retailers, such as Tesco Lotus, Big C, Power Buy, and 7-11. In addition, IT retail outlets such iStudio, IT City and Advice IT also offer AIS sales and services. In total, AIS is partnered with more than 50 major dealers, providing over 10,000 locations nationwide. To enhance sale efficiency and promote brand awareness, we also have 350 sale promoters recommending AIS products and services at these retail locations. In 2016, AIS cooperated with three iStudio dealers which include SPVi, Copper wire and Uficon, aiming to integrate experience of AIS as an operator and retailers’ expertise to provide the best experience to Apple customers.

7. Direct Sales Channels

To ensure our customer reach to target segment, we have a number of direct sales marketing our product and services directly to target groups. This has been achieved through our partnership with selected agents who have shown the capacity and expertise locally. This helps supporting the future growth and expansion of our business. The direct sales team also has access to “AIS Easy App” which help them in selling, registering and providing services to customers more conveniently and faster.

8. Electronic Distribution Channels

AIS encourages its agents to provide an electronic top-up for prepaid refill to improve customer convenience. We also provide several electronic top-up channels, such as automatic top-up machines, ATMs, mobile banking, and mPAY. AIS currently offers electronic top-up at over

500,000 points across the country and the electronic transaction is accounting for over 80% of all top-ups. This has helped reduce the costs of producing physical pre-paid top-up cards.

Distribution channels for fixed broadband business

Due to the rapid growth of AIS Fiber, distribution channels are an area of importance that we strive to prioritize. We focus on managing channels efficiently so that we can offer our services to customers in Bangkok and other provinces, to support the expansion of the AIS Fiber network in the future.

In 2016, main channels for customers in service coverage included AIS Shop and 440 Telewiz shops in 28 provinces, as well as authorized dealers and direct sales agents to reach more customers. In 2017, AIS will expand its distribution channels for better efficiency, by focusing on online channels, including websites and mobile applications, to communicate with and accommodate customers with convenient processes, such as application, and service status check.

Further information on AIS's strategy for distribution channel is provided in 2016 sustainability report.

2.4 Customer Relationships, Experience, and Service Management

At AIS we commits to deliver the best customer experience which is also a key element to our brand perception and at the forefront of customer satisfaction. To mark the clear leading position in customer relationships and service management, in 2016, AIS continued AIS LIVE 360° concept with a campaign called **"The best service from the heart. To be number 1 in service"**. We deliver services and privileges, especially for customers in 4G era, with technology thoughtfully designed for uplifting service standard. The key strategies are as follows.

1. **The fastest** - AIS has been awarded the operator with the fastest response on Pantip.com social media
2. **The most convenient** - with a variety of self-service channels
3. **The most high-tech service** - utilizing new technology in delivering service
4. **The most variety** - with a host of privileges fulfilling all 360 degrees of customers' lifestyles.

Customer service experience at AIS runs through several programs and service platform. The key service channels are explained below.

• AIS Call Center

AIS Call Center is an important service channel that can be easily accessible by customers via the phone numbers 1175 or 1148 for Serenade customers, as well as online access. AIS Call Center agents provide services in answering questions, troubleshooting, giving advices and selling packages. Currently, AIS has 4 call centers in 2 provinces with 2,700 agents. The new facility of **"AIS Contact Center - Development & Training Arena"** in Nakorn Ratchasima province is being constructed and expected to be opened by the third quarter of 2017. With the new office, AIS Contact Center expects to create jobs for local people of over 1,000 positions, to support 50% of all inbound call volume, and to serve as a development and training center as well as relationship center for companies in the subsidiaries, internal business units, and partners. Furthermore, **"1185 AIS Fibre Call Center"** has been newly established to serve the AIS FIBRE's customers, the latest high speed Internet service on pure optical fiber. Highly competent staffs with IP knowledge and digital skills of more than 120 persons are serving as contact agents. In addition, customer contact via **Multimedia Channels**, namely social media, email, "Ask Aunjai" virtual chat agent, increased by 54% from last year. The agents for channels, therefore, have increased from 80 to the target of 160 agents in 2017. In addition, **"Ask Aunjai,"** the virtual chat agent, has been enhanced further with Artificial Intelligent Agent (AI) technology, in order to provide the answer on AIS products and services as well as to chat with customers with more variety of topics and questions. Moreover,

Customer Track & Trace function has been developed to provide more convenience for customers to follow up with their issue easily via Interactive Voice Response (IVR) and to receive SMS informing the status automatically. The follow up issues via self-services includes network or Internet usage difficulties, statement copy request, etc.

With continuous improvement in all dimensions, Advanced Contact Center was awarded **“The Best Employer Thailand 2016”** from Aon Hewitt; **“The Fastest Response Brand on Pantip”** from Thailand Zocial Awards 2016, with more than 17,383 topics with 32.5 minutes handling time each. It was also awarded **“The Best Innovation [Honorary Mention] 2016”** as the best innovation from Crest Award, the Philippines; and **“The Best Customer Self-Service Innovation Award 2016”** from AVAYA, a leading business communication software, in AVAYA Technology Forum, Thailand.

• **AIS Shop**

AIS Shop is another service channels that customers can conveniently do transaction, register SIM, pay the bills, seek for solutions and advices, as well as buy mobile phones and packages. Currently, there are 130 AIS shops and expected to expand to 160 shops in 2017. AIS Shop also deployed new technology to enhance services, while uplifting to be **Digital Shop**. First of all, AIS is the first operator that officially launched **“Service Mobility”** allowing the staff to move around and serve customers with tablet freely at any corner of the shop with more engagement while providing consultation. Secondly, the competency of AIS Shop staff has been continuously raised, with staff certified as **“Digital Guru”** increased by more than 30% this year to support customers in the digital era. AIS Shop now has “Device Guru” and “Device Advance” staff of up to 955 persons. Thirdly, AIS Flagship Store at Central West Gate has brought in **Interactive Magic Wall**, 3 x 6 meters wall for customers to play games and interact with new technology. Moreover, AIS flagship stores at Central World and Central Pinklao have launched **AIS Hyper Reality Experience**, another step of virtual reality (VR), the best technology of the future. Customers can interact with the whole body, not only wearing VR gear, via games, movies, and the new hyper reality experience for the first time in Thailand.

Self-services capabilities have been enhanced with **Service Kiosks**, equipped with new function such as Prepaid-to-Postpaid Conversion, Mobile Number Portability to AIS, Subscription/Change of International Roaming/IDD calls, and more to come, now serving with 80 kiosks nationwide. **The Payment Kiosks** have also been expanded to more accessible locations for customers e.g., new department store, new BTS and MRT station, etc., now serving with 300 kiosks nationwide.

Other services for AIS customers

AIS also has customer service campaigns for retention and delivering best experience for our customers. The key campaigns are described below.

AIS Privileges

AIS continues to provide AIS Privileges with more than 15,000 participating stores, including dining, shopping, entertainment, transportation, traveling, as well as smartphone discount with valued packages.

AIS Rewards

“AIS LIVE 360 Gold Luck Year 8” program was continued with quiz on TV show for a chance to win gold worth up to 15 million Baht.

AIS Points

Customer’s service usage can be traded as AIS Point for rewards of free call, free Internet, free dining, free movies, and other privileges.

AIS Experience

AIS continued to offer superb experiences with special trips. In addition, we also continued to expand the Eat Free campaign (“Mue Nee Fin, Wan Nee Free”) for customers to enjoy free local food nationwide.

AIS Serenade

AIS Serenade is a customer relationship campaign for retaining customers who have consistent monthly spending at specified levels: Platinum, Gold and Emerald. Customers in Serenade program are offered privileges that suit their lifestyles. For example, Serenade customer can contact Call Center at the dedicated phone number 1148, be serviced at Serenade Clubs and Serenade Personal Assistant, receive birthday gifts and discounts, as well as use exclusive parking space at many shopping malls.

In 2016, AIS celebrates 12th year anniversary with “The Ultimate Pride” campaign, under the concept “More than the Best is the Great Unforgettable Experiences” with even more specialties covering all 360° of Serenade lifestyles.

1. **Ultimate Digital Life** - offering a wide variety of privileges for digital lifestyle, including special discounts for phones, AIS Fibre and other additional services.
2. **Ultimate Pretty and Lucky Number** - offering pretty or lucky numbers of customers’ choices with exclusive package, bundling with Serenade Platinum privileges, Personal Assistant and other additional services.
3. **Ultimate Wealth & Investment** - partnering with financial institutes for valued offerings in finance, investment, and insurance.
4. **Ultimate Surprises** - a chance to win special experience such as a dream trip for special customers
5. **Ultimate Lifestyle Privileges** - exclusive lifestyle privileges e.g. special discounts, exclusive parking spaces, free beverages at airports
6. **Ultimate Dining** - the best of dining experience with special discount from famous restaurants

Throughout the 12 years, AIS has been the first provider leading with special services and privileges to the customers. Customized offers that truly fulfill customers’ need is only possible with insight of their behaviors and lifestyles in order to craft out and deliver services that match each customer segment, and to go beyond to personalization for top-notch services that create sustainable customer engagement. Customer Satisfaction in the first quarter of 2016 is as high as 88%, with continuous Net Promoter Score (NPS) all along. This is a proof of achievement from AIS Serenade program for special customers. AIS is the operator who differentiates customer service and privileges in Thai telecommunication industry.

2.5 Industry Conditions and Competition in 2016 and Outlook in 2017

Industry Conditions and Competition in 2016

The competition in the mobile market in 2016 was more competitive than in 2015 as the operators accelerated their network investments and tried to build differentiated 3G and 4G network quality. This increase in competition was manifest through the launches of new packages in conjunction with various marketing and advertising campaigns aimed at enhancing consumer perceptions through mass media and online channels. Claims of faster speed and wider 4G coverage were made by operators in order to strengthen their brand position in response to the wider availability of 4G-handsets and increasing demand for mobile data.

With each operator developing a stronger network, the competitive focus in 2016 was both to retain existing subscribers as well as to acquire new customers. The marketing campaigns were mainly focused on handset subsidies, including the offer of free handsets and discounted smartphones bundled together with price plans. Existing subscribers were also offered a retention program with a special package when registering for a new number. With accelerating demand for the use of mobile data, the attractiveness of data packages played an important role for customers when selecting an operator. This resulted in a wider range of more segmented packages in response to each target group, such as packages designed specifically for entertainment, for social media, for multiple devices, and for sharing with family members.

Regarding the pricing structure, in 2016 operators introduced limited data packages to the market as an alternative to the unlimited data packages already available. Due to their larger data allowance and faster speed from 4G, the limited packages allow customers to enjoy a better experience when using content that consumes a high volume of data. To encourage adoption of the new pricing structure, operators have been educating customers on the benefits of using the limited packages, which will enhance the customer experience and align with the cost of providing services borne by the operators.

The competition in the fixed broadband market was also more intense in 2016 following the launch of AIS Fibre in 2015, which caused the incumbents to adjust their strategies to preserve their subscriber base. The existing technology of ADSL, which utilizes copper lines for transmission, has begun to reach its service limitations. Fibre technology is better able to respond to the changes in customer behavior of connecting at home and requiring higher speed connections to consume HD content. Therefore, the FTTx has become the first choice for customers who are installing fixed broadband at home for the first time as well as for those who are looking to upgrade from ADSL. As AIS Fibre focuses only on the FTTx with expanded service coverage, AIS Fibre achieved the net addition market share of approximately 40% in 4Q16. The incumbents have also started to upgrade to fibre and offer packages with higher speed at the same price. Today customers can enjoy a 20 Mbps download speed on an FTTx service at home starting from only 590 baht per month. Fixed broadband providers currently contract their customers for one year and offer discounts for customers who transfer in from another operator. Bundled services also provide more value-added choices for customers, such as a package discount for existing mobile customers and various content provided from a box installed at home for free.

Due to the improvements in both the wireless network and wired fixed broadband services, the telecom industry has expanded into the development of new forms of digital content. In 2016, the popularity and development of social media, such as Facebook, LINE, and Instagram, continued to enable customers to experience new content and applications. Mobile operators have been increasingly cooperating with a variety of content providers to explore new revenue-sharing models, such as investing in startups to create content-on-demand for specific customer groups. Video content continued to be extremely popular, while mobile payments started to take off, supported by the government policy of promoting the PromptPay service.

Industry trend in 2017

In 2016, mobile operators focused on expanding their 4G and 3G networks in order to respond to the growing consumption of mobile internet. As a result, there was a higher level of investment in this area than in previous years. Operators also have commitment to pay for the 1800MHz and 900MHz licenses until 2020. Accordingly, we expect that the industry will tend to focus on better revenue generation and profitability in 2017, including softened handset subsidies and more segmented pricing. Differentiations in network quality will also continue to be key areas of improvement, particularly in terms of experience of usage and easier access to a wider variety of products and services. The industry growth is expected to be in line with the country's GDP, supported by continually increasing hours of data usage per person, per day and the growing smartphone penetration.

The fixed broadband market is also expected to grow further in 2017 as the new lifestyle choice of customers to live digitally and to stay connected at all times becomes more predominant. Fixed broadband providers will continue to compete on the speed of connectivity while also expanding their service coverage areas.

Moving forwards, digital content will continue to play an increasingly important role in people's lives. The government has announced the "Thailand 4.0" business model which supports innovation and creativity in product and service development as well as a transition from manufacturing-based to service-based business. Video content will continue to be the key growth area along with higher mobile and fixed broadband penetration. At the same time, as mobile online payment services and e-commerce offer a more convenient way for customers to pay bills and to buy and sell their products, they will also grow in popularity. The online channel will increase the variety of choices for customers since both large and small businesses can access the online marketplace. We also believe that an increasing number of enterprises will turn to Cloud storage as a more efficient means of storing and accessing the larger volumes of data involved in their business operations.

Some other key external factors in 2017 that could play important parts for the industry include an expected announcement of the new Frequency Allocation Act, the likelihood of an election toward the end of 2017, as well as economic outlook. The Company shall communicate with our shareholders on a quarterly basis to provide updates on the proper strategies we will adopt in response to these and other externalities as and when they emerge.

2.6 Business Direction over the next 3-5 years

Transform to be leading digital life service provider for Thais

Today's world has clearly transformed to digital with continuous changes in Thai telecom industry. It was driven by the changes in consumer behaviors that are beyond basic needs of point-to-point communication. Consumers now want to have always-on internet connection to get access to communication and information around the world, as well as use a wide variety of digital contents including news, entertainment, mobile banking and other applications.

AIS is well aware of the trend and understands that only telecommunication service will not be comprehensive in serving most meet most customer needs. AIS has set a clear vision to transform to be "Digital Life service Provider" in response to growing needs and lifestyle of customers in digital era. Moreover, AIS is committed to providing services that can lift up the standard of living for Thais including services in multimedia content, health, education, agriculture and work efficiency improvement. With more than 26 years of experience, expertise and strong foundation, AIS continues to provide services in three main businesses as follows.

Mark a leadership in mobile broadband, led by network and service quality

Today the behavior in using mobile phone has shifted from the main use in voice call to rapid growth in mobile internet. Mobile applications can facilitate connections and make it more efficient. Also, the popularity of high-speed 4G and higher smartphone penetration encourage better and faster use of contents and communication. Today, majority of AIS' customers are using smartphones and 29% of the customer base adopt 4G handsets. The growth of mobile internet is also supported by the government's policies to enhance digital administration to lift up standard of living, mainly supported by telecom services.

Mobile network, which is the foundation of mobile phone service, hence must be of high quality to support user demand. AIS is committed to the development of network quality, stability and reliability by our team who has expertise in network design and innovation. We continue to expand network coverage to reach various areas, especially 4G that we are investing for more expansion in the next couple of years, as well as capacity enhancement for 3G to support more usage.

With the advancement of technology, customers have more sophisticated demands, such as Ultra HD video content, virtual reality, augmented reality and Internet of Things (IoT) connecting various devices in daily life, e.g. mobile phones, watch, car and electronic appliances. These needs will be supported by new technology standard. 5G is expected to be developed for commercial standard in 4-5 years. It is important for AIS to be prepared for the upcoming trends, with sufficient spectrum and network quality as keys to success.

The key differentiation for AIS to mark leading position is service excellence that is essential for retaining customers and generating sustainable revenue. AIS places high priority in improving service standard to meet customer demand in digital era. In order to transform our selves, AIS has brought technology to facilitate work processes, such as data gathering, data processing, and analysis to better serve customers with digital tools. Today, AIS remains top of customer's mind by offering privileges that can be customized and suit their lifestyles.

Step up in fixed broadband business, aiming for converged services

Residential internet broadband has become more important to customers following the trend of always-on connection. Also, ADSL technology has become outdated, and has technical limitation in speed and reliability. Therefore, customers are looking for new internet broadband service that is more efficient. According to the NBTC, internet broadband penetration by household is expected to reach c.33% or approximately 7 million internet broadband subscribers at the end of 2016. The statistics show growth potential from untapped market by locations, which is an opportunity for AIS to provide fibre internet broadband service leveraging our nationwide mobile fibre network.

Last year was the early stage of AIS Fibre and we had quick expansion because of solid foundation and improvement in sales, installation and after-sale service teams, as well as financial support. AIS maintains its focus on the target to gain significant market share within 3-5 years mainly by customer acquisition strategy for both new and experienced ones. Investment in the expansion of service coverage is also important. We are expanding to more locations in city areas and key provinces in Thailand to reach more customers. We will also offer attractive marketing campaigns, competitive pricing and digital content on AIS PLAYBOX platform. It is expected that this broadband business will have good growth potential, generate new revenue for AIS and support our core mobile business, aligning with the vision to be a digital life service provider for Thais.

Build innovation in digital content for consumers and business customers

During the digital transformation, smartphones and tablets have become more popular and more accessible due to smarter functions and affordable prices. More mobile applications are created to respond to customer's lifestyles along with more attractive data price plans. These factors shifted consumer behavior to gear towards more usage of digital contents, encouraging the creation of wider content variety.

AIS realizes the importance of digital content as our new and quality revenue generator that can increase the use of internet via mobile and residential platforms. AIS focuses on five key areas, namely video, game, mobile banking, cloud and M2M. The main strategy is to develop platform and connect with content developers, creating growth together with partners. We also expand service platform to cover more segments, from individual customers to corporate segments.

Video and game are contents that customers are familiar with and start to use more. AIS aims to select wider variety of contents, especially exclusive ones for AIS customers on AIS PLAY and AIS PLAYBOX. As for mobile banking, AIS is expanding mPAY by acquiring more users and more merchants. Furthermore, AIS provide cloud services for individual customers and more expands to corporate segments with AIS Cloud for Business. The service aims for business customers who opt for cloud computing instead of large investment on their own IT systems. M2M will also help penetrate corporate segment with customized solutions suitable for their needs.

Balancing for stakeholder's best interest, creating sustainable growth

AIS believes in eco-system in telecom industry that integrates competencies among partners to serve customer's needs. This will encourage sustainable growth for AIS and partners. Developments for human resources and internal structure are also essential for changes in digital era. Our culture is to cultivate active working style and creativity to cope with upcoming changes. Fair compensation, training and development in digital areas are provided in order to retain competent staff in a long-term. AIS also has succession plan to ensure smooth transition.

In 2016, AIS was included in Dow Jones Sustainability Indices or DJSI in Emerging Market for the second consecutive year. We are determined to improve for sustainability with a well balance of economic value and other stakeholder's benefits. AIS can generate performance growth, create stable returns to shareholders, as well as harmonize with society without causing negative impact to environment. These are sustainable drivers for AIS and support us in transforming to leading digital life service providers for Thais.

2.7 Procurement of Products and Services

Spectrum

AIS provides mobile network service using spectrum licenses granted by the NBTC through the auction method. Through a 99.99% subsidiaries, Advanced Wireless Network Co.Ltd. or AWN was granted three spectrum licenses as detail in the table.

Spectra under licenses

Spectrum	Bandwidth		Technology	Duration
2.1GHz	15 x 2	1950-1965MHz paired with 2140-2155MHz	3G/4G	7 December 2012 - 6 December 2027
900MHz	10 x 2	895-905MHz paired with 940-900MHz	4G/3G/2G	1 July 2016 - 30 June 2031
1800MHz	15 x 2	1725-1740MHz paired with 1820-1835MHz	4G	25 November 2015 - 15 September 2033

Network equipment

AIS has “Multi-vendor policy” to avoid relying solely on one supplier. Equipment manufacturers and AIS can align plans for equipment and service development for the optimum solutions and mitigate risks in procurement and delivery of equipment within timeline.

In selecting suppliers, AIS appoints committees to evaluate and find the most suitable options. Many factors are taken in to account, such as price, technical factor and manufacturers’ development plan, to make sure that AIS can operate sustainably.

We selected key network equipment from the leading international vendors including Nokia, Huawei and ZTE. Other parts in networks are supplied by CISCO, Juniper and etc.

Handset

For handset trading, AIS also joins hands the world’s leading manufacturers e.g. Apple, Samsung, Sony, Huawei, Oppo, Vivo, LAVA to ensure the availability and variety of handsets in Thai market. Currently, 4G technology has become more popular so AIS has to seek for more 4G phones to serve customers.

In addition, we also cooperate with LAVA, a device manufacturer to produce co-brand handsets that are cost effective to attract mass market segment. The co-branded phones are customized in design, functions and equipped with pre-load AIS applications. The phones are packaged with AIS service offering, AIS Super Combo LAVA, and are well received among mass consumers.

International roaming and International Direct Dial services

As for international roaming service, AIS has agreements with 232 international operators in all continents covering 464 networks to provide International Roaming service. We also provide International Direct Dialing (IDD) service for international call from Thailand to more than 240 foreign countries.

Digital contents

In transforming to be a digital life service provider, AIS has a clear direction to encourage business growth along with development for partners. Synergy from competency and expertise of AIS and partners will improve quality and variety of services. AIS joins hand with partners in various industries to provide products and services that meet customer’s needs in terms of information, entertainment and privileges.

AIS also support government’s policy to develop new services with startups under AIS The Startup Connect project. These startups are potential partners who could drive country development along with Digital Economy policy.

2.8 Work under progress

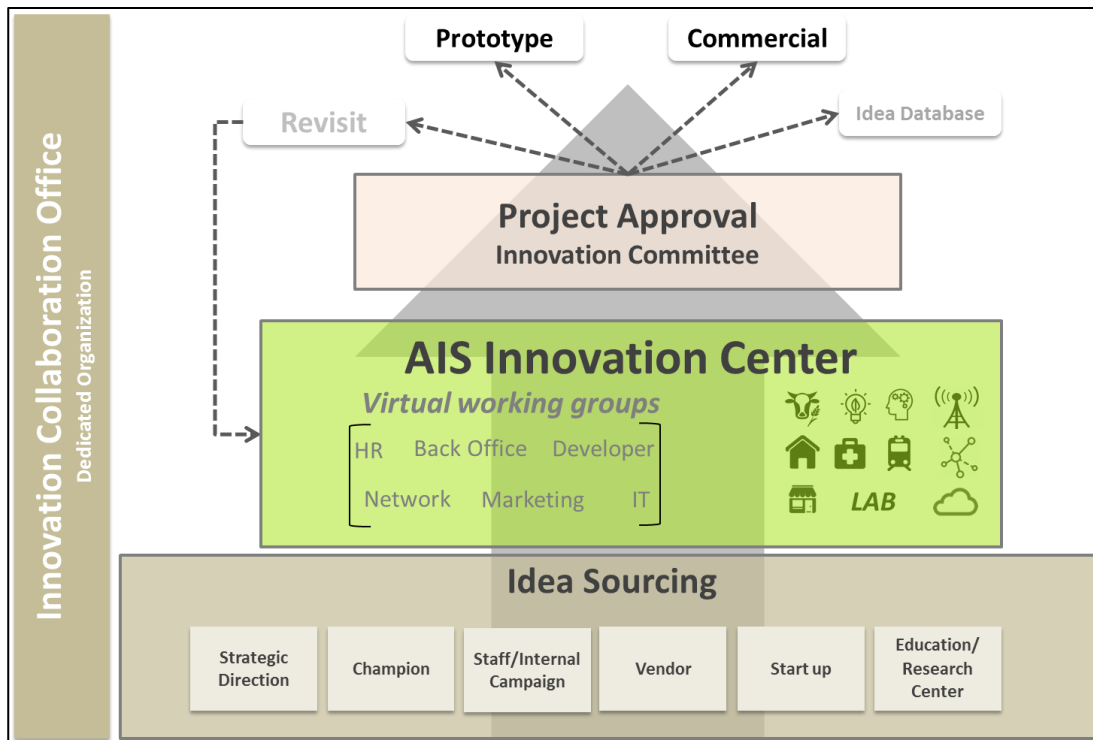
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2.9 AIS Research and Development and Innovation Projects

AIS Innovation Framework

The “AIS Innovation Transformation” project was launched in 2015 with the aim of keeping track of and collecting data on all of AIS’s innovation projects in a manner that is both systematic and facilitates promotion of the innovative culture throughout the organization. Previously, AIS’s innovation projects had been scattered across various responsible departments. The AIS Innovation Transformation project supported the aim of developing AIS into an innovative organization by encouraging its employees to develop innovations and contribute to increasing the Company’s competitiveness and creating opportunities to gain new forms of revenue. The operations under the AIS Innovation Transformation project are as follows:

AIS spent around 50 million Baht on research, development and innovation in 2015. This focuses on such cost-effective operations arises from an emphasis on cooperation with potential business partners.



The operational framework for innovation is driven by the Innovation Collaboration Office which covers the aspects listed below:

1. Idea sourcing derives from an internal source or an external organization including partners, universities and government agencies.
2. Idea selection involves improving, testing and conducting preliminary experiments for a feasibility study under the AIS Innovation Center.
3. Idea presentation, after an idea has been tested, must be presented to the Innovation Competitive Development Steering Committee which is comprised of executive management from various departments and chaired by the Chief Technology Officer (CTO). This committee is responsible for determining whether each idea should be adopted or further developed into an AIS product or service (Project Approval).

The AIS Innovation Center, which is the core of the Framework, is not only responsible for conducting feasibility studies and testing new ideas but is also the center of innovation at AIS. The working operations of the AIS Innovation Center are carried out by a virtual working team, which is comprised of representatives from several departments in AIS, such as engineering, IT, marketing, customer service, etc. Although each team member has his or her own specific primary responsibility, they all come together to work in collaboration on the experimental study of innovation aspects. The joint study topics assigned to the working group are referred to as the 10 Labs as listed below:

1. Radio Access Technology lab
2. Telecom Network lab
3. ICT lab
4. Smart Agricultural lab
5. Smart Home lab
6. Smart Education lab
7. Smart Health Care lab
8. Smart Transportation lab
9. Smart Energy lab
10. Smart Retail Business lab

The AIS Innovation Center is not only limited to innovation projects that fit under the 10 labs listed above. It also provides support for any innovation projects that will improve the efficiency of AIS operations.

Example of AIS Innovations

1. Product and service innovation which will create new revenues for AIS

Project name	:	Digital Agriculture Platform Phase I
Explanation	:	The intermediary platform was built in order to facilitate connection between city people and farmers for trading. The project also focuses on building knowledge of the Internet of Things among the platform developers and users
Budget	:	2 million baht (2016 only)
Status	:	In progress

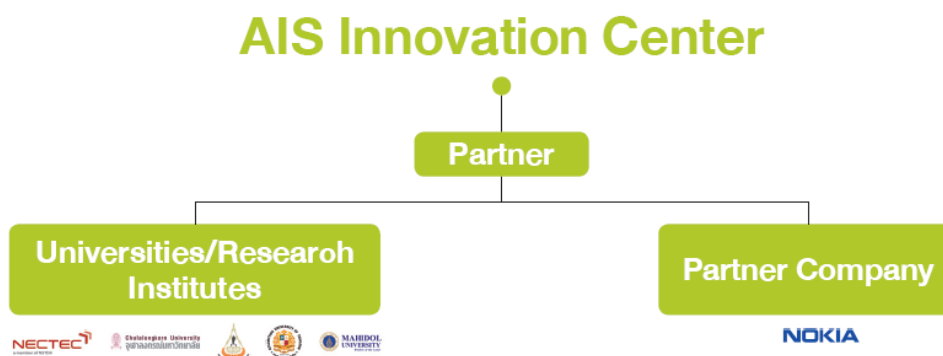
2. Technology innovation: the acquisition of new technology which is integrated into the friendly environment strategy for improving AIS service efficiency. The new technology has the potential to replace the existing technology, reduce operating costs, create greater competitiveness and also generate new service revenues.

Project name	:	SQream, fast SQL database to reduce HW footprint
Explanation	:	This project involves implementing an SQL database that incorporates new technology which can provide faster data analytics processing, reduce the hardware footprint, be more environmentally friendly, and be more cost-effective.
Budget	:	4.5 million baht (2016 only)
Status	:	In progress

3. **Process innovation**, which is more efficient and can replace the existing process. It can also reduce operating costs and create new service revenues or develop the service capability of AIS.

Project name	:	Equinox App Server
Explanation	:	A software platform solution that overcomes all complexity and incompatibility in the telecommunication system and software. This significantly speeds up the process of software and application development
Budget	:	40 million baht (2016 only)
Status	:	In progress

Cooperation with external organizations



Although AIS is an expert in telecommunication technology and has a number of employees with specialized knowledge in many related areas, this knowledge and expertise is confined to the level of technology users and limited to the areas of telecommunications and ICT only. In order to expand its ability to create a wider spectrum of innovations and diversify into other industries, AIS cooperates with external organizations as illustrated in figure 2 (above) and detailed below:

1. **Cooperation with the expert business partners** will enable AIS to access new technologies, as well as benefiting from the partner's research and development with reasonable operating costs. At the same time, partners also gain benefits from AIS that include a new perspective and creativity in the digital lifestyle market to further develop their own products and trial them in a real environment with AIS customers. For example, the cooperation with Huawei, a leading provider of telecommunication services, through a Joint Innovation Center (JIC) project has been running since 2011. The cooperation is based on wireless communication technology under the Mobile Innovation Center (MIC). This success story involves "3G 2100MHz 6 Sectors" which was developed to support increased customer data usage traffic without the need to increase the frequency or the number of base stations. This innovation leads to savings in operating costs. Later in 2015, AIS and Huawei extended the cooperation to cover network technology under the Network Innovation Center (NIC) and Application and ICT technology under the Application Innovation Center (APIC) to create three main areas of cooperation. The sample projects cover a range of educational experiments, such as the development of new application servers for telecom core networks, which provide higher performance but a more simplified architecture.

2. **Cooperation with universities and research & development institutions** for the exchange of knowledge, especially in other industries. The expertise of AIS is limited to the telecommunications industry. Therefore, collaborating with researchers from universities and R&D institutions affords AIS the ability to access many research projects in diverse fields and the chance to develop new innovation products and services. At the same time, this cooperation provides universities and R&D institutions with the benefit of enhancing their research in the business sector by working in a real telecommunications business environment. They also receive funding support for their research. One example of such collaboration is a project named the “Internet of Things for Farms”. AIS cooperates on this project with the Knowledge Exchange (KX) of King Mongkut's University of Technology Thonburi.

Activities within AIS to promote it as an innovative organization

In the year 2016, AIS undertook the following activities to encourage employee creativity and innovation, enhance performance, reduce operating costs and continue to develop new products and services for the Company:

1. **The internal “InnoLlympic” exhibition on innovation** was held with activities divided into two parts. The first part involved an exhibition that was open for all AIS employees to present their innovative projects. The aim of the exhibition is to inspire the employees to continue their innovative work as well as also providing a chance to see what some of their other AIS colleagues have done and an opportunity to share their ideas to improve efficiency across the organization. The second part of the event was a seminar session on innovation related topics, featuring both internal and external speakers. Approximately 1,000 AIS employees attended this event during its two days.
2. **A series of mini seminars under the name InnSpire Talk** provide an opportunity to put technological innovation in the spotlight in seminar sessions for small groups of employees who are interested in the topic. In the seminars, employees can interact with each other and the main speaker in discussions that can later develop into an innovation study group. This is a monthly event attended by around 50-150 participants.

3. Risk factors

AIS has established a proactive risk management plan to ensure that the Company continues to be viable even in unpredictable situations. As such, AIS has set up the Risk Management Committee, comprised of senior executives and the Chairman of the Executive Committee. The committee meets on a quarterly basis in order to discuss and classify the risks to the entire organization and to set up a precautionary action plan to manage risks at an acceptable level. The aim of such measures is to ensure that AIS achieves its set targets and maintains the confidence of both shareholders and stakeholders. The Risk Management Committee submits the results of its risk management to the Executive Committee, the Audit Committee, and the Board of Directors every quarter. Further details of the risk management are shown in “Risk Management, Internal Control, and Internal Audit”, page 30.

In 2016, the factors which were identified as a risk to operational results are summarized as follows:

1. Risks from Regulatory and Government Policies

1.1 Risk from changes in government policies, rules, regulations and orders of regulators.

AIS operates under the supervision of The National Broadcasting and Telecommunications Commission (NBTC), the organization regulating the telecommunications business who has legal authority in issuing rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as fixing tariff structure and service fees, or issuing rules and measures for consumer protection, might reduce the Company’s ability to generate profit and/or might increase the cost of the Company’s services.

Nevertheless, in any case in which the Company is of the opinion that such laws, rules, regulations and/or orders have affected the Company’s rights, or the Company has been treated unfairly, the Company has the right to file a lawsuit against the NBTC to revoke the enactment including any claim for indemnification from a relevant organization. Furthermore, the Company, as a telecommunications service provider which is a direct stakeholder, would be invited to provide opinion and comment on the drafts of laws, rules, regulations and/or orders which will be issued for enforcement in the future. Henceforth, the Company would have the opportunity to raise our concerns or make comments, suggestions and/or oppositions if the enactment of the laws, rules, regulations and/or orders is deemed to have seriously affected the Company’s operations, or has been unlawfully conducted.

1.2 Disputes relating to excise tax

(1) Case between Advanced Info Service Public Company Limited (the Company) and TOT Public Company Limited (TOT)

TOT submitted a dispute (Case No. Black 9/2551) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary, demanding that the Company pay an additional share of revenue of Baht 31,463 million.

On 20 May 2011, the Arbitral Tribunal unanimously resolved to dismiss the dispute citing the reason which can be summarized as the Company had lawfully paid all due share of revenue. Therefore, the Company has not committed a breach of the agreement and the Company is not obliged to pay any additional share of revenue to TOT. Consequently, TOT has submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. On 11 August 2016, the Central Administrative Court dismissed the TOT application to the Administrative court with the summarized reason there is no matter occurred to the court that the compliance to the Arbitrator resolution is contrary to public order or public morality thus there is no reason to revoke the Arbitrator resolution. Though TOT has appealed this judgment to the Supreme Administrative Court which may take several years.

If the Company loses this case, it may be obliged to pay TOT as demanded. However, the management of the Company firmly believes that this case shall reach a positive conclusion since the requested share of revenue amount is the equal to the amount of excise tax paid by the Company, which the Arbitral Tribunal had taken into consideration when unanimously deciding to dismiss the case.

(2) Case between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT)

CAT submitted a dispute (Case No. Black 3/2551) to the Arbitration Institute, Alternative Dispute Resolution Office, and Office of the Judiciary, demanding DPC, a subsidiary of the Company, pay an additional share of revenue of Baht 2,449 million under the Digital PCN (Personal Communication Network) Agreement, plus a penalty at the rate of 1.25% per month of the unpaid amount for each year calculated from the default date until full payment totaling Baht 3,410 million is made. Such claimed amount is equal to the amount of excise tax DPC paid between 16 September 2003 and 15 September 2007, and was deducted from the revenue share calculations pursuant to the resolution of the cabinet on 11 February 2003 as is the standard practice of the telecommunications industry.

On 1 March 2011, the Arbitral Tribunal resolved to dismiss the dispute citing the reason which can be summarized as the original debt had been completely paid and settled. Thus, DPC has not committed any breach and CAT cannot re-claim the alleged deficit amount, including the penalty and the value added tax. Consequently, CAT submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal; On 28 July 2015, the Central Administrative Court decided in favor of DPC, by dismissing the complaint of CAT regarding the revocation of the Arbitrator's Decision on the ground that CAT sent the request letter to change the payment term regarding revenue sharing under the cabinet resolution and also accepted the remaining portion of such revenue sharing and also returned the bank guarantee to DPC as usual without any argument. In this regard, this Arbitral Tribunal's decision is resolved in accordance with the law and under Concession Agreement. This case is in considering of the Supreme Administrative Court.

If the Supreme Administrative Court revokes such Arbitrator's Decision, DPC may be obliged to pay CAT as demanded. However, the management of the Company firmly believes that this case shall reach a positive conclusion since the share of revenue demanded by CAT is equal to the amount of excise tax which has already been paid by the Company according to the unanimous resolution of the Arbitral Tribunal, which dismissed the dispute.

1.3 Dispute over revenue sharing from interconnection charges

According to the Telecommunication Business Act B.E. 2544 and the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549, the Company has the responsibility to enter into interconnection agreements with other operators. The Company offered to provide remuneration to TOT for such interconnections, which was calculated from the net income according to the rate and calculating method of the Company. However, TOT required the Company to pay a share of revenue calculated from the gross amount of interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company has to pay to other operators.

On 26 January 2011, TOT sent a letter demanding that the Company pay the share of revenue from the interconnection charges of the concession years 17-20 in the amount of Baht 17,803 million plus interest at the rate of 1.25 percent per month. However, the Company disputed the request and sent a letter opposing the said claim to TOT and submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute (ref. no. Black 19/2554) on 9 March 2011 requesting the Arbitral Tribunal to award that TOT has no right to claim for such share of revenue.

On 29 July 2014, TOT submitted a claim (Case No. Black 55/2557) to request the Company to pay a share of revenue for years 21-22 in the amount of Baht 9,984 million. TOT had sent the letter dated January 20, 2016 to request the Company to pay a share of revenue for years 23-25 in the amount of Baht 8,368 million. The Company submitted a claim (Case No. Black 83/2559) on 23 August 2016 as well as submission to combine the three cases. At present, the case is pending consideration of the Arbitral Tribunal and may take several years to conclude.

If the Company loses the case, it may be obliged to pay TOT as demanded. However, the management of the Company firmly believes that the resolution of the Arbitral Tribunal will reach a positive conclusion for the Company since it has fully complied with the law.

1.4 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) regarding the reduction of roaming charges between DPC and the Company

DPC submitted a dispute (Case No. Black 27/2553) to the Alternative Dispute Resolution Office, the Thai Arbitration Institute, requesting the Arbitration Panel to set aside the allegation of CAT that DPC was in breach of the Roaming Service Agreement due to the agreement between the Company and DPC was made without approval from CAT. As such, DPC terminated the agreement and demanded that CAT pay compensation of Baht 50 million.

However, CAT submitted a dispute (Case No. Black 62/2553) to the Arbitration Institute, demanding that DPC pay additional remuneration for concession years 10-12 in the amount of Baht 2 billion plus penalty calculated from April 2010. The penalty was incurred due to the reduction by DPC of the roaming charge rate between DPC and the Company from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without CAT's approval. Furthermore, on 1 September 2011, CAT submitted a further dispute of the concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary (Case No. Black 89/2554) for the amount of Baht 113,211,582.68. Later, the Arbitration Institute ordered that all three disputes be considered by the Arbitration Tribunal together and, at present, such disputes are pending consideration of the Arbitral Tribunal which may take several years to conclude.

If DPC loses the case, DPC may be obliged to pay CAT as demanded. However, the management of the Company believes that the ruling of the Arbitration Panel of this case shall decide in favor of DPC as DPC had informed CAT that it was applying a roaming rate of Baht 1.10 per minute in July 2006. CAT had then given its written approval of this rate for the period until March 2007 and had also given additional approval during the period of January 2009 to March 2009. In addition, CAT had never sent any refusal or objection to DPC during the disputed periods. The roaming rate is also in conformity with market conditions as approved by the NTC.

1.5 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) on tower and power supply ownership

On 3 February 2009, CAT submitted a dispute (Case No. Black 8/2552) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding that DPC deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. After DPC failed to do so, CAT demanded that DPC pay Baht 2,230 million to CAT as compensation. However, DPC considers that the terms and conditions of the Agreement do not cover any of the disputed telecommunication equipment which DPC is obligated to deliver and transfer to CAT.

The Arbitrary Tribunal unanimously resolved to dismiss all of the disputes citing the reason that the right of CAT to demand that DPC deliver properties cannot be exercised until 60 days after expiration of the contract. Therefore, the submission of the dispute by CAT is premature. Consequently, CAT has submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal on 25 October 2013. At present, the case is pending consideration of the Central Administrative Court which may take several years to conclude.

If DPC loses the case, it will be obligated to pay CAT as demanded. However, in consideration of the aforementioned arguments, the management of the Company's firmly believes that the case shall reach a positive conclusion.

1.6 Dispute Case with TOT Public Company Limited (TOT) regarding the Mobile Number Portability (MNP) of AIS' subscribers transferring to Advanced Wireless Network Company Limited (AWN), an affiliate of AIS

On 25 September 2014, TOT submitted a dispute (Case No. Black 80/2557) to the Arbitration Institute, Alternative Dispute Resolution Office, demanding that the Company pay liquidated damages for MNP

during May 2013 until June 2014 in the amount of Baht 9,126 million, plus interest at the rate of 7.5% per year. TOT claimed that the Company breached the Cellular Mobile Telephone Service Agreement (the “Agreement”) between TOT and the Company and by transferring its subscribers operating under the 900MHz system to the 2100MHz system of AWN. On 25 March 2016, TOT submitted a request to revise the damage amount by adding the period from May 2013 to 30 September 2015, which is the Concession end date. The total revised amount is Baht 32,813.

At present, the dispute is under arbitration proceedings. The management of the Company firmly believes that the outcome of the dispute is unlikely to have a significant impact on the financial statements of the Company and the Company has fully complied with the conditions of the Agreement in all respects.

1.7 Dispute Case regarding Companies not collecting all information from prepaid subscribers under NBTC Notification regarding Prepaid Identification

According to the National Broadcasting Telecommunications Commission’s (NBTC) order that all mobile operators operating a pre-paid service, including the Company, must collect and record all required information of all prepaid subscribers within the specified time, and the subsequent issuance of an order requiring the Company and the other 2 major mobile phone operators in this telecommunication industry to pay an administrative fine in the amount of Baht 80,000 per day from 6 July 2012 until such time as the operators fully comply with the said order; the Company has submitted disputes (Case No. Black 1858/2554 and Case No. Black 252/2556) to the Administrative Court for the revocation of the 2 NBTC Orders.

On 19 November 2015, the Central Administrative Court ruled to revoke the NBTC’s resolution and order, citing the reasons which can be summarized as the subscribers are required to disclose their personal information to operators and the NBTC did not issue any enforcement or any suspension or termination measures regarding such service. In addition, the significant number of subscribers makes it extremely difficult to enforce such measures without any participation from the subscribers. Therefore, NBTC’s resolutions and order are unlawful according to the regulatory scope of the NBTC, which creates a huge burden impact on the operators.

At present, the case is pending the consideration of the Supreme Administrative Court following an appeal submitted by NBTC to the Supreme Administrative Court on 18 December 2015.

If the Company loses the case, the Company may have to pay an administrative fine of Baht 80,000 per day, from 6 July 2012 until the date that the Company can comply with the said order of the NBTC. However, the management of the Company believes that this dispute will be resolved in a positive way due to the fact that NBTC and all mobile operators had a concerted effort to record all prepaid subscriber information to facilitate the compliance of the telecommunication business with such order. The effort includes a joint development of an application called “2 Snap Shot” to facilitate a simpler and quicker registration of prepaid subscriber of which the information can be directly submitted to the system of mobile operators. The application is deployed throughout various distribution channels as an additional method to filling out the registration form and recording a copy of the identity card.

Notwithstanding, the present collection of pre-paid subscriber information could not be completed in total according to NTC Notification because there are the various distributor/channel throughout in the country who might not strictly be in line with the process and collecting method as well as the limitation of Application “2 Snap Shot” which cannot separate the photograph of ID card of Subscriber for registration. In addition the operator cannot real time inspect the photograph recorded in the system resulting the information in the system is incomplete, for instance, other photograph. Provided that the Company has used the best effort to inspect, protect, this problem occurring from the human error, application system by developing the application to detect the photograph as online in order to determine the accuracy between the photograph and the permitted authorization before recording in the system. The Company has adjusted the registration method by using Smart Card Reader in AIS Shop in order to replace taking the photograph. The company has also communicated and increased the incentive for our distributor/channel to motivate the accuracy of such registration information, complete and willing to cooperate with the NBTC office in developing and improving of the data collection event more effective.

1.8 Dispute regarding revenue share for providing National Roaming Service

Subject to the 7th Amendment of the Concession Agreement under which TOT Public Company Limited (TOT) provided consent to the Company to use the telecommunication network to offer to other operators in support of National Roaming Services for which the Company agreed to pay a share of revenue to TOT at the rate specified under Section 30 of the Concession Agreement; the Company has entered into a National Roaming Agreement with Advanced Wireless Network Company Limited (AWN) and requested the fees for such usage in accordance with the National Roaming Service Agreement. Having received the fees from AWN, the Company calculated the revenue share payment to be made to TOT at the rate specified under the Concession Agreement.

Subsequently, TOT issued a letter to the Company notifying it that since July 2013, the Company has not paid TOT the full share of revenue owed from the National Roaming Service. TOT considered that the Company has received the usage fees from AWN at a rate lower than the rate specified under the Concession Agreement, regarding which the Company neither informed nor received written consent from TOT. As a result, TOT has requested the Company to pay TOT an additional share of revenue from the National Roaming Service from July 2013 to June 2015 in the amount of Baht 13,341 million. However, the Company did not agree with this decision and has issued a letter in opposition to TOT. The Company considers that such lower service fees received from AWN were the rates applied under a promotional scheme for sending a large volume of roaming traffic. In addition, such promotional scheme provided to AWN was also notified and provided to all operators using the National Roaming Service. Moreover, the fees under such promotional scheme did not exceed the fee rate of National Roaming Service specified under the 7th Amendment of the Concession Agreement. As a result, the rates for such promotional scheme did not need approval from TOT.

In this case, should TOT bring this issue to the arbitration process, the management of the Company believes that this issue can be opposed because the Company has done everything correctly subject to the Concession Agreement. Moreover, at present, the supervision and control of service fees are regulated by NBTC.

1.9 Dispute between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT) regarding the titles of towers

The Company submitted a dispute (Case No. Black 53/57) to the Dispute Resolution Office of the Arbitration Institute on 21 July 2014 to request the arbitral tribunal to find that the Company's signaling towers are not equipment and assets to be transferred to TOT and that the Company owns the signaling towers; and to request TOT to return the associated revenue which it had already been paid by the Company. The Company considers that its signaling towers are not equipment and tools included in the operation of the 900 MHz Cellular Telephone System subject to the Concession Agreement. Therefore, the Company is not under any obligation to transfer such signaling towers to TOT.

Presently the dispute is under the arbitration process. The management of the Company believes that the dispute will end favorably because the Company and TOT are currently negotiating to become business partners.

1.10 Dispute regarding the request from TOT Public Company Limited (TOT) to Advanced Info Service Public Company Limited (AIS) to transfer additional equipment used for the operation of the 900MHz Cellular Telephone System

TOT requested that the Company transfer additional assets used in the operation of the 900MHz Cellular Telephone System to TOT. TOT considers that such assets are equipment and tools which the Company provides for the operation of the 900 MHz Cellular Telephone System and, as such, is obligated to transfer the assets to TOT as defined in the Concession Agreement. The equipment in dispute is the Billing System, Intelligence Network (IN) System, Value Added Service System, Customer Relation Management System, Systems Application and Product (SAP) System, Payment System, Equipment and Tools, Production and Usage Control of Cash Card System, Customer Service and Billing Statement System, Management of Telewiz and Dealer System, Network Management System, Customer Database System, Computer and Software for VAS, Intangible Assets and Spare Parts. However the Company considers that such 6 systems as requested by TOT are not equipment and tools for the operation of the 900 MHz Cellular Telephone

System as defined under the Concession Agreement, and that such systems are only support systems for providing service to subscribers.

Should TOT bring this dispute to the arbitration process, the management of the Company believes that the dispute can be settled via negotiation since currently the Company and TOT are currently negotiating to become business partners.

1.11 Claim for additional revenue from the 6th and 7th Amendments to the Concession Agreement

On 30 September 2015, the Company submitted a dispute (Case No. Black 78/2558) to the Arbitration Institute of the Alternative Dispute Resolution Office of Thailand regarding the 6th Amendment dated 15 May 2001 and 7th Amendment dated 20 September 2002 to the Concession Agreement to conduct the business of Cellular Mobile Telephone services. Under said dispute, the Company requested the Arbitration Institute to resolve that the amendments between the Company and TOT Public Company Limited ("TOT") are binding and must be complied until the expiration of the Concession Agreement. Additionally, the Company also requested that the Company has no obligation to pay the additional revenue claimed by TOT as in a letter submitted to the Company on 29 September 2015 regarding a request for the payment of additional revenue in the amount of Baht 72,036 million. TOT claimed such additional payment based on the ground that the 6th and 7th Amendments were of significant amendment which caused TOT to receive lower revenue than the rate as specified in the Concession Agreement.

Later, on 30 November 2015, TOT submitted a new dispute (Case No. Black 122/2558) to the Arbitration Institute of the Alternative Dispute Resolution Office of Thailand to decrease the amount of revenue claimed by TOT to Baht 62,773 million according to the percentage adjustability of revenue sharing under the Concession Agreement. This case is the same as dispute Case No. Black 78/2558.

At present, the dispute is under the consideration of the arbitrators. The management of the Company believes that the 6th and 7th Amendments to the Concession Agreement are binding and effective until the expiration of the Concession Agreement on 30 September 2015, and that the Company has fully complied with all concerned Agreements. Moreover, the Council of State opined on this matter that the amendments to the Concession Agreement between TOT and the Company (Case No. 291/2550) that "...the amendment process of the Concession Agreement which is the administrative contract can be separated from such amendment attached hereto, the amendments have still been in effect as long as it is not revoked or terminated by time, or otherwise..."

Furthermore, the 6th and the 7th Amendments had never been revised or revoked until the 30th September 2015, which is the ending date of the Concession Agreements. Therefore, the outcome of the said dispute should be settled favorably and have no considerable impact on the business of the Company.

1.12 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company, and CAT Telecom Public Company Limited (CAT) regarding the network rental charge during the remedy period of the PCN 1800 MHz

On 20 May 2015, CAT submitted the court case against the office of The National Broadcasting and Telecommunications Commission (Office of NBTC), National Telecommunications Commission of NBTC (NTC), The National Broadcasting and Telecommunications Commission (NBTC), TrueMove Company Limited (TrueMove) and DPC to the Central Administrative Court as dispute Case No. Black 918/2558. In this case, CAT demanded that the defendants pay a usage charge and compensation for the usage of the tools and telecommunication equipment and CAT telecommunication network during the remedy period according to the NBTC notification calculated from 16 Sep 2013 until 15 September 2014. The amounts requested are as follows:

- 1) Office of NBTC, NTC and NBTC- to pay Baht 24,117 million including the interest in the amount of 7.5% per annum.
- 2) TrueMove jointly with office of NBTC, NTC and NBTC – to pay Baht 18,025 million including the interest in the amount of 7.5% per annum.
- 3) DPC jointly with office of NBTC, NTC and NBTC – to pay Baht 18,025 million including the interest in the amount of 7.5% per annum.

On 11 September 2015, CAT submitted the case to the Central Administrative Court as dispute Case No.

Black 1651/2558 to additional request to pay the usage charge, compensation from the usage for the tools and telecommunication equipment and CAT telecommunication network since 16 September 2014 to 17 July 2015 as the following:

- 1) Office of NBTC, NTC and NBTC- to pay Baht 6,521 million including the interest in the amount of 7.5% per annum.
- 2) TrueMove jointly with office of NBTC, NTC and NBTC – to pay Baht 4,991 million including the interest in the amount of 7.5% per annum.
- 3) DPC jointly with office of NBTC, NTC and NBTC – to pay Baht 1,635 million including the interest in the amount of 7.5% per annum

On 27 May 2016, CAT submitted the case to the Central Administrative Court as dispute Case No.

Black 741/2559 to additional request to pay the usage charge, compensation from the usage for the tools and telecommunication equipment and CAT telecommunication network since 18 July 2015 to 25 November 2016 (which is the ending date of the remedy period) as the following:

- 1) Office of NBTC, NTC and NBTC- to pay Baht 2,857 million including the interest in the amount of 7.5% per annum.
- 2) Truemove jointly with office of NBTC, NTC and NBTC – to pay Baht 2,184 million including the interest in the amount of 7.5% per annum.
- 3) DPC jointly with office of NBTC, NTC and NBTC – to pay Baht 673 million including the interest in the amount of 7.5% per annum

At present, the dispute is under the consideration of the Central Administrative Court. The management of the Company believes that DPC has no obligation to pay the usage fees and revenue from the usage of telecommunication equipment and telecommunication network as claimed by CAT because DPC complied with the announcement of NBTC. Therefore, the outcome of the said dispute should be settled favorably and has no considerable impact on the consolidated financial statements of the Group.

1.13 Dispute between Digital Phone Company Limited (DPC), a subsidiary of the Company against The National Broadcasting and Telecommunications Commission (NBTC) regarding the revenue payment to NBTC according to the remedy period of the subscriber in 1800 MHz

On 16 November 2015, DPC submitted the case against NBTC to the Central Administrative Court as Dispute case no Black 1997/2558 regarding the revocation of the National Telecommunications Commission of NBTC (NTC) resolution which enforces DPC to pay the revenue occurred during the remedy period to NBTC during 16 September 2013 to 17 July 2014 in the amount of Baht 628 million.

In the same case, on September 16, 2016, NBTC and the National Broadcasting and Telecommunication Committee office (Office of NBTC) have filed a complaint to the Central Administrative Court as the Black Case No. 1441/2559 requesting DPC to submit the revenue sharing during remedy period starting from September 16, 2013 to July 17, 2014 in the amount of Baht 680 million (including interest up to submitted date by Baht 52 million) plus interest at the rate of 7.5% per annum of the claim amount from the next day of the submit date until DPC deliver all revenue sharing in full.

Presently the said case is in the process of the Central Administrative Court. The Company's management believes that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2012, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Thus, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

1.14 Dispute between Advanced Info Service Public Company Limited (AIS) against The National Broadcasting and Telecommunications Commission (NBTC) regarding the minimum revenue payment to NBTC according to the remedy period of the subscriber in 900 MHz

On 18 December 2015, the Company submitted the case against NBTC to the Central Administrative Court as Dispute case no Black 2230/2558 regarding the revocation of section 4 of NBTC notification: the criteria

for the temporary service for customer protection period after the Concession end no. 2 dated 17 September 2015 which revoke section 7 of the previous notification on 2013

The significant matter is to enforce the Company to pay the revenue occurred during the remedy period to NBTC after expense deduction but the amount of this revenue must not be less than the percentage of revenue sharing being used to pay in the Concession Agreement as of the last day prior to the Concession end.

Presently the said case is in the process of the Central Administrative Court. The Company's management believes that this notification is discriminate among the Operator which the Concession had ended prior to this Notification (no. 2) be effective. This notification is also not fair and undue burden to the Company to pay the revenue at the minimum amount equaling to the criteria in the Concession Agreement which is not the purpose of this notification issuance to protect the customer during the remedy period.

2. Operational Risk

2.1 Risk to information security

To serve customers' needs, the Company has rapidly developed a variety of products and services which require advanced technology. However, the advanced technology also comes with new threats to the Company's security system and information security system. Such systems can be compromised by the complexity of the technology itself, gaps in the skill and knowledge levels of the Company's employees, the potential deficiency of the Company's own system and external threats.

In 2016, the Company's reputation and reliability was affected from an intentional fraudulent attack on a customer's data privacy. Subsequently, in its role as regulator, NBTC closely inspected and monitored our controls. However, the case happened from the intentional fraud of one authorized employee acting alone and without the Company's knowledge. The Company places great emphasis on preventing any risks to data security by implementing established information and IT Security Regulations, including the Exchange ActiveSync communications protocol for the receiving and transmitting of the Company's data via portable devices. The Company also performs data security risk assessments of important systems in accordance with the Company's plan to mitigate possible risks from information theft or system failure. In addition, the Company has implemented data security management systems, such as Payment Card Industry - Data Security Standard (PCI-DSS) and ISO 27001 Information Security Management, in order to ensure the security of the Company's data.

The Company also reviewed and improved our data security controls in order to prevent any recurrence of the issue. Measures taken included a revision of the access control procedure. In order to access customers' sensitive information, now two authorized persons must enter a double password in a closed working environment in which they are prohibited from bringing their mobile devices and any portable storage devices.

Furthermore, training and communication to raise the awareness also provided in order to protect the company's data security from system compromise or from hackers, as well as to deliver quality services and enhance customer's confidence on data privacy management of the Company.

2.2 Risk from major network failure or interruption to important systems

In order to be prepared for any disaster, natural disaster, political unrest, acts of terrorism or force majeure which may affect the Company's operating systems, property and/or employees leading to an interruption of business continuity, a risk assessment has been conducted. The risk assessment evaluated both the likelihood and the impacts of each threat. The business impact of each risk on each process has been evaluated and prioritized in order to prepare the resources required to ensure our business continuity.

The Company has established a business continuity management system and business continuity plan for critical business processes. As part of this plan, regular exercises and reviews are carried out. Emphasis is placed on keeping all staff and management fully informed in order to build awareness of the necessity for business continuity management in the organization. In order to manage the Company's resources efficiently and cope with any disaster which causes damage to the Company's office buildings or operation centers,

alternative sites will be prepared to ensure continuity of the Company's business and minimize effects to the mobile phone network. These are important measures for ensuring that the Company can maintain its position as the market leader in terms of network quality and retain consumer confidence in our service when disasters occur. Further information can be found under heading "Risk Management, Internal Control, and Internal Audit" part 2 page 33-34

2.3 Reputation risk due to community's lack of understanding on health issues arising from radio waves

The Company increased its number of base stations to service the growing demand for data usage. One of the barriers that may prevent the Company from being able to build base stations as planned is the understanding of the concerned communities on health issues arising from radio waves nearby the Company's base stations, which may lead to resistance to the construction and/or appeals to related parties. The Company has taken measures to prevent this situation by setting up specific teams to communicate to the relevant communities before construction, in line with NBTC's regulations. These teams conduct public hearings and confer with community leaders and people in the relevant areas, starting from the planning phase to find the most appropriate installation site. These measures can help the Company to analyze the relationship between the Company and the community and also to gather information from the community on the issues of concern to them. The community is encouraged to participate with the Company at every step to ensure their confidence on safety issues. The Company will prepare construction blueprints of the base stations that have been certified by professional civil engineers to meet the standards of the Engineering Institute of Thailand. These blueprints are then presented to the district office for municipal approval of the construction. Once the construction is approved, a licensed engineering team will oversee the construction in accordance with the approved plans and to ensure that it strictly meets the standards for the safety of both workers and the surrounding community.

2.4 Risk arising from the Company's failure to respond in a timely manner to customers' needs/issues via various social media platforms which may affect the Company's corporate image

With the unlimited connectivity of social networks today, communicating or sharing information can be completed rapidly and easily, especially the negative information that affect company's reliability and reputation. In response to customers' behaviors of connecting with various social media platforms, the sharing of product and service information, the handling of enquiries and the resolution of complaints must be performed in a prompt manner with the accurate information. This is to prevent the spread out misleading information, which may have a negative impact on the Company's corporate image.

The Company has implemented tools to monitor related information in various social media and also appoint specialized staff to monitor and respond to customer needs specifically via online channels. This is to ensure a timely response with accurate information to meet customer needs to have the best experience.

4. Assets used in operations

4.1 Property, Plant and Equipment

To operate the business as Digital Life Service Provider, the total assets used for providing service can be divided into 2 main groups: 1) Fixed assets such as network equipment, service shops, office building, and land 2) License to operate telecommunication service: such as telecommunication service license or telecommunications service agreement.

4.1 As at 31 December 2016, fixed assets of AIS and its subsidiaries are as follows:

	Estimated Useful Life(years)	Million Baht
Land	-	524.68
Data center and improvements	5 and 20	443.53
Office furniture and equipment	2 - 5	1,205.40
Service shop improvements	5 and 10	1,595.32
Vehicles	5	211.61
Tools and equipment for providing telecommunication network and fixed broadband services	2 - 20	142,318.78
Computer Software	5-10	9,014.81
Network under construction and installation for rendering telecommunication and fixed broadband services	-	9,943.99
Router for rental of ADC's internet services	not exceed 3 years	7.48
<i>Total</i>		165,265.60
<i>Less</i> accumulate depreciation/ amortization		(46,994.16)
<i>Net Book value</i>		118,271.44

As at 31 December 2016, value of fixed assets of AIS and its subsidiaries include the financial leases in furniture, fixtures and office equipment, tools, equipment and vehicles of Baht 293.34 million.

Beside the fixed assets above, AIS and its subsidiaries also have an agreement on office rental which can be summarized as follows:

Type of assets	Ownership	Monthly rental rate (Baht million)	Obligation
8 offices space rental in Bangkok and spalce rental of service shops in 28 provinces*	1-3 years lease agreement	Approximately 69 million	None

Note: * Chiang Mai, Surat Thani, Nakhon Sawan, Nakhon Ratchasima, Nakhon Pathom, Phitsanulok, Hadyai, Chon Buri, Ayutthaya, Rayong, Phuket, Udon Thani, Khon Kaen, Ubonratchathani, Samut prakan, Chachoengsao, Chiang Rai, Lampang, Phrae, Mae Sot, Surin, Roi ed, Mahasarakham, Mukdahan, Hua Hin, Prachin Buri, Saraburi and Bangkok

4.2 License to operate telecommunication service

The operation under the concession agreement for 2G service during the past 25 years has already ended. Under the concession agreement, investment and ownership of the cellular network of AIS and its subsidiaries are transferred to the concession grantor i.e. CAT telecom Public Company Limited, a grantor of 1800MHz which has ended on 30 September 2015, and TOT Public Company Limited, a grantor of 900 MHz which has ended on 15 September 2013. Currently, AIS and its subsidiaries has operated the telecommunication service under the telecommunications service agreement and telecommunication service license from the NBTC for 2G, 3G, and 4G services. The details of licenses and agreements are as follow.

The telecommunications service agreement

1. The Data Communication Service Agreement (Data kit Virtual Circuit Switch) between Advanced Data Network Communications Company Limited (ADC) and TOT Public Company Limited (TOT)

Period of Agreement : 25 years (25 September 1997 - 24 September 2022)

Significant terms and condition :

1. ADC has been granted the right to operate data communication service using Frame Relay and Data kit Virtual Circuit Switch and/or other data communication system. However, ADC shall rent transmission from TOT or TOT's partner. Unless TOT can provide that transmission, ADC can invest in its own data transmission or rent from others.
2. ADC can expand its business to provincial areas where the revenue sharing to TOT will be paid at agreed rate as specified in the Memorandum.
3. ADC agrees to upgrade its data communication service by using ADSL and ATM Switch in addition to its existing systems. However, the service fee, rental fee or any other fees from customers will based on market rate; which ADC is not obliged to ask TOT for permission in advance.
4. ADC is allowed to provide digital contents by asking for TOT permission in advance.

Benefit : ADC shall provide the new ordinary share of Baht 107.52 million which is 23.5% of registered capital to TOT without TOT's payment for shares.

The telecommunication service license

1. Advanced Magic Card Co., Ltd. (AMC) attained License for Electronics Payment Service, issued by the Electronic Transaction Commission, under the Ministry of Information and Communication Technology to provide electronic payment services. The license period is 10 years from 13 May 2009 - 12 May 2019
2. License of Advanced mPay Co., Ltd. (AMP) are as follows:

2.1 Electronic Card Business License

Grantor : Ministry of Finance (MOF)
Grant Period : since 24 June 2005
Significant terms and condition : AMP is licensed to operate electronic money cards for goods or services payments instead of cash payments.

2.2 License for Electronics Payment Service

Grantor : Electronic Transaction Commission : Ministry of Information and Communication Technology
Grant Period : 10 years (30 May 2009 - 12 May 2019)
Significant terms and condition : AMP is licensed to provide electronic payment services.

3. Telecommunications Business License Type 3 of AIN GlobalComm Co., Ltd. (AIN), issued by the National Broadcasting and Telecommunications Commission (NBTC)

Grant Period : 20 years (26 July 2006 - 25 July 2026)

Significant terms and condition : AIN is licensed to provide international telephone services, value added services to international telephone service, and other related services to international telephone service and international telephone network services..

Benefit : AIN is obligated to pay for the license and any fees within the time period as specified by the NBTC

4. License of Super Broadband Co., Ltd. (SBN) which is issued by the NBTC are as follows:

4.1 International Internet Gateway License Type 2 and Telecommunications Business License Type 2 (Telecommunication network services with its own network for specific group of customer)

Grant Period : 5 years (15 October 2012 - 14 October 2017)

Significant terms and condition : SBN is licensed to provide all service related international internet service and internet gateway.

Benefit : SBN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

4.2 Telecommunications Business License Type 3

Grant Period : 20 years (16 August 2007- 15 August 2027)

Significant terms and condition : SBN is licensed to provide telecommunication network services with its own network for fixed line, IDSN, Public Broadband Multimedia Service, and additional service.

Benefit : SBN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

5. Telecom Business License of Advanced Wireless Network Co., Ltd. (AWN) which is issued by the NBTC are as follows:

5.1 Telecommunications Business License Type 3

Grant Period : 19 years (7 December 2008 - 6 December 2027)

Significant terms and condition : AWN provides telecommunication network services with its own network for fixed line, Wifi internet, Public Broadband Multimedia Service, integrated digital network service, as well as fixed and wireless telecommunication network service. AWN is also granted the 2.1GHz license to operate provide International Mobile Telecommunications -IMT on 7 December 2012 until 6 December 2027.

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

5.2 Spectrum License for Telecommunications Service (2.1GHz)

Grant Period : 15 years (7 December 2012 - 6 December 2027)

Significant terms and condition :

1. License to operate 3 slots of spectrum bandwidth on 2.1GHz covering 1950MHz to 1965MHz pairing to 2140MHz to 2155MHz
2. AWN shall provide the service by itself and shall not transfer the provision of service completely or partially or authorize other persons to provisioning the service.
3. AWN shall comply with the condition prior to the end of the service as specified by NBTC.
4. AWN shall provide telecommunication network for rendering services covering at least 50% of population within 2 years

from the date of obtaining license and at least 80% of population within 4 years from the date of obtaining license

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

5.3 Spectrum License for Telecommunications Service (1800MHz)

Grant Period : 18 years (25 November 2015 to 15 September 2033)

Significant terms and condition :

1. Telecom license 1800MHz includes: 1725-1740MHz pair with 1820-1835MHz
2. AWN shall provide the service by itself and shall not transfer the provision of service completely or partially or authorize other persons to provisioning the service.
3. AWN shall comply with the condition prior to the end of the service as specified by NBTC.
4. AWN shall provide telecommunication network for rendering services covering at least 40% of population within 4 years from the date of obtaining license and at least 50% of population within 8 years from the date of obtaining license.

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

5.4 Spectrum License for Telecommunications Service (900MHz)

Grant Period : 15 years (1 July 2016 – 30 June 2031)

Significant terms and condition :

1. Telecom license 900MHz includes: 895MHz - 905MHz pair with 940MHz - 950MHz
2. AWN shall provide the service by itself and shall not transfer the provision of service completely or partially or authorize other persons to provisioning the service.
3. AWN shall comply with the condition prior to the end of the service as specified by NBTC.
4. AWN shall provide telecommunication network for rendering services covering at least 50% of population within 4 years from the date of obtaining license and at least 80% of population within 8 years from the date of obtaining license.

Benefit : AWN is obligated to pay for the license and any fees within the time period as specified by the NBTC.

4.3 Policy to invest in subsidiaries and associate companies

AIS currently focuses on telecom service business only. We thereby invest in subsidiaries and other companies for the purpose of supporting our main business or operating other related services which is beneficial to our business. AIS has appointed directors and executives as our representative in those companies for the purpose of shareholder's benefit and value maximization. The meeting of board of directors of those companies is scheduled to convene at least on quarterly basis. The shareholders' meeting is scheduled on annual basis.

5. Legal Disputes

5.1 Legal Disputes of Advanced Info Service Public Company Limited (the Company)

Litigant	TOT
Submitted Date	1. 22 January 2008 : Thai Arbitration Institute
Tribunal	2. 22 September 2011: Administrative Court
Dispute topic	TOT submitted the dispute to the Thai Arbitration Institute to demand payment in the amount of Baht 31,463 million from AIS regarding the additional remuneration due under the Concession Agreement (from January 2003 until September 2007). The requested amount is equal to the amount of excise tax which AIS had paid to the Excise Department and thus deducted from the revenue sharing pursuant to the cabinet resolution dated 11 February 2003.
Result of case	On 20 May 2011, the Arbitral Tribunal dismissed all disputes on the ground that the Company had lawfully paid the full amount owed under the revenue sharing agreement. Therefore, AIS has not committed a breach of the Concession Agreement.
Status of case	<ul style="list-style-type: none"> On 22 September 2011, TOT submitted a request to the Central Administrative Court to revoke the award of the Arbitral Tribunal. On August 11, 2016, the Central Administrative Court dismissed TOT's request. The Central Administrative Court provided the reason that the arbitration award which decided that AIS was not in breach of contract was under the jurisdiction of the arbitral tribunal. Further, there was no indication before the court that such acceptance or enforcement of the arbitral award in the case was against peace or public morality. As a result, there is no reason for the court to pass judgment or to order the cancelation of the award according to the request from TOT. However TOT has the right to appeal to the Supreme Administrative Court within 30 days from the judgment date.

Litigant	CAT
Submitted date	1. 7 March 2008: Civil Court
Tribunal	2. 10 March 2011: Appeal Court
	3. 16 April 2013: Supreme Court
Dispute Topic	CAT filed a lawsuit against AIS as defendant no.1 and AIN GlobalComm Company Limited (AIN), an AIS subsidiary, as defendant no.2 to Civil Court demanding us to jointly pay damages in the amount of Bath 583 million for the change of the connection setting of the international direct dialing service from using the symbol "+" for the code 001 of CAT to "+" for the code 005 of AIN during 1 March 2007 - 7 March 2008.
Result of case	<ul style="list-style-type: none"> On 17 December 2009, the Civil Court dismissed the case as the facts cannot prove that neither AIS nor AIN have infringed any rights of CAT. CAT then launched an appeal to the Appeal Court. On 27 June 2013, the Appeal Court reached the judgment confirming the judgment of the Civil Court to dismiss CAT's case. On 13 September 2016, the Supreme court reached the judgment confirming the judgment of the Appeal Court. This Case is now closed.

Litigant	NBTC Secretary General of NBTC
Submitted date Tribunal	1. 13 September 2011: Central Administrative Court 2. 18 December 2015: The Supreme Central Administrative Court
Dispute Topic	AIS filed a lawsuit to the Central Administrative Court requesting to revoke the resolution and order of NBTC to collect the information from existing subscribers using Pre-Paid Mobile Service prior to the announcement date of the Notification of NBTC Re: The Criteria for the Allocation of Numbers B.E. 2551 coming into force on 24 October 2008, within 180 days from the effective date of this NBTC Notification. Under this lawsuit, AIS particularly requested revocation of the order requiring AIS to pay administrative fines of 80,000 Baht per day commencing on 6 July 2012 until the Company has completely performed all requested obligations.
Result of case	On 19 November 2015, the Central Administrative Court reached its judgment which was to revoke the resolution and overturn the administrative fines on the grounds that: <ul style="list-style-type: none"> such order enforced the operators to retrospectively store subscriber data which includes the personal information that the subscribers are required to disclose, without any measure for enforcement by service suspension or termination. there are a large number of subscribers. It is difficult to perform the requested actions without cooperation from the subscribers. In this regard, NBTC's resolution and order are unlawful because NBTC used power and discretion beyond the scope of regulatory duties, which created a huge burden impact on the operators.
Status of Case	On 18 December 2015, NBTC submitted an appeal to the Supreme Administrative Court. Presently, which is currently pending consideration of the Supreme Administrative Court.

Litigant	TOT
Submitted date Tribunal	9 March 2011: Thai Arbitration Institute
Dispute Topic	<ul style="list-style-type: none"> On 26 January 2011, AIS submitted a dispute to the Thai Arbitration Institute claiming that TOT has no right to demand that AIS pay any interconnection charges under the Concession Agreement of the 17th - 20th concession year. AIS claimed that TOT has no right to demand that AIS not deduct the interconnection charges which AIS has to pay to other operators before sharing the revenue to TOT. The disputed amount equals Baht 17,803 million plus interest at the rate of 1.25 percent per month. On 29 July 2014, TOT raised a dispute demanding that AIS make an additional payment for the 21st - 22nd concession year of Baht 9,984 million plus interest at the rate of 1.25 percent per month. On 23 August, 2016, AIS submitted a dispute to arbitration claiming that TOT has no right to claim for compensation from income from interconnection charges during the 23th to 25th year, amounting in total to Baht 8,367.90 million with interest at the rate of 1.25 percent per month.
Result of case	-
Status of Case	The case is pending the consideration of the Thai Arbitration Institute.

Litigant	TOT
Submitted date Tribunal	1. 11 May 2011: Thai Arbitration Institute 2. 19 May 2014: Central Administrative Court
Dispute Topic	AIS submitted a case demanding that TOT surrender the letter of guarantee for remuneration from the 17 th -21 st concession years. In this case, AIS also demanded that TOT be prohibited from claiming any money from the bank and that it be obligated to pay the bank commission for the letter of guarantee including the damage to AIS's reputation and financial credit in the amount of Baht 30 million and also Baht 20 million for the letter of guarantee of the 21 st concession year.
Result of case	On 10 February 2014, the Arbitral Tribunal awarded that TOT surrender the letter of guarantee and pay Baht 6,653,016 plus penalty at the rate of 7.5 percent per annum calculated from the date that the Company paid such amount to the bank.
Status of Case	On 19 May 2014, the Company requested the Central Administrative Court to recognize and enforce the award. TOT also requested the Central Administrative Court to revoke the award. Therefore, the Central Administrative Court has ordered the Company and TOT to be tried together as one and the same case.

Litigant	NTC and the Secretary General of NTC
Submitted date Tribunal	1. 27 May 2011: Central Administrative Court 2. 9 December 2016: The Supreme Central Administrative Court
Dispute Topic	AIS filed a lawsuit to the Central Administrative Court seeking to revoke the order of NTC ordering the Company to amend the drafted Pre-Paid Mobile Service Agreement which prohibited the condition concerning the validity term.
Result of case	On 10 November 2016, the Administrative Court dismissed the case filed by AIS for the reason that such case was filed after the available prescription. Moreover, the delayed case was not subject to reasonable cause and the case was not filed on behalf of public interest, but for the benefit of the plaintiffs themselves. As for the order issued by NTC following such announcement, the court passed the judgment that since the announcement has remained in force and has not been revoked, the order issued subject to such announcement is then legitimate.
Status of Case	On 9 December 2016, The company then appealed to the Supreme Administrative Court and the case is in the consideration process.

Litigant	NBTC and the Secretary General of NBTC
Submitted date Tribunal	2 July 2012: Central Administrative Court
Dispute Topic	AIS filed a lawsuit to the Central Administrative Court seeking to revoke the order of NBTC Re: Maximum Rate of Service Fee for Domestic Mobile Phone Voice Services B.E. 2555. The order issued by NBTC required the collection of domestic voice service fees at the rate not exceeding Baht 0.99 /minute, enforceable only on the significant market dominance because AIS is of the opinion that it is the wrongful order and unfair treatment.
Result of case	-
Status of Case	The case is pending the consideration of the Central Administrative Court.

Litigant	TOT
Submitted date Tribunal	16 January 2013: Thai Arbitration Institute
Dispute Topic	AIS submitted a dispute to the Thai Arbitration Institute requesting that TOT pay revenue sharing of for international direct dial service according to the Amendment no. 3 and 4 of the revenue sharing agreement between AIS and TOT. AIS claims that TOT has been in default of payment for the period of November 2008 - September 2012 and owes the total amount of Baht 1,528 million plus interest as stipulated in the agreement.
Result of case	-
Status of Case	The case is pending the consideration of the Thai Arbitration Institute.

Litigant	TOT
Submitted date	25 September 2014
Tribunal	Thai Arbitration Institute
Dispute Topic	TOT submitted a dispute to the Thai Arbitration Institute demanding that AIS discontinue the number portability method whereby its subscribers press *988* because it breached the Concession Agreement. TOT has also demanded that AIS pay damages in the amount of Baht 9,126 million (From May 2013 to June 2014) plus interest at the rate of 7.5 percent per annum.
Result of case	-
Status of Case	On March 25, 2016, TOT filed a petition to amend the amount of damages requested. The revised amount was calculated from May 2013 until the expiration of the concession agreement (30 September 2015) and totaled Baht 32,813 million. The case is pending the consideration of the Thai Arbitration Institute.

Litigant	TOT
Submitted date Tribunal	30 September 2015: Thai Arbitration Institute
Dispute Topic	AIS submitted a dispute to the Thai Arbitration Institute regarding the 6th and 7th amendments to the Concession Agreement. AIS claimed that the said amendments bind AIS and TOT. AIS also claims that the Company has no obligation to pay for the additional remuneration in the amount of Baht 72,036 million, in line with TOT's claim that the amendments has been caused TOT to receive lower remuneration than the rate as specified in the Concession Agreement.
Result of case	-
Status of Case	On 30 November 2015, TOT submitted a dispute on the same issue, demanding that AIS pay compensation of Baht 62,774 million, after the arbitration committee ordered the two disputes to be combined into one case. The case is pending the consideration of the Thai Arbitration Institute.

Litigant	TOT
Submitted date Tribunal	30 September 2015 Thai Arbitration Institute
Dispute Topic	TOT submitted a dispute to the Thai Arbitration Institute to order AIS to rent 11,883 base stations, which are used for the installation of towers and telecommunication equipment to provide telecommunication services under the Concession Agreement for an additional 2 years after the expiration of the Concession Agreement. TOT requests that, in the event that AIS fails to comply such rental, AIS shall be required to pay the said rental and all relevant expenses during 2 years, amounting to Baht 1,911 million, or the same amount should be paid to the court.
Result of case	-
Status of Case	The case is pending the consideration of the Thai Arbitration Institute.

Litigant	CAT
Submitted date Tribunal	29 April 2015: Central Administrative Court
Dispute Topic	CAT filed a lawsuit demanding that AIS pay for damages resulting from the installation of telecommunications equipment within the base stations which previously belonged to DPC but for which the ownership has been transferred to CAT under the Concession Agreement. The claim relates to 95 sites in which the equipment was installed without the consent of CAT during the period of January 2012 to April 2016. The total amount of damages claimed is Baht 125.525 million and the compensation from the filing date is Baht 2.83 million per month until the dismantling of such equipment.
Result of case	-
Status of Case	The case is pending the consideration of the Central Administrative Court

Litigant	NBTC
Submitted date Tribunal	18 December 2015: Central Administrative Court
Dispute Topic	AIS filed a lawsuit at the Central Administrative Court requesting the revocation of the announcement of NBTC Re: Temporary Subscribers' Protection (2 nd Issue) After the Expiration of the Concession period, based on the fact that such announcement was unfair and enforced selectively compared with the previous announcement. The new announcement specified additional conditions for paying revenue during the remedy period to be not less than the share incurred subject to the Concession Agreement.
Result of case	-
Status of Case	The case is pending the consideration of the Central Administrative Court

Litigant	Revenue Department
Submitted date Tribunal	10 November 2016: Central Tax Court
Dispute Topic	AIS filed a lawsuit at the Central Tax Court requesting revocation of the assessment of the authority and the decision of appeal by the Appeal Committee as well as a decrease or cessation of additional payment arising from the case in which the assessment authority ordered AIS to make additional payment in the total amount of Baht 128,215,149.73. The additional payment was applied as a result of the wrongful deduction and payment of withholding taxes from the share paid to TOT by AIS and calculated by subtracting the excise taxes before making payment in accordance with the decision from the Cabinet.
Result of case	-
Status of Case	The case is pending the consideration of the Central Tax Court

5.2 Legal Disputes of Digital Phone Company Limited (DPC), a subsidiary of the Company

Litigant	CAT
Submitted date Tribunal	1. 9 January 2008: Thai Arbitration Institute 2. 3 June 2011: Central Administrative Court 3. 3 September 2015: Supreme Administrative Court
Dispute Topic	CAT demanded that DPC pay additional remuneration of Baht 2,449 million of excise taxes under the Digital PCN (Personal Communication Network) Agreement plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year, calculated from the default date until full payment is made, totaling Baht 3,949 million. However, DPC claimed that the requested amount is equal to the amount of excise tax which DPC paid during 16 September 2003 - 15 September 2007, and also deducted from revenue sharing pursuant to the cabinet resolution dated 11 February 2003.
Result of case	<ul style="list-style-type: none"> On 1 March 2011, the Arbitral Tribunal dismissed the dispute as the original debt had completely been paid and extinguished. DPC then has not committed any breach of the agreement. On 3 June 2011, CAT submitted a request to the Central Administrative Court to revoke the award of the Arbitral Tribunal. On 28 July 2015, the Central Administrative Court dismissed the request of CAT by giving the reason that CAT was the one who sent the letter declaring its intention to change the criteria of revenue share payment of excise taxes according to cabinet resolution and had accepted the revenue share amount after deducting the excise and returned the letter of guarantee to DPC without raising any objections. The award of the Arbitral Tribunal was, therefore, in compliance with the provisions of the law and the provisions of the Agreement.
Status of Case	On 3 September 2015, CAT submitted an appeal to the Supreme Administrative Court which is presently pending consideration of the Supreme Administrative Court

Litigant	CAT
Submitted date Tribunal	1. 29 July 2008: Thai Arbitration Institute 2. 25 June 2011: Central Administrative Court 3. 15 October 2014: Supreme Administrative Court
Dispute Topic	CAT demanded that DPC pay the Access Charge which DPC had deducted and has not yet delivered to CAT as follows: <ul style="list-style-type: none"> • Additional charge of 7th-10th concession years of Baht 165 million including VAT plus penalty at the rate of 1.25 percent per month, calculated on 31 July 2008, totaling Baht 222 million. • Additional charge of 11th concession year of Baht 23 million including VAT plus penalty at the rate of 1.25 percent per month, calculated on 15 October 2009, totaling Baht 26 million. The total claimed amount of both cases is Baht 248 million.
Result of case	<ul style="list-style-type: none"> • On 23 March 2012, the Arbitral Tribunal dismissed all disputes on the ground that CAT has not yet paid the interconnection charge for the part of which DPC has to pay to TOT as stipulated in the Interconnection Agreement. Therefore, CAT has no right to claim those charge from DPC. In attestation, it is not admissible that the consideration paid by DPC in each year is regarded as a breach of the agreement. • On 25 June 2012, CAT submitted a request to the Central Administrative Court to revoke the award of the Arbitral Tribunal. • On 16 September 2014, Central Administrative Court dismissed the request of CAT.
Status of Case	On 15 October 2014, CAT submitted an appeal to the Supreme Administrative Court which is presently pending consideration of the Supreme Administrative Court

Litigant	CAT
Submitted date Tribunal	1. 3 February 2009: Thai Arbitration Institute 2. 25 October 2012: Central Administrative Court
Dispute Topic	CAT demanded that DPC deliver and transfer ownership of 3,343 towers and 2,653 items of power supply equipment under the Digital PCN (Personal Communication Network) Agreement. CAT also demanded that DPC reimburse Baht 2,230 million to CAT if DPC failed to return the towers and equipment. However, DPC rebutted that all disputed assets are not the property as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer ownership of to CAT.
Result of case	On 18 July 2012, the Arbitral Tribunal dismissed all disputes of CAT by referring to Clause 12 of the Digital PCN Agreement. Under such Agreement, CAT can demand that DPC deliver all of the objects after 60 days from the termination date of the agreement. Therefore, the submission of a dispute is regarded as a premature exercise of the right under the Agreement.
Status of Case	On 25 October 2012, CAT submitted a request to the Central Administrative Court to revoke the Arbitral Tribunal award which is presently pending consideration of the Central Administrative Court.

Litigant	CAT
Submitted date Tribunal	7 April 2010: Thai Arbitration Institute
Dispute Topic	<ul style="list-style-type: none"> DPC submitted a dispute to the Arbitration Tribunal requesting that CAT be ordered to revoke its allegation that DPC breached the Agreement by having entered into an agreement with AIS for the use of the DPC network without receiving the consent of CAT. DPC also demanded that CAT pay for damages in the amount of Baht 50 million. On 15 July 2010, CAT requested that DPC pay additional remuneration for the 10th -12th concession year incurred due to DPC having reduced the roaming charge rate between DPC - AIS from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 - 31 December 2008 without the approval of CAT. The requested damages are in the amount of Baht 1,640 million plus penalty calculated up to March 2010 in the amount of Baht 365 million totaling Baht 2,000 million. In addition, a penalty is also applied at the rate of 1.25 percent per month calculated from April 2010. On 12 September 2011, CAT submitted an additional demand for remuneration for the 12th concession year covering the period of 1 April 2009 - 15 June 2009 in the amount of Baht 113 million.
Result of case	-
Status of Case	The Arbitration Institute ordered all 3 disputes to be tried together as one and the same case and such disputes are presently pending consideration of the Thai Arbitration Institute.

Litigant	CAT
Submitted date Tribunal	1. 8 April 2011: Thai Arbitration Institute 2. 6 September 2013: The Central Administrative Court
Dispute Topic	CAT demanded that DPC pay remuneration in the amount of Baht 33 million including interest at the rate of 15 percent per annum, calculated at Baht 35 million in total. CAT claimed that DPC had committed a breach of the Digital PCN Agreement in the form of fraudulent use of documents/signatures of subscribers during the year 1997 - 2003 covering a total of 1,209 numbers. Such fraudulent action was claimed to have caused damage to CAT since CAT could not collect the fees for international call services when the fraudulent numbers had used the international call service of CAT.
Result of case	On 28 May 2013, the Arbitral Tribunal dismissed all disputes of CAT by giving the reason which can be summarized as follows. Such disputes are the act of tort, and DPC has not committed any breach of the agreement. Therefore, the dispute of this case is not within the jurisdiction of the Arbitral Tribunal.
Status of Case	On 6 September 2013, CAT submitted a request to the Central Administrative Court to revoke the award of the Arbitral Tribunal which is presently pending consideration of the Central Administrative Court.

Litigant	TOT
Submitted date	9 May 2011: Central Administrative Court
Tribunal	
Dispute Topic	<p>TOT filed a lawsuit at the Central Administrative Court demanding that CAT and DPC jointly pay the Access Charge under the Interconnection Agreement of DPC dated 8 September 1997, as follows:</p> <ul style="list-style-type: none"> TOT has requested that the demanded Access Charge period be extended from the date that the lawsuit was filed (9 May 2011) until the date of the end of the Concession Agreement (15 September 2013). TOT requests that DPC pay to TOT calculated on the amount of the mobile number which DPC had rendered the service in each month at the of Baht 200 per number, in the amount of Baht 1,289 million; The Access Charge, which CAT has to pay to TOT calculated on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 3,944 million; and The Access Charge, which CAT did not fully pay to TOT due to the deduction of the Access Charge at the rate of Baht 22 / number / month, in the amount of Baht 222 million. <p>The total amount of the claim is Baht 5,454 million plus interest.</p>
Result of case	-
Status of Case	The case is pending the consideration of the Central Administrative Court.

Litigant	CAT
Submitted date	24 August 2012: Thai Arbitration Institute
Tribunal	
Dispute Topic	<p>CAT submitted a dispute to the Thai Arbitration Institute demanding that DPC pay additional remuneration for the 10th-14th concession years in addition to the interconnection charge received (gross income) before deduction of the interconnection charge paid in the amount of Baht 183 million plus penalty at the rate of 1.25 percent per month. CAT has also demanded that DPC pay additional remuneration for the 15th concession year in the amount of Baht 141 million plus penalty at the rate of 1.25 per month. The total claimed amount is Baht 324 million.</p>
Result of case	-
Status of Case	The case is pending the consideration of the Thai Arbitration Institute.

Litigant	CAT
Submitted date	1. 8 October 2012 : Thai Arbitration Institute
Tribunal	2. 15 September 2015: Central Administrative Court
Dispute Topic	<p>DPC demanded that CAT surrender the letter of guarantee for the remuneration of the 10th -14th concession years and that CAT be prohibited from claiming any money from the bank against this letter of guarantee. DPC also demanded that CAT pay the bank commission for the letter of guarantee including the damage to DPC's reputation and financial credit in the amount of Baht 109 million.</p>
Result of case	On 28 May 2015, the Thai Arbitration Institute awarded an order that CAT return the letter of guarantee and pay the bank commission for the letter of guarantee to DPC.
Status of Case	On 15 September 2015, CAT submitted to the Central Administrative Court a request to revoke the award of the Thai Arbitration Institute which is presently pending the consideration of the Central Administrative Court

Litigant	CAT
Submitted date Tribunal	28 August 2013: Thai Arbitration Institute
Dispute Topic	CAT submitted a dispute to the Thai Arbitration Institute demanding that DPC return the letter of guarantee for the revenue sharing agreement of the 15 th –16 th concession years, claiming that the present letter of guarantee submitted by DPC contained faulted clauses and does not comply with the agreement.
Result of case	-
Status of Case	The case is pending the consideration of the Thai Arbitration Institute.

Litigant	CAT
Submitted date Tribunal	20 May 2015: Central Administrative Court
Dispute Topic	<ul style="list-style-type: none"> CAT submitted a lawsuit to the Central Administrative Court demanding that NBTC Office, NTC, NBTC, True Move and DPC pay usage fees and revenue from the usage of the telecommunication equipment and telecommunication network of CAT. The usage in question occurred during the temporary customer protection period, subject to the NBTC Re: the Temporary Customer Protection Plan Following the Expiration of the Concession Agreement or Telecommunication Service Agreement, calculated from 16 September 2013 to 15 September 2014. The total amounts collectively demanded from NBTC Office, NTC and NBTC, True Move and DPC is Baht 6,083 million including interest at the rate of 7.5 per annum. On 11 September 2015, CAT submitted a request to the Central Administrative Court claiming for the additional usage fees and revenue from the usage of CAT's telecommunication equipment and telecommunication network calculated from 16 September 2014 to 17 July 2015. The total amount demanded collectively from DPC, NBTC Office, NTC and NBTC is Baht 1,635 million including interest at the rate of 7.5 per annum. On 30 June 2016, CAT submitted a request to the Central Administrative Court claiming for the additional usage fees and revenue from the usage of CAT's telecommunication equipment and telecommunication network calculated from 18 July 2015 to 25 November 2015. The total amount demanded collectively from DPC, NBTC Office, NTC and NBTC is Baht 673 million including interest at the rate of 7.5 percent per annum.
Result of case	-
Status of Case	The case is pending the consideration of the Central Administrative Court.

Litigant	NBTC Office, NTC, and NBTC
Submitted date Tribunal	16 November 2015: Central Administrative Court
Dispute Topic	DPC submitted a lawsuit to the Central Administrative Court requesting the revocation of the resolution and order of NBTC to pay the revenue arising from the mobile service charges within the temporary customer protection period. The period in question follows the announcement of the NBTC Re: the Temporary Customer Protection Plan B.E.2013 and covers from 16 September 2013 to 17 July 2014 (First Period). The amount requested is Baht 628 million and all interest accrued therefrom.
Result of case	-
Status of Case	On September 16, 2016 NBTC and the Secretary General of NBTC filed a complaint to the Central Administrative Court requesting that DPC pay a share of revenue generated during the remedy period. Such period commenced from the coming into effect of the Subscribers Protection Period subject to the NBTC's announcement regarding the Temporary Customer Protection Plan B.E.2013 and lasted until the date of the order issued by the National Council for Peace and Order (NCPO). This period covers September 16, 2013 to July 17, 2014. The requested amount is Baht 679 million including interest. The case is pending the consideration of the Central Administrative Court.

Litigant	Revenue Department
Submitted date Tribunal	1. 22 July 2015: Central Tax Court 2. 28 June 2016: Supreme Court
Dispute topic	DPC filed a lawsuit to the Central Tax Court requesting the revocation of the assessment of the authority and the decision of appeal by the Appeal Committee ordering DPC to make additional payment in the total amount of Baht 5,596,595.48 as a result of wrongful deduction and payment of withholding taxes from the share paid to CAT by subtracting the excise taxes before making payment in accordance with the decision from the Cabinet. In addition, DPC also requested a decrease in the amount demanded or the complete annulment of the additional payments.
Result of case	On April 29, 2016, the Central Tax Court dismissed the case filed by DPC for the reason that the excise taxes should be deemed as the part of the revenue share agreement which the plaintiff is required to pay to CAT subject to the Concession Agreement. Therefore, it is DPC's liability to deduct the withholding taxes and pay such amount to the Revenue Department of Thailand. Failure to do so results in the liability of DPC to make additional payments at the rate of 1.5% per month, in the total amount of Baht 5,596,595.48 million.
Status of case	DPC appealed this case to the Supreme Court on 28 June 2016 and presently this case is under the consideration of the Supreme Court.

Litigant	CAT
Submitted date Tribunal	30 June 2016: Thai Arbitration Institute
Dispute Topic	CAT submitted a dispute to an arbitration committee ordering DPC to dismantle the telecommunications equipment owned by the Company and also the equipment owned by AWN, an AIS affiliate. Such equipment has been installed and implemented on DPC's network, the ownership of which was transferred to CAT subject to the Concession Agreement to operate and provide services on the cellular network (Digital PCN (Personal Communication Network) 1800 without permission from CAT. In total, this dispute relates to 97 sites with the alleged discretions taking place during the period from January 2013 to June 2016. The total amount demanded by CAT is 175.19 million baht.
Result of case	-
Status of Case	The case is under the consideration of the Thai Arbitration Institute.

5.3 Legal Disputes of Advance Wireless Network Company Limited (AWN), a subsidiary of the Company

Litigant	CAT
Submitted date	30 June 2016
Tribunal	Central Administrative Court
Dispute Topic	CAT filed a request at the Central Administrative Court demanding that AWN pay compensation for damages arising from the installation of its own telecommunication equipment within DPC's base stations, the ownership of which were transferred to CAT subject to the Concession Agreement to operate and provide services on the cellular network (Digital PCN (Personal Communication Network) 1800 without permission from CAT. In total, 67 sites are affected under this dispute with the alleged discretions taking place during the period from January 2013 to June 2016. The total amount demanded by CAT is Baht 62.736 million plus damages from the date of submission of the complaint in the amount of Baht 2 million per month until the date that such telecommunication equipment is dismantled.
Result of case	-
Status of Case	The case is under the consideration of the Central Administrative Court .

Note

Company / Organization Name

1. Advanced Info Service Public Company Limited
2. Digital Phone Company Limited
3. Advance Wireless Network Company Limited
4. TOT Public Company Limited
5. CAT Telecom Public Company Limited
6. The Concession Agreement between TOT and AIS
7. The Digital PCN Agreement between CAT and AIS
8. Office of the National Broadcasting and Telecommunication Commission
9. The National Broadcasting and Telecommunication Commission
10. The Secretary General of the National Broadcasting and Telecommunication Commission
11. The National Telecommunications Commission

Initial

- AIS
- DPC
- AWN
- TOT
- CAT
- The Concession Agreement
- The Agreement
- NBTC Office
- NBTC
- The Secretary General of NBTC
- NTC

6. General information and other significant information

6.1 General information of the Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 437,045.01 million (as of 30 December 2016)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,095,330
Total shareholders	: 54,420 persons (as of 18 August 2016, the latest book closing date for the rights to receive dividend)
Free float	: 36.22%
Type of business	: Operate telecommunication business including mobile network service, fixed broadband service, and digital contents.
Head office	: 414, AIS Tower 1, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: http://www.ais.co.th
IR website	: http://investor.ais.co.th/
Telephone	: (66) 2029 5000
Facsimile	: (66) 2029 5165

American Depositary Receipt

ADR ticker symbol	: AVIFY
Exchange	: Over The Counter (OTC)
Depository	: The Bank of New York Mellon
ADR to ORD share ratio	: 1:1
ADR CUSIP number	: 00753G103

6.2 General information of subsidiaries and affiliates

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Digital Phone Co.,Ltd. (DPC) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of digital mobile phone network	365.55	10	3,655.47	98.55
Advanced Datatnetwork Communications Co.,Ltd. (ADC) (an indirect subsidiary via DPC) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 ¹⁾
Advanced Contact Center Co.,Ltd. (ACC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Call center service	27.2	10	272	99.99
Advanced mPAY Co.,Ltd. (AMP) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of payment business via mobile phone	30	10	300	99.99
Advanced Magic Card Co.,Ltd. (AMC) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Distributor of cash card business	25	10	250	99.99
AIN GlobalComm Co.,Ltd. (AIN) 408/127 Phaholyothin Place Tower, 29 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.ain.co.th	International telephone service gateway	2	100	100	99.99
Super Broadband Network Co.,Ltd. (SBN) 408/157 Phaholyothin Place Tower, 38 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.sbn.co.th	Network operator and telecom service operator i.e. internet service (ISP), Dedicated Leased Line , IPLC & IP VPN, Voice Over IP, IP Television	3	100	300	99.99

Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Wireless Device Supply Co.,Ltd. (WDS) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Importer and distributor of handsets and accessories	0.5	100	50	99.99
Advanced Wireless Network Co.,Ltd. (AWN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Telecommunication service provider of 2.1GHz, 900MHz and 1800MHz frequencies, distributor of handsets, international telephone service, network operator, telecom service operator and national broadcasting network services without frequency usage.	13.5	100	1,350	99.99
MIMO Tech Co.,Ltd. (MMT) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Develop IT system, engaging in content aggregator business and provide collection of revenue service from customers	0.5	100	50	99.99
Fax Lite Co.,Ltd. (FXL) 1291/1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Operate in acquiring and/or lease building, and related facilities for telecommunications business	0.01	100	1	99.98
Advanced Broadband Network Co.,Ltd. (ABN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok	Currently not start the operation	0.75	100	75 ²⁾	99.99

Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Clearing House for Number Portability Co.,Ltd. (CLH) 598 Q House Ploenchit Building, 6 th Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, operate the information system and the centralized database for the mobile number portability service (MNP)	0.02	100	2	20.00
Bridge Mobile Pte. Ltd. (BMB) 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel : (65) 6424 6270 Fax : (65) 6745 9453	Jointly invested, provide international roaming service within Asia Pacific Region	9	USD 1	USD 9 Million	10.00
Information Highway Co.,Ltd. (IH) 52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi	Transmission network provider	0.5	100	14.5	29.00
Amata Network Co., Ltd. (AN) ³⁾ 2126 New Petchaburi Road, Bang-kapi, Huay Kwang, Bangkok	Provide fiber optic network infrastructure in Amata industrial estate.	1	100	25	60

Notes: ¹⁾ The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.

²⁾ On 30 November 2016, ABN increased its share capital from Baht 15 million to Baht 75 million.

³⁾ Amata Network Company Limited (AN) is a joint-venture between ABN and Amata Corporation Plc. as regards to the news submitted to the SET on October 2015. AN was completely registered on 8 December 2016.

6.3 Other references

Ordinary Share Registrar

Thailand Securities Depository Company Limited
 The Stock Exchange Thailand Building,
 93, Ratchadapisek Road,
 Dindang, Dindang, Bangkok 10400
 Tel : (66) 2009 9383
 Fax : (66) 2009 9476

Auditor

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