

## Opinion of the Company on the Tender Offer

February 16, 2006

To: The Shareholders

Advanced Info Service Public Company Limited

On February 1, 2006, Advanced Info Service (the "Company" or "AIS"), a public company incorporated in Thailand, received a copy of the Tender Offer to purchase the Company's securities (Form 247-4) from Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen") (collectively the "Offerors"), details of which are as follows:

Type of Securities	Number of Securities		Percentage		Tender Offer Price <sup>1</sup> (Baht per unit)	Total offering Value (Baht)
	Shares	Voting right	To the total issued securities	To the total voting rights of the company		
Ordinary Shares <sup>2</sup>	2,948,591,108 <sup>3</sup>	2,948,591,108	100.00%	100.00%	72.31	213,212,623,019.48
			Total	100.00%	Total	213,212,623,019.48

The Tender Offer period commenced on February 2, 2006 and will end on March 21, 2006, totalling 33 business days, between 9.00 a.m. and 4.30 p.m. daily.

The Company has considered the offers in this Tender Offer by paying due regard to the interests of securities holders, and would like to express an opinion to support your consideration as follows:

<sup>1</sup> The Offeree is subject to the brokerage fee of 0.25 per cent of the Offer price and value-added tax of 7 per cent of the brokerage commission. Therefore, the net proceeds to be received by the Offeree will be Baht 72.1166 for each ordinary share. These offers, and other offers in the Tender Offer, including the tender offer period, are final, except where the following conditions are met: 1) the Offerors may reduce the Offer Price or extend the tender offer period if any event or action causing a material damage to the financial status or assets of the Company occurs during the tender offer period; 2) the Offerors may change the offers or extend the tender offer period to compete with another offeror who has submitted a tender offer for securities of the Company during the tender offer period.

<sup>2</sup> The Offerors would tender for 6,991,478 additional shares assuming the exercise of all ESOPs before the end of Tender period. If all ESOPs are exercised, the Offerors would tender for a total of 2,955,582,586 ordinary shares representing 100.00 per cent of the total issued securities

<sup>3</sup> However, of such amount, 1,263,712,000 shares, representing 42.86% of the Company's total outstanding shares, are held by Shin Corporation Public Company Limited ("SHIN"). SHIN has already stated its intention not to sell any of its shares in the Company in Appendix 1 of the Tender Offer.

## 1.0 The Status of the Business in Respect of its Past and Future Operating Results and Projections, including Assumptions

### 1.1 Nature of Business

AIS and its subsidiaries' major business involve the operation of a mobile phone network on two frequencies, one of which is on the 900MHz frequency under a 20-year Build-transfer-operate (BTO) concession granted by the TOT Public Company Limited ("TOT") in 1990. In 1996, the concession was extended by 5 years, and will expire in 2015. AIS' responsibilities include network engineering, network planning, equipment procurement and installation, network maintenance, and service commercialization. AIS' subsidiary, Digital Phone Co., Ltd. ("DPC"), provides service on the 1800MHz frequency under a 16-year BTO concession granted by the CAT Telecom Public Company Limited ("CAT") in 1990. The concession will expire in 2013. AIS has network roaming agreement with DPC. In addition, DPC also involves in the distribution of mobile handsets and accessories.

AIS currently invests in subsidiaries, joint ventures, and affiliates as shown below:

### 1.2 Group structure as at February 2, 2006

	Company name	Business	% Ownership by the Company
1.	Advanced Data Network Communications Co., Ltd.	Provides a range of online data communication via telephone line services nationwide	51.00
2.	Data Network Solutions Co., Ltd.	Provides a range of online data communication via telephone line services for existing customers	49.00
3.	Digital Phone Co., Ltd.	Operates cellular network in the 1800 MHz frequency and imports and distributes telecommunication equipments	98.55
4.	Advanced Contact Center Co., Ltd.	Provides call center services to AIS and other companies that need call center services.	99.99
5.	Mobile From Advance Co., Ltd.	Not operated	99.99
6.	Data Line Thai Co., Ltd.	Internet Service Provider (ISP)	65.00
7.	Advanced MPay Co., Ltd.	Provide services based on the mobile electronic payment system	69.99
8.	Advanced Magic Card Co., Ltd.	Operate selling and distribution of cash card	99.99
9.	AIS Wireless Communication Network Co., Ltd.	Provide telecommunication services throughout Thailand and aboard. All three new companies are in the process of applying for the necessary licenses. Currently, they have not started their operations.	99.93
10.	AIS Wire Network Co., Ltd.		99.93
11.	AIS International Network Co., Ltd.		99.93

## 1.3 List of major shareholders as at August 25, 2005

	Name	No. of shares	% holding
1.	Shin Corporation Public Co., Ltd.	1,263,712,000	42.86
2.	SingTel Strategic Investments Pte. Ltd.	568,000,000	19.26
3.	Littledown Nominees Limited	120,330,900	4.08
4.	Thai Trust Fund Management Co., Ltd.	64,039,000	2.17
5.	HSBC (Singapore) Nominees Pte. Ltd.	58,183,635	1.97
6.	The Bank of New York (Nominees) Ltd.	56,835,769	1.93
7.	State Street Bank and Trust Company	53,196,431	1.80
8.	Chase Nominees Limited 1	46,056,716	1.56
9.	HSBC Bank PLC-Clients General A/C	44,598,070	1.51
10.	Mellon Bank, N.A.	40,440,719	1.37
11.	Other shareholders	633,197,868	21.47
<b>Total</b>		<b>2,948,591,108</b>	<b>100.00</b>

## 1.4 Financial results

Consolidated (in Baht '000s)	2002	2003	2004	9M05
Total asset	126,085,368	124,949,176	121,167,600	117,120,472
Total liabilities	74,844,121	65,322,972	53,080,432	51,027,737
Shareholders' equity	51,241,247	59,626,204	68,087,168	66,092,735
Total revenues	80,251,401	89,643,698	96,437,485	68,248,939
Total expenses	58,643,006	61,739,026	64,022,507	46,930,465
Net profit/(loss)	11,430,301	18,529,019	20,258,049	13,953,455
Earning/(loss) per share (Baht)	3.89	6.31	6.88	4.74
Book value per share (Baht)	17.46	20.29	23.12	22.41
<b>Key ratios</b>				
Liquidity ratio (times)	0.63	0.53	0.69	0.58
Net profit margin (%)	14.05	20.48	20.87	20.31
Return on equity (%)	24.92	33.62	32.00	29.58
Return on assets (%)	18.61	22.88	26.86	24.73
Debt to equity ratio (times)	1.47	1.10	0.79	0.78
Interest coverage ratio (times)	7.27	11.14	15.53	18.33

## 1.5 Discussion of 2004 and 9M05 Performance

As at the end of year 2004, the Company and its subsidiaries ("The Group") registered a total of 15,184,000 mobile phone subscribers, comprising of 2,120,300 GSM advance and GSM 1800 subscribers and 13,063,700 One-2-Call! subscribers. This was an increase of 1,944,800 subscribers or 14.7 per cent from the total of 13,239,200 subscribers as at year-end 2003. The Group's market share fell slightly to 57.1 per cent, a 2.9 per cent drop from a year before. This was due to the Group's strategy not to tap into price-sensitive segment of the market that competitors were targeting. The Group's objective is on sustainable revenues and profitability rather than market share of subscribers. In order to retain subscribers, The Group has introduced a number of measures including segmentation strategies reflected in service offerings and customer services of The Group. In addition, The Group remains focus on the core values of the mobile service business which are quality and coverage of the network.

Improved profitability was a result of retaining and attracting high-quality customers. We managed to improve our margin during the year 2004 evidenced by 18 per cent growth in our pretax profit due mainly to growth of total revenues at 8 per cent principally from 14 per cent growth on service revenue and a decrease in selling and administrative expenses.

Services and equipment rentals have been our primary source of income, which includes revenues associated with the mobile telecommunication business, data network communication services, and the provision of call centre services. In 2004, revenues from mobile phone services contributed 87 per cent of the Group's total revenue, with handset sales contributing another 12.5 per cent. Total cost constitutes cost of services and equipment rentals, concession fee and excise tax and cost of sales. In 2004 The Group incurred Baht 52,995 million of total cost, rising by 7.2 per cent from Baht 49,419 million in 2003. However The Group recorded a lower selling and administrative expenses from Baht 12,320 million in 2003 down to Baht 11,028 million in 2004 (or a 10.5 per cent decrease year-on-year).

The Group's net profit increased from Baht 18,529 million in 2003 to Baht 20,258 million in 2004, an increase of 9.3 per cent, due to the reasons mentioned above.

As at 3Q05, the Group had the total of 16,093,200 mobile phone subscribers, comprising of 2,078,000 postpaid subscribers on GSM Advance and GSM 1800 and 14,014,800 prepaid subscribers on One-2-Call!. The subscriber base grew 278,700 or 1.8 per cent due mainly to an increase in One-2-Call! subscribers. For the nine-month period, the Group showed the net profit of Baht 13,953 million, down 9.1 per cent compared to the same period of previous year. Total revenue of Baht 68,249 million declined 5.2 per cent YoY while total cost increased slightly by 0.5 per cent. However, selling and administrative expense, interest expense, and corporate tax in total declined 14.9 per cent.

## 1.6 Financial status

As at September 30, 2005, the Group's total assets were Baht 117,120 million, decreased by Baht 4,047 million or 3.3 per cent from year end 2004. As a percentage of total assets, current assets and non-current assets accounted for 14.2 per cent and 85.8 per cent respectively. Total liabilities were Baht 51,028 million at end of 3Q05, decreased by Baht 2,053 million or 3.9 per cent from year end 2004. As at September 30, 2005, the Group had total equity of Baht 66,093 million, decreased by Baht 1,994 million or 2.9 per cent from YE04. Net income for the nine-month period was Baht 13,953 million. The Company declared its dividend payment for the performance of second half of 2004 at 2.60 baht per share in total of Baht 7,653 million which was paid on April 11, 2005. During the third quarter, the Company declared an interim dividend payment for the performance of first half of 2005 at 3.00 Baht per share in total of Baht 8,839 million, which was paid on September 6, 2005.

## 1.7 Discussion of future operation

Thailand, along with other member countries, has commitments with the World Trade Organization to liberalize its telecommunications business within 2006. It is anticipated that such liberalization would result in a higher number of new service providers who have potential to compete in this business. The, organization management, preparation of master plan, development of telecommunications business, stipulation and enforcement of new rules and regulations, and establishment of audit and evaluation mechanism by the National Telecommunication Commission of Thailand (“NTC”), as well as the interpretation and enforcement of relevant laws and the change in technology may lead to a complete change of the outlook of Thai telecommunications business.

Industry outlook and competition in the mobile phone service business remain intense as in previous years. The top 3 market leaders AIS, Total Access Communications Public Company Limited and TA Orange Company Limited, currently command over 97 per cent of the total market. Service operators utilize many strategic approaches to retain market shares and increase customer base. Market competition tends to increase as operators attempt to enhance their operating capabilities, create value added services and offer wider range of services. Coverage expansion and network signal improvement is also critical in capturing more market share for operators. The Company views that the competition in the future will be service-oriented rather than price-oriented, particularly the customized content services that cater to different segmentation needs.

With a continual increase in the total market subscriber base, Thailand’s cellular market penetration rate stood at approximately 48 per cent at the end of 2005, up from 44 per cent at the end of 2004. Assessment of consumer behavior together with positive customer responses to some new products and services, and the continued improvement in national economic conditions are all reasons to believe that Thailand’s cellular industry will be able to achieve higher penetration rate. The two most apparent areas of growth would be the remaining untapped low-usage market and the multiple-ownership market. Thus, industry growth in terms of subscriber base could still be justifiably expected.

## 2.0 Opinion about the Accuracy of the Company’s Information Stated in the Tender Offer Statement

The Company’s Directors are of the opinion that all information relevant to the Company as shown in the Tender Offer statement (Form 247-4) is accurate.

## 3.0 Relationships or any Agreements between the Company’s Director(s), either on His/Her own Behalf or in His/Her Capacity as the Company’s Director(s) or as Representative(s) of the Director(s) of the Company in the Tender Offer and Any Existing or Future Contracts or Agreements Made or to be Made between Them in Such Matters as Administration Etc.

### 3.1 Relationships between the Company’s Directors and the Offerors in a matter of directorship

- As at January 25, 2006, Mr. Supadej Poonpipat, a director of the Company, is a director of Kularb Kaew Co., Ltd (“Kularb Kaew”)<sup>4</sup>
- As at January 25, 2006, Ms. Jeann Low Ngiap Jong, a director of the Company, is a director of Singtel Strategic Investments Pte. Ltd (“SingTel Strategic Investments”), which is a wholly-owned subsidiary

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<sup>4</sup> A holder of 16,440,000 shares or equivalent to 41.10 per cent of registered capital of Cedar, which is one of the Offerors

of Singapore Telecommunications Limited ("SingTel")<sup>5</sup> in which Temasek Holdings (Private) Limited ("Temasek")<sup>6</sup> is a major shareholder

- As at January 25, 2006, Mr. Hui Weng Cheong, a director of the Company, is a director of SingTel Strategic Investments, which is a wholly-owned subsidiary of SingTel<sup>5</sup> in which Temasek<sup>6</sup> is a major shareholder
- As at January 25, 2006, Mr. Boonklee Plangsiri, a director of the Company, is a director of Shin Corporation Public Company Limited ("SHIN")<sup>7</sup>
- As at January 25, 2006, Mrs. Siripen Sitasuwan, a director of the Company, is a director of SHIN<sup>7</sup>
- As at January 25, 2006, Mr. Boonchoo Direksathapon, a director of the Company, is a director of SCB Securities Co.,Ltd, which is a wholly-owned subsidiary of Siam Commercial Bank Public Company Limited ("SCB"). SCB is the holder of 3,960,000 shares or equivalent to 9.9 per cent of registered capital of Cedar, which is one of the Offerors.

**3.2 Relationships, either direct or indirect, between the Company's Directors and the Offerors in a matter of shareholding**

- As at January 25, 2006, Mr. Supadej Poonpipat, a director of the Company, holds 2,000 shares or equivalent to 20 per cent of Kularb Kaew<sup>8</sup>
- As at January 25, 2006, Mr. Boonklee Plangsiri, a director of the Company, holds 1,342,000 shares or equivalent to 0.04474 per cent of SHIN<sup>7</sup>
- As at January 25, 2006, Mrs. Siripen Sitasuwan, a director of the Company, holds 1,073,065 shares or equivalent to 0.03577 per cent of SHIN<sup>7</sup>
- As at January 25, 2006, Mr. Somprasong Boonyachai, a director of the Company, holds 36 shares or equivalent to 0.000001 per cent of SHIN<sup>7</sup>

**3.3 Contracts or agreements made or to be made between the Company's Directors and the Offerors**

None

**4.0 Opinion of the Company's Board of Directors to the Securities Holders**

The Company held its Board of Directors Meeting on February 16, 2006 to consider the Tender Offer made by the Offerors. The Board of Directors, excluding the Directors who have vested interests<sup>9</sup>, is of the unanimous Opinion that shareholders should not accept the Offer.

**4.1 Reason to accept or reject the Tender Offer**

The Board of Directors, excluding the Directors who have vested interests, has given consideration and is of the view that the Offer Price to be received by the shareholders less brokerage commission, thus

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<sup>5</sup> Through SingTel Strategic Investments, indirectly holds 568,000,000 shares or equivalent to 19.26 per cent of the Company

<sup>6</sup> Through its indirect subsidiaries, Cypress Holdings Limited and Anderton Holdings Limited, is the largest shareholder of Cedar and Aspen respectively

<sup>7</sup> In which the Offerors are major shareholders, holding 1,487,740,120 shares or equivalent to 49.59 per cent of SHIN as at January 23, 2006

<sup>8</sup> A holder of 16,440,000 shares or equivalent to 41.10 per cent of registered capital of Cedar, which is one of the Offerors

<sup>9</sup> Directors who have vested interests abstained from voting

resulting in the net Offer Price of Baht 72.1166 for each ordinary share<sup>10</sup> is not appropriate compared with the price of shares of the Company which an independent financial advisor appointed by it has appraised with several approaches (please refer to section 5.0). Furthermore, shareholders should consider selling their shares in the Stock Exchange of Thailand (“SET”) if the market price is higher than the Offer Price. However, the Board of Directors, excluding the Directors who have vested interests, recommends that the shareholders shall also consider the uncertainty and the risk that may arise from the plans and policies for the Company indicated in the Tender Offer document, and the new shareholding structure and management at SHIN. The shareholders are encouraged to make careful consideration of these factors in conjunction with the opinion of the independent financial advisor. The final decision is mainly based upon the shareholders' discretion.

**4.2 Opinions and reasons of each Director and the number of shares held by each Director (only in case the opinion of the Directors in 4.1 is not unanimous)**

The Board of Directors' resolution is unanimous.

**4.3 Benefits or impact of the plans and policies indicated in the Offer document and the viability of such plans and policies**

The Board of Directors, excluding the Directors who have vested interests, is of the opinion that the Company should not be materially affected from the plans and policies indicated in the Offer document that the Offerors intend to work with the Company's management and staff to continue with the current business operations of the Company.

The Board of Directors, excluding the Directors who have vested interests, views that the Offerors' intention to review the future business strategy of the Company including business areas, capital structure, mergers and acquisitions to enhance the Company's growth and profitability and to maximize the shareholders' value should benefit the Company and improve the Company's business activities in the future due to the Offerors' extensive investment and management experience in telecommunication businesses in many countries.

The Offerors have no intention to delist Company's shares from the SET during the 12-month period after the end of the Tender Offer period unless the Company is unable to maintain its listing status under the regulations required by the SET. The Board of Directors, excluding the Directors who have vested interests, views that the Company may have a risk in maintaining its listing status on the SET if a substantial number of shares are sold to the Offerors and the Company cannot maintain the proportion and number of minority shareholders. To maintain the listing status, a listed company must have at least 150 minority shareholders holding shares in aggregate not less than 15 per cent of its paid-up capital. In addition, if a substantial number of securities are offered for sale and the majority of securities are thereby held by the Offerors, the trading volume of the Company's shares on the SET may decrease and the minority shareholders who do not declare their intention to sell in this Tender Offer may encounter the lack of liquidity to sell their share at an appropriate price or require longer time to sell shares in the SET in the future.

**4.4 Additional Opinion of the Board of Directors (only in case of a delisting Tender Offer under the regulations of the SET)**

The Board of Directors has no additional opinion as this is not a delisting Tender Offer.

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<sup>10</sup> Includes ESOP shares, if exercised before the end of the Tender Offer period

**5.0 Opinion of the Independent Financial Advisor**

Please consider the details in Appendix 1. (The Opinion of the Independent Financial Advisor concerning the Tender Offer of the Securities of Advanced Info Service Public Company Limited)

The Company hereby certifies that the above statements are true and complete and contain no information that might lead other parties to misunderstand any material aspects and that no concealment has been made of any material information.

Advanced Info Service Public Company Limited

By: \_\_\_\_\_

Name: Mr. Boonklee Plangsiri

Title: Director

By: \_\_\_\_\_

Name: Mr. Somprasong Boonyachai

Title: Director