

Part II

Information

of

True Corporation Public Company Limited

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1. Name and Location of the Company

True Corporation Public Company Limited (“the Company”), with the security symbol “TRUE” on the Stock Exchange of Thailand, the company’s head office is located at:

18 True Tower, Ratchadapisek Road,
Huai Khwang, Bangkok 10310
Telephone: (662) 643-1111 Fax: (662) 643-1651
Website: www.truecorp.co.th

2. Type of Business and Nature of the Main Operations of the Company

True Corporation Public Company Limited is Thailand’s integrated communications solutions provider. True facilitates subscriber lifestyles through the convergence of its voice (fixed-line and mobile), video and data services. By embracing innovation and by offering a comprehensive selection of networks, services and content, True is also well placed to seize future growth opportunities.

True’s convergence lifestyle strategy is unique within the Thai market. It focuses on providing customers with their preferred combinations of content and services from our integrated platform. It also helps us to differentiate ourselves from the competition, drive subscriber growth and customer loyalty as well as maximize the full potential of our services. We believe convergence enhances value for our customers and delivers significant benefits in the medium and long term.

Since the beginning of 2007, True has been organized into five core businesses (this document follows this category format):

- Online business under TrueOnline, consisting of fixed-line phone and value-added services, business data services, Broadband Internet services, WE PCT (Personal Communication Telephone) plus the lifestyle venture, True Coffee;
- Wireless business under TrueMove (formerly TA Orange);
- Pay-TV business under TrueVisions (formerly UBC);
- Digital commerce under TrueMoney;
- Digital content business under TrueLife.

For the purpose of financial reporting, we group the performances of the digital (commerce and content) businesses (under the TrueMoney and TrueLife brands) under the TrueOnline segment.

The tables below present our Group service revenue^{1/} and EBITDA^{2/} profile

Service revenue^{1/}:

Unit: Baht million	2007	%	2008	%	2009	%	2010	%
TrueOnline	20,194	39	20,996	40	21,245	40	21,363	40
TrueMove (excluding IC)	22,993	44	21,652	42	22,055	42	21,980	42
TrueVisions	8,631	17	9,273	18	9,305	18	9,305	18
Total	51,818	100	51,921	100	52,605	100	52,649	100

EBITDA^{2/}:

Unit: Baht million	2007	%	2008	%	2009	%	2010	%
TrueOnline	9,670	49	10,195	55	9,804	50	9,670	53
TrueMove	7,566	38	5,691	31	7,226	37	6,313	34
TrueVisions	2,527	13	2,666	14	2,622	13	2,326	13
Intersegment elimination	(9)	-	(37)	-	(70)	-	83	-
Total	19,754	100	18,515	100	19,582	100	18,392	100

Remark: ^{1/}After intersegment elimination; ^{2/}Before intersegment elimination

(1) TrueOnline

TrueOnline comprises fixed-line telephone and its value-added services such as public phones, as well as Broadband Internet, business data services, Internet and data gateways, WE PCT, and new businesses such as International Direct Dialing (“IDD”). Our Broadband Internet businesses have continued to grow rapidly and help to maintain overall revenue generated by TrueOnline.

i) Fixed-line phone, WE PCT and public phone services

True is the largest fixed-line telephone service provider in the Bangkok Metropolitan Area (“BMA”) with a fixed-line capacity of 2.6 million and approximately 1.8 million lines in commercial use.

The Company operates WE PCT through its subsidiary, Asia Wireless Communication (“AWC”), in which it holds 99.99 percent equity interest. Together with AWC, the Company officially launched its Personal Communication Telephone (“PCT”) service in November 1999 as a value-added service of our traditional fixed-line services.

WE PCT is a cordless fixed-phone service. A subscriber’s PCT phone number is the same as his or her fixed-line number. Up to nine PCT handsets can be used with one fixed-line number, with each handset holder assigned an individual access code so callers to the fixed line number can direct their calls to a specific person.

In August 1991, True signed a 25-year Agreement for Joint Operation and Joint Investment for Expansion of Telephone Service (“Joint Operation Agreement”) under Build Transfer Operate (“BTO”) terms with the Telephone Organization of Thailand (later renamed “TOT”) to construct, install, maintain and jointly operate a two million-line wireline network in the BMA which will expire in 2017. The agreement was subsequently extended to cover an additional 600,000 lines. We have transferred our fixed-line network to TOT which collects revenues from subscribers and makes payment to True of its proportion stipulated by the Joint Operation Agreement at the rate of 84.0 percent for two million lines and 79.0 percent for 600,000 lines. The Company receives an 82.0 percent share of revenue from each value-added service and 76.5 percent from the public phone service.

As for the WE PCT service, the Company is entitled to 82.0 percent of the revenue generated from such service and AWC is entitled to approximately 70.0 percent of this amount. The PCT service is also available to TOT subscribers. TOT shares with True approximately 80.0 percent of revenue received from its subscribers as a PCT network rental fee.

In addition, our subsidiaries have been granted licenses from the National Telecommunications Commission (“NTC”) for services including fixed-line phone and public phone services nationwide. (See details in the Regulatory Update section.)

Value-Added Services

In addition to fixed-line phone services, the Company offers a range of value-added services to meet customers’ needs, including:

- A 26,000-telephone public phone service in the BMA under the approval of TOT;
- Voice Mailbox, Call Waiting, Conference Calling, Call Forwarding, Hot Line, Abbreviated Dialing, Automatic Call Repetition and Outgoing Call Barring;
- Caller ID displaying the incoming call number on Call ID phones.

The Company also provides services for corporate customers requiring a large number of telephone lines and provides a range of valued-added services including:

- Direct Inward Dialing (“DID”), which automatically directs incoming calls to a specified party, providing direct access to each internal telephone number;
- Hunting Lines service, which bundles two or more telephone lines at one location into a single number;
- Integrated Service Digital Network (“ISDN”), which enables a telephone network to handle all forms of voice, data and image communications simultaneously on the same telephone line;
- Televoting, a special service for companies with peak periods of short message traffic. It enables companies to perform many marketing activities without investing in infrastructure. Voting results are available in as little as five seconds;
- Free Phone 1-800, allowing businesses to provide their customers with a free contact call service. The cost of customer Free Phone calls is automatically billed to the business. Customers can call from any telephone by dialing 1-800 followed by six digits;
- Voice Conferencing, a service that enables customers to participate in conferences via telephone lines from wherever they are at any time;
- VoIP services, called NetTalk by True.

Network and PCT service area

Our core fixed-line network is Thailand’s most modern and fiber-rich, including more than 176,000 kilometers of fiber-optic cables, covering 4,200 square kilometers in the BMA. This enables us to minimize the use of copper cables (averaging 3 to 4 kilometers) and provide high-quality voice and data communications services.

At the end of 2010, the Company had 1,834,694 fixed-line subscribers comprising 1,236,980 residential subscribers and 597,714 business customers. This reflected a 1.3 percent decline from last year. The decline in fixed-line subscribers and revenue is in line with the global trend, however the decline has continually slowed over the past few years with the rate of decline in revenue dropping from double-digits to single-digits in 2010. The average revenue per user (“ARPU”) for full-year 2010 was Baht 285 per month, a 5.7 percent decline from 2009. The majority of revenue (55.0 percent) came from business customers.

The WE PCT service covers 2,500 square kilometers of the inner area of the BMA. In September 2004, the PCT brand was repositioned as “WE PCT” to reflect the strategy of building communities and bringing together people via free calls within True Group’s networks which include True’s fixed-line network (area code 02), TrueMove’s mobile phone network and the PCT network. The service targets students and young people. At the end of 2010, WE PCT had 89,698 subscribers down from 177,970 last year partially due to the continued impact from mobile competition and from a new tariff scheme aimed at mitigating risks associated with fixed-line interconnection charge (“IC”) regulations.

ii) Broadband Internet, other Internet services and VAS

Broadband Internet

True Group is Thailand’s leading Broadband or hi-speed Internet operator with an estimated 66 percent share of Broadband market value in the BMA. We provide the service using cable modem (currently via DOCSIS 3.0 technology) and DSL (Digital Subscriber Line) technologies. By consistently expanding coverage, bringing in new technologies and higher speeds with an increased focus on customer services, TrueOnline continues to lead the Broadband market in terms of innovation and service quality.

In 2003, the Company and certain other service providers, such as KSC, started offering wireless Broadband services or Wireless Fidelity (“Wi-Fi”). Our extensive Wi-Fi network is a key differentiator for products and services under the Group and helps drive Broadband growth. With 18,600 hotspots in the BMA and key provinces at the end of 2010, our network is unmatched by the competition. Our Wi-Fi hotspots cover prime locations including coffee shops, restaurants, hotels, hospitals, department stores, movie theaters, convention centers and office buildings.

In April 2005, we also launched Thailand’s first Pre Pay high-speed Internet service, providing an alternative for customers seeking value-for-money and convenience.

True’s subsidiary, True Universal Convergence Co., Ltd. (“TUC”), has been granted a Type Three license from the NTC to provide fixed-line telephone, Broadband and data services nationwide using new infrastructure and technology such as NGN (next generation network), xDSL, and Gigabit Ethernet. TUC provides data and Broadband circuits as well as data network services to True’s subsidiaries including True Internet Co., Ltd. (“TI”), and True Multimedia Co., Ltd. (“TM”). These provide hi-speed Internet and data services to end-customers and non-voice services to consumers and business customers, respectively.

Our modern fixed-line network allows us to provide a faster, more stable Broadband service and to realize lower installation, operating and maintenance costs. The network not only provides ADSL, but also ADSL2+, VDSL2, G.SHDSL and Gigabit Ethernet, and is well positioned for the eventual evolution into an IP-based NGN.

We also offer rich content catering for consumer lifestyles, including music, gaming, sports and E-books, as well as a variety of value-added services, such as WhiteNet filtering (allowing parents to control their children’s Internet access). In 2010, three new value-added services were introduced for personal computers: Premier League, quality TV and MOD (Movies on Demand).

In early January 2010, we upgraded the standard speed (for the Baht 599 per month package) to 4 Mbps from 3 Mbps and offered new premium subscribers a free Wi-Fi router. This led to

strong subscriber acquisitions during the first half of 2010. In August 2010, True was the first operator to upgrade standard speeds from 4 Mbps to 6 Mbps on a mass scale. This further fueled subscriber growth throughout the rest of the year. Net subscriber additions more than doubled to 122,154 in 2010 (from 57,958 in 2009). This took the number of Broadband subscribers to 813,763 at the end of 2010.

True Group also targets the hi-end segment. In 2009, we launched the “Ultra Broadband” service for the first time in Thailand. The first project was at a Sansiri condominium, “SIRI at Sukhumvit”, and offered a connection speed of up to 30 Mbps, plus a Wi-Fi service at the speed of 4 Mbps. In June 2010, we launched a new Ultra Broadband package with a speed of 50 Mbps, the fastest in Thailand’s consumer Broadband market. The service is now available at over 200 hi-end residential complexes in central Bangkok.

In mid December 2010, TrueOnline soft-launched its new cable modem technology, DOCSIS 3.0, in central Bangkok, mainly on Asoke and Sukhumvit roads, in Haad Yai, Khon Kaen, Korat and Chiang Mai, offering 10 Mbps to 100 Mbps download speeds starting from 699 Baht per month. The official launch is targeted for the first half of 2011. This new technology will see True Group lead the transformation from traditional to next- generation Broadband services in Thailand, maintaining the company’s leadership in terms of speed, quality and innovation.

Other Internet services and VAS

The Company provides Internet (including content and applications) services through:

- (1) Asia Infonet Co., Ltd. (“AI”), in which the Company has a 65.0 percent equity interest, under an Agreement to Operate whereby CAT Telecom Plc or CAT (previously the Communications Authority of Thailand) granted a non-exclusive right to provide commercial Internet services to users throughout Thailand until 2006 over facilities leased from CAT or any entity approved by CAT. In February 2010, Asia Infonet’s Type One ISP license, granted by the NTC, was extended for another five years and will expire on February 4, 2015. The license is renewable every five years; and
- (2) True Internet Co., Ltd. (“TI”), in which the Company has a 99.99 percent equity interest. In August 2009, True Internet’s Type One ISP license, granted by the NTC, was extended for another five years to expire on August 17, 2014. The license is renewable every five years.

We are Thailand’s No.1 Internet Service Provider (“ISP”) with more than 1.9 million subscribers, including Broadband and dial-up Internet users. We offer Internet access to both consumers and business customers, along with a range of value-added services, including an Internet Data Center, and providing security services for corporate customers.

Our Internet and Broadband services took full advantage of the international Internet gateway license granted to one of our subsidiaries, True International Gateway (“TIG”), in 2006 which has allowed us to provide a better quality and less costly service to our customers.

iii) Business Data Services (“BDS”)

True’s business data services offer converged data and voice communication solutions, and managed services to business customers through various technologies. These include: Digital Data Network (“DDN”) or Leased-Line; Multiprotocol Label-Switching (“MPLS”); Metro

Ethernet (a fiber-to-the-building technology designed specifically for business customers); and IP-Lease Line (a hybrid between an IP-based data service and a lease line service which improves the quality of connection beyond standard IP-based services). In addition, the Company offers a Managed Network Service (a combination of three network operation services including network performance management, fault management and configuration management). Furthermore, our service infrastructure is built on modern IP technology that is ready to support cloud computing.

In May 2010, True IDC marked its position on the cutting edge of technology and services in Thailand with the introduction of True Cloud Services, which offer private, public and hybrid clouds through two packages: Cloud Server, a virtual server accessible via the Internet; and Cloud Storage, which offers unlimited storage via the Internet. Both packages are charged on a daily, per-use basis.

True Group is one of the major players in the data transmission business in Thailand. True's modern network gives it a competitive advantage. We seek to differentiate ourselves from competitors through a focus on service quality and by meeting customer needs. We also benefit by combining our various products and services (e.g. content, VoIP and Internet) as well as by providing services with our business partners (e.g. the collaboration with Cisco to roll out a high quality IP network). As a result, we do not have to compete solely on price.

We were the first network provider in Thailand to earn the “Cisco Powered” designation in 2007, joining an elite group of around 300 similarly certified users worldwide. In 2008, True's service quality to our partner, Cisco, was rated “excellent” by Cisco customers.

Beside large corporate clients, True aims to expand its business customer base more aggressively into the SME segment, particularly in the provinces. Significant growth opportunity exists in the provinces where overall penetration and True's market share remain relatively low. True plans to utilize its wide selection of products and services (e.g., data services, VoIP, Internet), to secure and expand its provincial market share through convergence and bundling strategies.

In addition, our recent focus has been on the fiber market which presents high growth opportunities. We have invested in the fiber optic network via Gigabit-capable Passive Optical Network (GPON) technology, and reached corporate clients in 47 buildings on 11 key roads in Central Bangkok within 2010. We will invest in GPON technology in another 123 buildings in 2011.

At the end of 2010, there were 21,566 circuits under our service with average revenue per circuit of Baht 9,035 a month.

iv) International Gateway services

True International Gateway Co., Ltd. (“TIG”, previously known as True Internet Gateway), a subsidiary of True Corp, received an International Internet Gateway and Domestic Internet Exchange License (Type Two with Network) from the NTC on May 19, 2006, and an International Data Gateway License (Type Two with Network) on October 21, 2008.

The two aforementioned licenses allow TIG to provide Internet and international data services. Currently, TIG has Points of Presence (“PoPs”) in Bangkok, Singapore, Hong Kong, the UK and the USA which enhance the efficiency of the connection and service quality.

Since its launch, TIG has considerably expanded its capacity to support the growth of Internet and international data services which have doubled annually. Most of TIG's bandwidth capacity is utilized within the True Group with the rest utilized by external customers including local ISPs, local and multinational corporations, and international telecom operators. The proportion of bandwidth utilized by external customers has increased from approximately 10 percent in 2009 to 27 percent in 2010.

TIG offers three types of international data services – International Private Leased Circuit (“IPLC”), Internet Protocol Virtual Private Network (“IP VPN”) and Virtual Node. Currently, we are focusing and serving a number of major international carriers who have a presence in the Asia Pacific region and demand a large amount of bandwidth as well as a reliable network and high quality services. To facilitate corporate customers requiring a variety of bandwidth sizes and international destinations, TIG continues to partner with global international carriers to reach countries beyond Singapore and Hong Kong where TIG already has its own facilities.

In November 2009, TIG was the first private operator to be granted a license for submarine cable landing rights by the NTC. The license gives TIG the right to lay new submarine cable of its own as well as to access submarine cable capacity currently available in the market. The submarine cable capacity combined with its existing terrestrial connectivity gives TIG a competitive advantage. It can offer enhanced network reliability through both terrestrial and submarine connectivity at prices lower than services provided solely through submarine cables.

In 2010, TIG signed a number of contracts to provide Virtual Node services for leading international carriers from India, China and Korea. The Company also expanded its Internet and data gateway operations into Laos and Cambodia as part of a new focus to develop its business in neighboring countries.

v) International Direct Dialing (“IDD”) service

After being granted a Type Three license from the NTC to provide overseas call services, True's subsidiary, True International Communication (“TIC”), officially launched its IDD service via Time Division Multiplexing (“TDM”) technology with the “006” dialing prefix on December 1, 2007. Currently, True's IDD services are available only to True's fixed-line and TrueMove's mobile subscribers due to regulatory restriction.

Since its inception, True's IDD service has grown well, generating revenue of Baht 656 million (before inter-segment elimination) in 2010, a 47.1 percent increase from Baht 446 million in 2009.

In July 2009, TIC introduced a new IDD service via VoIP technology with the “00600” prefix to TrueMove's prepaid subscribers under TrueMove's “Inter SIM” promotion. This offers cheaper rates than the “006” service, with VoIP calls costing Baht 1 per minute (24 hours a day) to 28 destinations worldwide. In August 2009 the “Inter SIM” package was expanded to TrueMove's postpaid subscribers. In late 2010, the True-AoT Inter SIM was launched as a SIM given out free to arriving international tourists at Airports of Thailand airports to encourage the use of TrueMove services and IDD.

(2) TrueMove

The Company operates a mobile telecommunications business through its subsidiary, TrueMove (previously TA Orange), in which the Company indirectly holds an equity interest through a subsidiary, Bangkok Inter Teletech Public Company Limited (“BITCO”). True’s shareholding in BITCO/TrueMove was 98.9 percent at the end of 2010.

TrueMove operates under the Agreement to Operate and Provide Services under the Digital PCN 1800 System (“Agreement to Operate”), dated June 20, 1996, granted by CAT. This allows for the provision of services until September 2013. Under the agreement, TrueMove shares 25 percent of its revenue, after deducting access charge (“AC”) payments and other deductible expenses (e.g. content), with CAT until September 2011. This then increases to 30 percent until the end of the agreement.

In June 2008, CAT allowed TrueMove to use 5 MHz of the 850 MHz frequencies to develop a HSPA (High Speed Package Access) service. This came under the existing Agreement to Operate between CAT and TrueMove. In this regard, TrueMove will use CAT’s gateways and is willing to allow CAT to jointly use its base stations. The collaboration will also include co-branding.

In January 2009, TrueMove signed a Memorandum of Agreement with CAT to use the transferred network and equipment for another five years following the end of its concession in 2013. As a result, TrueMove can operate its business on equal terms to other operators. CAT also granted TrueMove permission to trial-launch third-generation (3G) wireless services on 850 MHz on a non-commercial basis.

By the end of 2009, our 3G 850 MHz cell sites covered a two-kilometer radius of most BTS and MRT routes in the BMA as well as key provincial areas including Pattaya, Phuket (chiefly the International Airport and Patong Beach) and Chiang Mai (mainly the International Airport and surrounding areas). During 2010, we continued to increase network capacity in the areas approved by CAT for the 3G 850 MHz trial to improve the quality and speed of our mobile Internet services.

Subscribers

TrueMove has grown rapidly since it launched full commercial operations in March 2002 and has been successful in acquiring close to one-third of the market’s net additional subscribers each year since 2004. At the end of 2010, TrueMove was Thailand’s third-largest mobile operator, with 17.1 million subscribers, of which 7.7 percent were postpaid subscribers.

Services

Pre Pay

Most of TrueMove’s revenue is derived from sales of prepaid airtime, which do not require a monthly subscription fee. Subscribers purchase a SIM card with an initial credit balance and can top-up their credit balance through various means, including purchase of top-up cards, transfer of funds through ATMs, transfer of credit balances from other mobile phone accounts, and “over-the-air” top-ups.

TrueMove was the first telecommunications operator in Thailand to provide “over the air” top-up services through 80,000 airtime resellers such as individuals or small shops who register with TrueMove and are eligible to transfer airtime to subscribers via SMS. TrueMove

prepaid subscribers can top-up with as little as Baht 10 at more than 18,000 public phone booths in the BMA. TrueMove also provides subscribers a mobile payment channel via TrueMoney services to meet a new generation of lifestyle needs.

Post Pay

TrueMove's postpaid service allows customers to choose a monthly service plan comprising voice-only, data-only or voice and data services, priced from Baht 99 to Baht 2,000. Top-up packages allow subscribers to purchase voice or non-voice services on top of their monthly package at a better-value rate. Subscribers are billed monthly for subscription fees, airtime and the use of other voice and non-voice services.

Voice Services

Our subscribers have access to local, domestic and international long-distance dialing. In addition, we offer a variety of value-added services in different combinations according to the airtime package selected. These services include call waiting, call forwarding, call conferencing and caller identification. We also offer our voice subscribers international roaming services, which enable them to make and receive calls when outside Thailand.

Non-Voice Services

TrueMove provides a range of non-voice services to enhance customer lifestyles. Content is delivered through various channels covering all mobile-accessible channels and web-based services through the www.truelife.com portal. Non-voice services comprise a variety of popular content, including photo-based communication, financial information services, games, cartoons, screen savers and ring tones, music and sports. Our subscribers are increasingly using our non-voice services, in particular ring-back tones, messaging and downloadable pictures, images and audio through mobile Internet services.

We currently group non-voice services into three main categories:

Messaging:

- Short Messaging Service (“SMS”): allows subscribers to send short text messages to other mobile users;
- Voice SMS: Thailand’s first voice short-messaging service allows subscribers to send audio messages to fixed-line and mobile handsets;
- Multimedia Messaging Service (“MMS”): allows subscribers to send pictures, text and sound/voice in a single-packet message.

Mobile Internet service:

- EDGE/GPRS and 3G/HSPA*: provide mobile data communications with GSM-based technology and “push” e-mail (**TrueMove’s 3G/HSPA service on the 850 MHz frequency is available in main business districts of Bangkok and key provincial/tourist areas such as Chonburi, Phuket and Chiang Mai on a trial basis*);
- Mobile Chat: a WAP-based instant-messaging service that allows subscribers to engage in online and mobile chat;
- Mobile Web: allows subscribers with compatible mobile handsets to access the Internet, including through available Wi-Fi connections;
- Blackberry and iPhone services: including Blackberry Messenger, chat, push-mail, and Internet surfing.

Content:

- Ring-back Tones: offers personalized ring-back tones and exclusive song selections;
- Voicemail: enables subscribers to retrieve audio message recordings;
- Multimedia Content Services: allow subscribers to access content such as music, sports, news and finance. TrueMove is able to use content as a growth driver by leveraging the exclusive content assets of TrueMusic, TrueLife, TrueOnline and TrueVisions.

In 2010, non-voice services contributed 15.0 percent to TrueMove's service revenue (excluding IC), compared with 13.3 percent in the same period the previous year. Service revenue from mobile Internet, messaging (SMS/MMS) and content contributed 31.8 percent, 25.5 percent and 42.7 percent of total non-voice revenue respectively. This was compared to 18.1 percent, 30.3 percent and 51.6 percent in the previous year.

Revenue from mobile Internet services has been growing rapidly due to the rising popularity of social network services and smartphone usage. In 2010, TrueMove's mobile Internet grew 97.5 percent from the same period last year to Baht 1.123 billion.

Mobile Handset and Accessories Sales

We offer a broad range of mobile handsets and related accessories. Our key handset products are high-quality smartphones including iPhone 4, iPhone 3G S and BlackBerry. Handsets are either sold outright (untied to any service) or tied with TrueMove's monthly (postpaid) packages.

International Roaming Services

We allow people whose network operators have international roaming agreements with TrueMove to use TrueMove's cellular network when traveling in Thailand. TrueMove subscribers may also use the networks of international operators with whom TrueMove has entered into international roaming agreements. The roaming services include voicemail, SMS, MMS, mobile Internet (via EDGE/GPRS), Email, Caller Identification, Missed Call Alert, Short Code, BlackBerry roaming and Wi-Fi.

In June 2008, TrueMove joined Conexus Mobile Alliance, increasing the Conexus Mobile subscriber base using roaming services (both voice and non-voice) to 210 million. As a result, these subscribers can use roaming services in Thailand on TrueMove's network. TrueMove subscribers will also have more options when traveling in the Asia Pacific region. TrueMove and Conexus Mobile Alliance also announced a regional rollout of a mobile data roaming plan for BlackBerry smartphones among alliance members. The new plan offers a high mobile data access ceiling in most markets, allowing corporate email access and convenient wireless Internet access as well as providing cost benefits to active business travelers who use the services of Conexus Mobile Alliance.

In February 2009, TrueMove launched a new promotion "Data Roaming Flat Rate" offering TrueMove subscribers mobile data roaming on the Conexus Mobile network for a maximum charge of Baht 399 per day. Subscribers are charged according to their actual usage if using less than the Baht 399 limit. Due to popular demand, this promotion was extended then offered again in June and December 2010.

Network

TrueMove was the last of the three major Thai mobile operators to launch commercial operations, and as such has been able to take advantage of the latest technical developments for its GSM network rollout, which has made our network relatively more efficient and cost-effective. We now cover approximately 93 percent of Thailand's population, putting us on a par with other major mobile operators.

Bundled Packages

TrueMove features, as a key part of bundling packages with other Group services, include:

- TrueMove was a major part of the bundling promotion with TrueVisions and True Internet for the seventh season of the highly popular Academy Fantasia (AF) reality TV show. From 2006, voting has been restricted to TrueMove subscribers only;
- The TrueLife Free View mass market promotion – (see “TrueVisions” section for more details); and
- The “All Together Bonus” campaign, which was launched as True’s first bundled package in 2004, offers a combination of True services and remains popular among TrueMove subscribers today. The success of this strategy was followed by many more convergence product bundles, for example, free Wi-Fi service and higher upload speeds for TrueMove or TrueVisions customers who subscribe to TrueOnline’s high speed packages. Convergence has become one of True’s core strategies for driving sustainable growth across all ranges of products and services.

We have consistently sought to develop and market innovative non-voice products and services. For example, we were the first in Thailand to offer voice SMS, remixable ring tones (through the IRemix service), and “over-the air” top-ups to our subscribers. We also provide EDGE (Enhanced Data rates for GSM Evolution) and other multimedia content-based services, along with comprehensive wireless Internet services using Wi-Fi technology. In 2008, TrueMove launched the Game SIM to attract online gamers as well as the Inter SIM for customers who make frequent international calls. It also launched the world’s first Touch SIM using RFID (radio-frequency identification) technology. This allows for payments to be made from the E-wallet and E-Purse payment services with a single swipe of any mobile handset.

In 2009, TrueMove successfully launched the Apple iPhone 3G and 3G S models in the Thai market. In late September 2010, TrueMove performed extremely well on the launch of the Apple iPhone 4, as demonstrated by its surging product sales and strong gains in postpaid net adds and revenue in 4Q10. Our 3G 850 MHz trial services, extensive Wi-Fi coverage, and attractive tariffs provide TrueMove with a competitive edge and help position it as the 3G leader in Thailand.

The purchase of shares in Hutchison Group companies

In late December 2010, True Group signed an agreement to purchase shares in Hutch Group companies. The transaction was completed in January 2011. While the 4 acquired companies will not be held under TrueMove, they will help transform the Group’s mobile business by giving it a first-mover advantage in offering nationwide 3G 850MHz services on a commercial basis before other operators. The deal, which has extended mobile operations until 2025, also increased our business scale as Hutch has approximately 800,000 local subscribers who generate annual revenue of about Baht 4 billion.

(3) TrueVisions

TrueVisions (formerly UBC) is Thailand's leading nationwide pay-TV provider, offering its service via digital direct-to-home and digital HFC (hybrid fiber-coaxial) network platforms.

TrueVisions was formed in 1998 by a merger of UBC (formerly IBC) and UBC Cable (formerly UTV). TrueVisions operates pay-TV services under a 25-year Agreements for Joint Venture in the Membership Television (and Cable Television) Services with the Mass Communications Organization of Thailand ("MCOT") which is due to end on September 30, 2014 for services via satellite and on December 31, 2019 for services via cable.

TrueVisions provides its DSTV (digital direct to home satellite) service using Ku-band transmission and MPEG-2 video compression. This enables TrueVisions to increase the number of channels, improve sound and picture quality, control access to its signal, and distribute its service everywhere in Thailand. This service is now transmitted via the Thaicom 5 satellite.

TrueVisions provides its cable TV services, both digital and analog, using the HFC network of True Multimedia (a True subsidiary) which passes approximately 800,000 homes in the BMA.

At the beginning of 2006, we successfully integrated TrueVisions into the Group following the acquisition of TrueVisions shares which increased True's effective shareholding to 91.8 percent. TrueVisions has since shifted its marketing strategy to penetrate the mass market. As a result, TrueVisions was able to almost double its subscriber base after becoming a subsidiary of True Group.

In the first half of 2010, TrueVisions was restructured into TrueVisions Group of which 99.99 percent was held indirectly by True. This was aimed at facilitating operations, especially the obtaining of pay TV licenses from the regulator whenever they are available, and business growth opportunities. This resulted in True having an effective holding of 99.31 percent in TrueVisions company and 98.99 percent in TrueVisions Cable company, as of February 2011.

Following the entry into force of the Broadcasting Act in March 2008, TrueVisions commenced negotiations with MCOT to carry advertising similar to other pay TV operators. On October 8, 2009, the MCOT Board of Directors approved for TrueVisions to air advertising subject to revenue sharing of 6.5 percent. Following this decision, TrueVisions began gradually introducing paid advertising while ensuring the viewer experience was not impacted. In 2010, we gradually increased the number of channels carrying advertising, including both local and turnaround channels. For 2010, the first full year of operations, advertising contributed Baht 482 million of revenue to TrueVisions.

At the end of 2010, TrueVisions had 1,705,054 subscribers, of which 929,492 subscribed to normal packages while the rest were Free View and Free-to-Air subscribers.

TrueVisions offers a variety of top local and international channels including movies (e.g., HBO, Cinemax and Star Movies); sports (e.g., ESPN, Star Sports, TrueVisions' own sports channels), infotainment (e.g., Discovery Channel, National Geographic), and news (e.g., CNN, CNBC, Bloomberg, BBC World, Phoenix InfoNews), in addition to free TV channels and pay-per-view.

Our 4 TrueVisions' packages along with the number of non-standard channels (standard channels include six free TV channels and 15 educational channels) included in each package are presented below.

Package:	No. of channels	Monthly fee (Baht)
Platinum	100	2,000
Gold	91	1,413
Silver	77	590
True Knowledge	67	340

In addition to the above packages, TrueVisions provides three A-La-Carte packages (10 further channels) from HBO, Disney and Discovery. Subscribers to our Platinum packages are able to choose their preferred packages at a discount rate, while the Discovery and Disney packages are also available to our Silver subscribers.

TrueVisions has expanded into the mass market, offering bundled service packages with TrueMove called "TrueLife Freeview" (previously, "TrueVisions-UBC TrueMove Freeview"). "TrueLife Freeview" is one of the mainstream convergence bundles, where subscribers to the Baht 299 Freeview package can watch 43 TrueVisions basic channels and get TrueMove airtime worth Baht 299. TrueLife Freeview facilitated TrueVisions' expansion into the mass market and played an important role in increasing penetration of the provincial market, which accounted for 50.1 percent of total subscribers at the end of 2010. The mass market strategy helped lift TrueVisions total subscribers to 1,705,054 at the end of the year

In addition, Freeview customers can upgrade their package to the Knowledge package which has 14 additional channels. At the end of 2010, 38 percent of subscribers upgraded to the Knowledge or higher packages providing additional revenue to the business.

In 2011, TrueVisions plans to further strengthen the Freeview package by offering additional TrueVisions and Free-to-Air channels starting at 53 channels for Baht 299 and up to 215 channels for an additional Baht 100 a month. This offer makes TrueLife Freeview even more competitive in terms of quality and value.

We also sell satellite dishes outright, with a basic offer of 49 Freeview channels. Customers also have the option of upgrading to the Knowledge package in a similar way to TrueLife Freeview subscribers.

Other key products/services include:

- Personal Video Recorder (PVR): providing advanced features (e.g, recording, zooming, instant-replay) that enhance subscriber convenience and viewing experience;
- DSTV dish as part of the (Satellite Selling Kit) SSK promotion: allowing subscribers to watch TrueVisions' 49 channels with no monthly fee. This promotion allows customers who use a TrueMove SIM and top-up every month to watch seven more channels from TrueVisions;
- The popular reality TV show, Academy Fantasia, which runs once a year (normally from May to September) has helped retain subscribers during the low-season period while generating key content for other parts of True Group.

TrueVisions remains committed to building on its content leadership. Our premium packages offer access to highly popular and almost entirely exclusive international programming (only three of our 43 turnaround channels are non-exclusive). Meanwhile, we continue to cater to local audiences by providing Thai-language dubbing and subtitles, and in-house content to match local tastes.

In addition, in May 2010 we started offering two new High Definition (HD)-format channels targeting premium subscribers: TrueSport HD (Channel 111) which broadcasts key sports matches around the world; and HBO HD (Channel 112) with over 100 World box-office movies each month. The offering started with the broadcasting of the FIFA World Cup 2010 on TrueSport HD, offering an enhanced viewing experience for our premium subscribers who paid additional fees. Furthermore, the new HD-format reality show channel was launched with the latest season of True's Academy Fantasia which ran from June to September 2010.

(4) TrueMoney

In 2005 TrueMoney received approval from the Bank of Thailand to offer an electronic cash service and also acts as a payment agent with the approval of the Revenue Department. It offers complete financial services for consumers under the concept “Refill-Pay-Transfer-Withdraw”. TrueMoney’s key products and services include:

TrueMoney Cash Card

The TrueMoney Cash Card allows TrueMove and True customers to top up their selected True Group services, including TrueMove Pre Pay, WE PCT Buddy, Prepay hi-speed Internet, Internet Kit, Wi-Fi, True World, True E-book and many online games. Top-ups are made using the cash card’s PIN code.

Payment and Collection Service

By the end of 2010, TrueMoney had about 18,000 counters (including True and TrueMove shops and TrueMoney Express) supporting 120 payment services. Payments are processed off a bar-coded statement and can be made by cash, check or credit card, either in full or partially. Customers can make payments online, without statements, for certain services. Overdue payments can also be made.

TrueMoney Express offers various payment services such as bill payment, E-Cash Card sales and direct top-up to True prepay products.

In addition, the launch of the innovative WeBooking by TrueMoney offers a convenient and fast way to book and pay via all channels and covers various lifestyle activities such as entertainment, travel and accommodation, education, sports and health.

TrueMoney services via TrueMove

This service, launched at the beginning of 2006, allows TrueMove subscribers to perform commercial and financial transactions using their mobile phone, anytime and anywhere, under an international-standard high-security system. Using TrueMoney, TrueMove subscribers can:

- Top up their credit balance for many prepaid services from the True Group, such as TrueMove Pre Pay, Internet airtime, online gaming and PCT services;

- Top up their TrueLife Free View package, with the fee automatically deducted each month from subscribers' TrueMoney accounts. Subscribers can also upgrade to higher-tier TrueVisions' A-La-Carte packages or buy TrueVisions' prepaid programs using TrueMoney, which has proved to be of great value for TrueVisions;
- Pay bills and merchants for True Group products and services as well as for services outside the Group, such as electricity and water supply bills, insurance bills, many e-commerce merchants, taxi fares, online purchases of movie tickets, and bowling fees. TrueMoney also has a system to alert customers to pay electricity and water supply bills before due date;
- Transfer funds from their TrueMoney account to another TrueMoney account, or transfer funds from their bank account to their TrueMoney account;
- Withdraw money from their TrueMoney account using a TrueMoney Card at ATMs nationwide; and
- Keep amounts of up to Baht 30,000 in each TrueMoney account. Customers can top up their TrueMoney account from many sources by using a TrueMoney Cash Card, a registered bank account or credit card.

In 2007 TrueMoney opened TrueMoney Express, a payment agent offering many payment services such as bill payment, E-Cash Card sales and direct top-up to True prepay products, at around 2,000 locations throughout the country. In November 2007 we announced the successful development of the world's first intelligent contactless mobile payment system using a TrueMoney RFID (radio-frequency identification) SIM, in collaboration with China's Watchdata Technologies Co Ltd. The system became operational early in 2008.

TrueMoney was granted a 10-year license from the Electronic Transactions Commission in July 2009 to operate electronic payment services.

In May 2010, TrueMoney became the first Thai brand to receive US\$250,000 from the GSM Association to help fund the expansion of TrueMoney Express in Thailand. In November 2010, the business signed a Memorandum of Understanding with the Bank of Thailand to promote the implementation of a national payment message standard (NPMS) to replace current message systems and reduce transaction costs through electronic payments.

By the end of 2010, some 7.3 million TrueMove subscribers were using TrueMoney services, up from 5.7 million and 4.6 million at the end of 2009 and 2008 respectively.

(5) TrueLife

TrueLife provides digital content and access to both mobile and online digital communities. It also acts as a digital convergence and communicator platform for consumer-to-consumer, business-to-consumer and business-to-business transactions.

TrueLife has three main components: Digital content and community services; TrueLife Shops; and TrueLife+ (our convergence bundling packages).

Online portal Truelife.com provides an online community and communicator platform – e.g., minihome, Club, Chatroom and instant messaging – which allows users to interact, communicate and share. It also offers content which brings together people with similar lifestyles or interests. Main content categories are Music, Sport, TV and Movies. Launched in 2006, Truelife.com has approximately 1.4 million registered members.

In 2007 True Digital Plus's online game "Special Force" quickly became popular with Thai gamers, and has now been the number one "casual" online game in Thailand for four consecutive years. FIFA Online grew in popularity during 2010, thanks to the FIFA World Cup 2010, while other games such as Hip Street Fashion targeted high-ARPU younger female gamers, who are expected to become an increasingly significant market segment. A strategic alliance made with leading Korean games provider Dragonfly since 2009 will introduce more exciting new games to the Thai market.

True Group is also an online games provider through NC True, a joint-venture between True and NC Soft, a world-class online games maker from Korea. NC True's leading games include Lineage II, Guild Wars, and recently Point Blank which became increasingly popular during 2009 and significantly increased revenue contributions in 2010. In 2010, NC True launched a dance game, Love Beat, featuring popular local and international songs. The game is becoming increasingly popular among teenagers.

TrueLife Shops bring together the full range of True products and services, including True Coffee, True Music and True Broadband under one roof. Their purpose is to provide first-hand experience of the convergence lifestyle. Shops are located in areas within the BMA frequented by trendsetters and the younger generation.

TrueLife+, which represents our bundling of True products and services, offering customers greater value through packages that suit their lifestyles, was launched in 2010.

TrueLife has revamped its online shopping service, www.weloveshopping.com, after its merger with www.marketathome.com in 2007. By the end of 2010, www.weloveshopping.com featured over 249,000 online stores with around 4.8 million products and services.

In June 2009, True launched the "True App Center" to train Thai developers in the major mobile operating systems including iPhone, Windows Mobile and Android. This helps support both handset sales and mobile Internet packages. The center had developed about 110 applications by the end of 2010.

Marketing Strategy

True is now one of Thailand's leading lifestyle brands. We aim to provide tailored solutions and a range of bundled telecommunications services across our voice, video and data platforms that match with all customer lifestyles. We believe that demand has been shifting towards convergence services that can fulfill all lifestyle needs. All True products and services are marketed under the "True" brand. These marketing strategies will differentiate us from our competitors, helping us obtain a greater market share and lowering churn rates.

Retention marketing is also a key strategy, especially in the mobile business where competition is intense.

Distribution and Sales

To reach the consumer segment, we offer all of our services through shops in the BMA and the provinces. Each of these outlets is staffed by our personnel and is equipped for "one-stop" shopping, offering a range of wireline, wireless communications services, pay TV services, handsets, accessories, ADSL modems and other telecommunications equipment, as well as, in the case of the larger True stores, Internet access service. We also sell our products and

services throughout Thailand through accredited dealer shops, and independent distributors and dealers who work on a commission basis.

Our conventional distribution channels include:

- Wholesale partners who purchase deactivated SIM cards and top-up cards, mobile handsets and accessories from us for distribution onto sub-dealers, manage sub-dealers and provide logistical support. Wholesale partners primarily sell our prepaid SIM cards and top-up cards. Sub-dealers also provide other services such as mobile handset repairs and music and game downloads;
- The direct sales channel markets our services to SME and corporate clients. It also plays an important role in customer acquisition for TrueMove with approximately 30 percent of net additional subscribers being acquired through this channel. We further categorize the direct sales channel into: direct sales teams (DST), direct sales agents (DSA), and freelance;
- Multi-retailers located in hypermarkets, specialty stores, and convenience store chains.
- Retail shops refer to True shops, TrueMove shops and kiosks, located in high visibility and high traffic locations, such as shopping malls, hypermarkets, office buildings, etc. TrueLife shops and True Coffee also fall into this category;
- Retail channel partners comprise of retail partners, and mobile sales vans or “Move Up Vans” which are mobile sales points for True Group sales agents nationwide.

True Group’s prepaid services (mainly mobile telecommunications services) are normally sold through the first three channels – wholesale partners, the direct sales channel and multi-retailers while retail shops (both our own and our partners’) serve as a sales channel for True Group’s convergence products and services as well as an after-sales service channel.

For top-up services (to refill TrueMove’s prepaid airtime, TrueMoney credit, or topping up TrueLife Freeview packages), we offer several electronic channels in addition to using physical cards (i.e., Cash card and Top up card) as follows:

- ATM - Subscribers can transfer funds directly from their bank account to top-up either a TrueMove or TrueMoney account;
- Mobile payment via TrueMoney (see details in “TrueMoney services via TrueMove”);
- E-cash - Airtime purchases can also be made over the counter at our partners such as Kasikornbank and 7-Eleven.
- Direct top up – Customers can use a device installed at several of our own locations as well as our partners, such as 7-Eleven, to directly top up their accounts (an online top up transaction is also categorized as a direct top up); and
- Public phone booths – since 2007, TrueMove prepaid subscribers have been able to top up by as little as Baht 10 at over 18,000 public phone booths in the BMA.

In addition, TrueMove airtime can be sold through independent non-mobile agents or “over-the-air” airtime resellers such as individuals or small shops who are provided with a special SIM card to allow airtime transfer to end-users. These agents can refill their airtime credit through several means (e.g., Cash card, Top up card and ATM). Approximately 80,000 resellers were registered on our system at the end of 2010.

Although physical cards currently make the greatest contribution to our top-up revenues, electronic channels have become increasingly popular among our customers due to the variety of payment methods and increased number of electronic top up locations. In 2009, we boosted profitability by pushing top up sales through electronic channels to save costs associated with physical cards (production, logistics and warehousing, etc.). This initiative continued throughout 2010. We also continued to manage our sales mix so that revenues are generated through channels that are subject to low commission (i.e., via ATM).

We arrange account executives dedicated to both the SME and the corporate segments, and sales managers and sales executives servicing the various SME and corporate subscribers.

TrueVisions' primary sales channels include telesales, direct door-to-door sales, an Internet website, a nationwide agency network and non-traditional channels via Move Up Vans.

Procurement of Products and Services

Network Capacity for Services

The Company believes that its extensive fiber-optic wireline network covering the whole of the BMA gives it a key competitive advantage. Voice and data travel through the fiber-optic cable network at a higher speed than through copper wire or via radio waves. In addition, the network architecture can eliminate call failures due to accidental interruption or any other causes. The network has a spider web design covering the entire service area, which enables True to utilize other routes should one suffer any malfunction.

TrueMove has been able to take advantage of the latest technological developments as it has built its network later than the two other major operators. This means its network is relatively more efficient and cost effective.

Network Acquisition

The Company primarily imports network equipment directly from leading telecommunications technology suppliers from around the world, including Siemens, Alcatel, Lucent, NEC and Huawei. The Company has also employed a number of suppliers to assist in network acquisition and installation to expand its service coverage, and is not dependent upon any specific distributor or supplier.

Technical and Management Support

The Company and its subsidiaries have acquired technical and management support from strategic partners: Verizon Communications Inc for True, Orange SA for TrueMove and MIH for TrueVisions. No further support has been provided since our strategic partners sold or reduced their shareholdings. These strategic partners all transferred substantial telecommunications expertise to True Group during the time when they were our shareholders and our management team is capable of operating without their support.

Thai Telecom Industry

Mobile Business

Mobile operators in Thailand are Advanced Info Service Public Company Limited ("AIS"), and its majority-owned subsidiary, Digital Phone Company ("DPC"); Total Access Communication Public Company Limited ("DTAC"); our majority-owned subsidiary, TrueMove; Hutchison-CAT Wireless Multimedia Co. (CAT's marketing service provider under the "Hutch" brand name); and Thai Mobile.

Thailand's mobile market has grown substantially from approximately 7.9 million subscribers in 2001 to over 70 million subscribers by the end of 2010, including around one million subscribers of small operators such as Thai Mobile and Hutch. The three largest mobile operators – namely AIS, DTAC and TrueMove – added approximately 5.7 million subscribers during 2010, up from 3.5 million in 2009. This increased Thailand's mobile penetration rate to about 105 percent (based on population figures from the National Statistical Office of Thailand as of December 31, 2010 at 67.4 million). This high penetration rate was led by the increasing trend of mobile users carrying more than one handset and/or having Internet-ready devices such as tablets and netbooks.

This is comparatively low when compared to other countries in the region with high mobile penetration such as Hong Kong (171.2 percent: source: the Office of the Telecommunications Authority, the Government of the Hong Kong Special Administrative Region), and Singapore (137.4 percent; source: Infocomm Development Authority of Singapore - Statistics on Telecom services for 2009).

Moreover, the mobile penetration rate is usually calculated based on the total number of SIM cards or mobile phones in customers' hands. However, a significant portion of subscribers are multi-SIM users (carrying at least two phones or two SIM cards); human mobile penetration rate (the number of individual mobile users over the population number) in Thailand could be about 80 percent.

Our two largest competitors, AIS (together with its majority-owned subsidiary, DPC) and DTAC held a 44.6 percent and 30.9 percent market share of subscribers (excluding subscribers of smaller operators, namely Thai Mobile and Hutch-CAT), respectively, at the end of 2010. We are the third-largest mobile provider with a market share of 24.5 percent.

The mobile industry in Thailand has experienced high levels of competition. Mobile service providers have been competing for market share through promotional activities and by providing prepaid plans that offer competitive pricing to attract low-income subscribers and that are easily refillable at various places such as convenience stores and gas stations. This has been one of the reasons for a significant increase in the number of prepaid subscribers from the year 2002 onwards. Mobile service providers are also focusing on the growth in non-voice services, which has been facilitated by the launch of new feature-rich handset models with an expanding range of services.

During 2005 to 2006, the Thai mobile sector experienced intense price competition with TrueMove and its competitors significantly reducing tariffs, resulting in a decline in ARPU by 10 percent in 2005 and by 26.0 percent in 2006. This, however, contributed to the huge subscriber growth of 32.0 percent in 2006 while TrueMove market share rose to 19.4 percent from 15.1 percent in 2005.

However, 2007 saw the industry moving to more rational competition as operators entered into the interconnection regime which requires them to pay for access to other networks (Baht 1 per minute on average), putting a floor on prices. This continued in 2008. Operators have increased tariffs gradually resulting in lower usage, due to consumers' price sensitivity. The decline in ARPU was due partly to customers holding more than one SIM (double SIM effect) to enjoy differences in on-net and off-net tariffs launched by operators to limit IC charges. In 2008 small operators offered low tariff promotions because they did not have to pay IC charges. CAT has been negotiating with other operators to enter the IC regime since 2008.

In 2009, price competition continued to subside, especially voice tariffs. Although unfavorable macro conditions during the year impacted voice revenues for some operators, the Big Three either grew or sustained their revenue through non-voice services, especially mobile Internet services. Mobile Internet usage in Thailand has grown strongly over the past few years. This has mainly been supported by the increasing popularity and affordability of smartphones such as iPhone and BlackBerry, as well as from continued development of content and applications.

In 2010, competition increased slightly as operators started cutting prices to counter a softening in demand in the 2Q10 caused by the political uncertainty. The competition was most concentrated in the on-net segment, where competitors reduced tariffs leading to an overall reduction in price per minute charges. This had an impact on TrueMove's performance in 2Q10 and 3Q10. However, voice revenue started to recover from August after new "per-call" and "single-rate" promotions targeting medium to light users were launched. The recovery gained momentum throughout 4Q10 and the positive trend is expected to continue.

Fixed-line Telephone Business

The fixed-line market in Thailand is currently serviced by three companies. TOT, the state-owned enterprise that formerly regulated the provision of fixed-line telephone services, is still the only nationwide provider of local and domestic long-distance fixed-line telephone services in Thailand. Two other operators, True and TT&T Public Company Limited ("TT&T") are providing fixed-line telephone services under concessions granted by TOT. While our service coverage concentrates in the BMA, TT&T covers certain provinces of Thailand.

Thailand's fixed-line penetration rate has been stable at approximately 12 percent of the total population (or approximately 30 percent of nationwide households) for several years. At the end of 2009, TOT was the largest nationwide fixed-line operator in terms of subscribers with slightly more than 4 million subscribers while True was the largest fixed-line operator in the BMA with approximately 1.9 million subscribers. However, True fixed-line subscribers declined to 1.8 million in 2010.

Our fixed-line telephone business has been mostly affected in recent years mainly by the continuing migration of traffic to mobile.

In addition, our fixed-line telephone business is expected to face growing competition from VoIP services whose tariffs are lower than that for traditional fixed-line operators. Rising Internet usage and the growing availability of personal computers (PCs) are also expected to be factors driving the increasing use of PCs by Thai consumers for making VoIP calls. Also, the NTC has granted more fixed-line licenses, which means we may face competition from newcomers.

Business Data Services

The business data market in Thailand continues to grow at about 10-15 percent a year due to the popularity of on-line data transmission and an increase in Internet users. There is high competition between the large number of operators and suppliers of alternatives, such as ADSL providers. The major players in the data communications market in Thailand currently include TOT, CAT, United Information Highway Co., Ltd. and United Broadband Technology Co., Ltd. (collectively, "UCOM"), Advanced Datanetwork Communications Co., Ltd. ("ADC") under the Shin Corporation Group, TT&T and True Corporation. All these carriers provide leased line, frame relay and Multiprotocol Label Switching (MPLS) services. Our principal

competitors are TOT (which has the widest coverage throughout Thailand) and UCOM (which has broader coverage outside of the BMA than we do). New market entrants such as Symphony have recorded tremendous growth since 2008 by targeting the very high-end fiber segment.

As of 2009, True was the 2nd largest business data provider with a 24 percent share of the nationwide market value of Baht 13.4 billion. TOT remained the market leader with a 29 percent share and UIH ranked 3rd with a 21 percent share. As there is no industry information for 2010, we estimate that True's market share remained stable at 24 percent during the year, in a market worth Baht 14.6 billion.

Broadband Business

The Broadband subscriber base in Thailand is relatively small with a household penetration rate of about 13.5 percent of some 20 million households, compared to rates in other countries in the region such as Hong Kong (79.1 percent; source: the Office of the Telecommunications Authority, The Government of the Hong Kong Special Administrative Region) and Singapore (142.2 percent; source: Infocomm Development Authority of Singapore - Statistics on Telecom services for 2009).

There are several operators in the Thai Broadband market, including United Broadband Technology ("UBT"), Lenso DataCom (under Q-Net service), Samart, CS Loxinfo, TOT, Jasmine International Public Company Limited ("JAS") operating under the "3BB" brand, ADC, and True.

True Group has experienced significant growth in its Broadband subscriber base, from 3,708 subscribers at the end of 2002 to 690,519 at the end of 2009 and 813,763 at the end of 2010. We are one of the largest Broadband service providers in Thailand based on the number of subscribers, and have approximately a 66-percent share of the market value in the BMA.

There are several reasons for the rapid increase in the number of Broadband subscribers, including the decrease in the cost of modems, the increased popularity of online content, such as games, and the decrease in monthly fees as Broadband service providers increase the size of their customer bases. In addition, the International Internet Gateway fees have reduced significantly following the industry liberalization by the NTC.

Internet Services

The Thailand Internet market has experienced significant growth in recent years. According to estimates by the ITU, the market had grown to approximately 17.5 million users by the end of 2010, representing a population penetration rate of approximately 26.3 percent, still relatively low when compared with other countries in the region.

Starting in June 2005, the NTC awarded licenses for the provision of Internet services to several ISPs, including True subsidiaries True Internet Company Limited and Asia Infonet. Other major Internet operators include CS Loxinfo and Internet Thailand.

Competition within the Internet/Broadband market has been intense since 2006 through 2010 due to the large number of ISPs and we expect to face increasing competition from new entrants going forward. In addition, the NTC has granted new nationwide fixed-line licenses, which would result in higher competition in both the fixed-line and Broadband market in the BMA, our key business area. Despite the intense competition, service charges remained

relatively stable at approximately Baht 9 per hour for dial-up Internet service and a minimum of Baht 399 per month for Broadband service.

In November 2010 Cabinet approved the Information and Communication Technology Ministry's National Broadband Plan, which aims to spend Baht 20 billion over the next five years to provide hi-speed Internet coverage to 80 percent of the population with a targeted top download speed of 100 Mbps. The policy aims to provide free hi-speed Internet to selected schools, hospitals and low-income earners. TrueMove joined five other operators, including TOT and CAT, in signing a Memorandum of Understanding to support the policy which is inline with True Group's mission to help reduce the digital divide in Thailand and transform the Kingdom into a knowledge-based society.

Pay-TV Business

Thailand had roughly 6 million pay-TV subscribers at the end of 2010, representing a household penetration of approximately 29 percent (Source: Company data). This is relatively low when compared with other Asian countries: Malaysia 50 percent, Singapore 57 percent, and Hong Kong 72 percent (Source: Pan-Regional TV in Asia 2009, Quarter 2, 2009, Casbaa). This presents high growth potential.

TrueVisions is currently the only nationwide pay-TV provider. However, our position as the principal provider is not secured by regulation and we continue to face the threat of new entrants. The Mass Communications Organization of Thailand ("MCOT") granted pay-television licenses to two other companies in 1996, but those companies have not launched their services. The Public Relations Department ("PRD") of Thailand grants annual operating licenses, and has licensed several regional cable pay-TV operators, of which an estimated 78 firms are presently operating. Following the enactment of the Radio and Television Broadcasting Act in March 2008, pay TV operators are allowed to advertise, creating opportunities to generate additional revenues from existing content. This will add value to TrueVisions' business; however, it could also strengthen the financial position of small pay-TV operators and help them compete more aggressively with us. However, TrueVisions' superior content provides us with a strong advantage.

Currently, it is estimated that more than 450 cable operators in the provinces are offering services to around 1.5 to 2 million subscribers without the necessary licenses. However, the provincial cable systems have come under increased scrutiny from copyright owners. Meanwhile, the new Broadcasting bill will ensure all pay TV providers must operate according to the same regulatory standards as TrueVisions.

After receiving approval from MCOT to advertise, TrueVisions sees itself as a highly attractive choice for advertisers mainly because of its unique audience profile. This comprises both premium subscribers with high purchasing power and growing numbers of mass market subscribers. Furthermore, the nature of TrueVisions content allows it to clearly define the viewer characteristics for each channel to the benefit of advertisers.

During 2010, TrueVisions strategically expanded into the mass market to tap its lucrative, high-margin advertising revenue. Increasing the number of eyeballs or audience size is crucial to the business' success in the mass market, which is highly competitive. The overall TV advertising market was valued at about Baht 61 billion in 2010 (Source: AGB Nielsen), with the pay-TV segment accounting for less than 5 percent. This relatively low penetration provides long-term growth opportunities for the industry.

Over the last few years, TrueVisions has worked closely with its content partners to roll out initiatives aimed at protecting the intellectual property rights relating to content deployed on TrueVisions' platforms. We have targeted operators illegally airing content such as DVD movies which are legally carried by channels on our platform such as HBO.

In 2011, we plan to replace analogue set-top decoder boxes with digital versions, which will further reduce piracy.

The investment in infrastructure necessary to provide a high-quality pay-TV service is significant. Start-up costs include investments to secure transmission platforms, encryption technology, decoder hardware, and customer service and support systems.

In addition, TrueVisions has to compete indirectly with the national free-to-air television stations in Thailand. We believe that our unique programming, including popular first-run movies, knowledge content and sporting events, gives us a distinct advantage over these indirect competitors. Our exclusive Premier League rights are key to subscriber attraction and retention.. True Group also has the right to provide Premier League and Premier League-related content through other platforms, including TrueMove and TrueOnline.

Regulatory Update

The regulatory landscape continues to evolve. The Thai telecommunication regulatory regime was set up by the 1997 Constitution, the Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business B.E. 2543, and the Telecommunication Business Operations Act ("TBO Act") B.E. 2544.

There are several pending regulatory issues in which we hope to see progress. These include the issue of licenses for 3G on 2.1 GHz, industry-wide implementation of IC and the establishment of the National Broadcasting and Telecommunications Commissions ("NBTC").

The current Constitution was enacted in August 2007 after political transition. Nevertheless, key laws and regulations remain essentially in effect and the National Telecommunication Commission ("NTC") still maintains its power in regulating the telecommunications industry.

In addition, Section 47 of the Constitution indicates that, the NBTC be set up to regulate the telecom and broadcasting industry and that the Act for the setting up of the NBTC must be enacted within 180 days of the new government announcing its policy. The Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business B.E.2553 ("Frequency Allocation Act") which paves the way for the establishment of the NBTC was passed into law in December 2010. However, as of the time of writing (March 2011), the NBTC has not yet been set up. Any delays in the NBTC's establishment are expected to result in delays in the issuance of new policies and regulations.

On March 5, 2008, the Radio and Television Broadcasting Act B.E. 2551 ("Broadcasting Act") came into force, giving authority to the existing NTC to temporarily regulate and grant licenses (one-year) for community radio and non-frequency use services before the establishment of the proposed NBTC. A regulation allowing the granting of such licenses was enacted on November 9, 2009 and the regulator started to grant licenses to small local operators from mid-2010.

Since its establishment, the NTC has issued several regulations prescribing, among other things, the Interconnect Regulation B.E. 2549, bringing the Thai mobile industry into the IC regime since 2007 and creating a more level playing field.

In August 2009, Mobile Number Portability (“MNP”) regulations were introduced and the NTC set a final deadline of December 15, 2010 for existing mobile operators to launch the MNP service. MNP was launched with a limited capacity in Bangkok on December 5, 2010. This service will be expanded in terms of capacity and geographical coverage throughout 2011.

In early 2010, the NTC approved the IC rate between Hutch and DTAC at Baht 0.50 per minute. This resulted in Hutch partially complying with the IC regulation. However, TrueMove and Hutch have yet to resolve the matter.

In addition, during 2Q10, the NTC proposed the IC rate between fixed-line and mobile network with fixed-line operators charging mobile operators Baht 0.36 per min and mobile operators charging fixed-line operators Baht 0.50 per min. True, as one of Thailand’s fixed-line operators which disagrees with such a proposed rate, has filed an appeal with the Administrative Court opposing the NTC’s regulation.

In 2009, the NTC progressed towards the granting of 3G 2.1 GHz licenses by trying to formulate an Information Memorandum (IM) on 3G Licensing Framework, and by holding two public hearings to gather opinions/comments on this subject-matter from all interested parties. With the four newly appointed commissioners, the NTC had a full set of legitimate members and it was pushing for the 3G 2.1GHz auction to take place.

The final IM was drafted with the 3G licensing regulation published in the Royal Gazette in July 2010. This allowed the NTC to open the application process for 3G 2.1GHz licensing to interested parties with the auction period targeted towards the end of September 2010. True Group, along with other key mobile operators – AIS and DTAC – submitted its application to participate in the 3G bidding through its recently setup subsidiary, Real Move Company Limited. Real Move passed the NTC’s pre-qualification process for the 3G auction and was ready to enter the bidding process on September 20, 2010.

Unfortunately, a few days before the auction was due to take place, CAT filed a lawsuit with the Central Administrative Court, questioning the NTC’s authority to allocate frequency. On September 16, the Central Administrative Court ruled in favor of CAT and ordered a suspension to the NTC’s 3G auction.

The NTC then appealed to the Supreme Court which on October 23, 2010 upheld the Central Administrative Court verdict and suggested the matter be submitted to the Constitutional Court for a final decision on whether the NTC has the authority to allocate frequency or not.

The NTC has liberalized the industry by issuing numerous service licenses. The list of all licenses obtained by True's subsidiaries and associates is shown below.

	True's subsidiaries/ associates	Type	Business	Validity	Date of Board approval	Expiry date
Internet Service Provider (ISP) license						
1	KSC Commercial Internet (KSC)	1	ISP	5 years	23 Jun 2009	22 Jun 2014
2	True Internet (TI)	1	ISP	5 years	18 Aug 2009	17 Aug 2014
3	Asia Infonet (AI)	1	ISP	5 years	5 Feb 2010	4 Feb 2015
4	True International Gateway (TIG) (formerly, True Internet Gateway)	2	International Internet Gateway & Internet Exchange (IIG & IX)	5 years	19 May 2006	18 May 2011
5	TrueMove (TMove)	1	ISP	5 years	25 Aug 2009	24 Aug 2014
Telecommunications license						
1	True Public Communication (TPC)	1	Public Phone Service	5 years	29 Jun 2009	28 Jun 2014
2	Asia Wireless Communication (AWC)	1	Resale PCT & mobile	5 years	23 Feb 2010	22 Feb 2015
3	True Internet Data Center (TIDC)	1	Resale Internet/ data center/ video conference services	5 years	20 May 2009	19 May 2014
4	True Life Plus (formerly, True Digital Entertainment)	1	Resale Internet & mobile* services	5 years	2 Aug 2009	1 Aug 2014
5	True Internet (TI)	1	International Calling Card (ICC)	5 years	11 Oct 2009	10 Oct 2014
6	True Universal Convergence (TUC)	3	Fixed Line Service	20 years	8 Dec 2006	7 Dec 2026
7	True International Communication (TIC)	3	International Direct Dialing (IDD)	20 years	25 Jan 2007	24 Jan 2027
8	True Universal Convergence (TUC)	1	Resale PSTN (GPRS, DSL) & leased circuit/channel services	5 years	26 Aug 2009	25 Aug 2014
9	Samut Pakan Media Corporation (SMUT)	3	Mobile service	15 years	23 Sep 2009	22 Sep 2024
10	True International Gateway (TIG)	3	International Private Leased Circuit (IPLC)	15 years	11 Nov 2009	10 Nov 2024
11	KSC Commercial Internet (KSC)	1	Resale IPLC	5 years	11 Nov 2009	10 Nov 2014
12	True Distribution and Sales (TD&S)	1	Resale mobile services	5 years	1 Dec 2010	30 Nov 2015
13	Real Move (RMV)	1	Resale mobile services	5 years	16 Dec 2010	15 Dec 2015

Operating Assets

Property, plant and equipment

Network equipment and non-network equipment are included in property, plant and equipment. Under the Joint Operation and Joint Investment/ Agreement for operations network of 2.6 million lines, PCT, Mobile phone, Internet services and Pay TV, must be transferred to TOT CAT and MCOT.

As at 31st December 2010 and 31st December 2009, the Group's assets are as follows:

	Unit : Million Baht			
	Network equipment			
	31 st December 2010		31 st December 2009	
	Consolidated	Company	Consolidated	Company
Land and land improvement	1,849	1,849	1,849	1,849
Building and construction	603	557	681	637
Telephone network equipment	8,920	8,921	10,298	10,305
Mobile phone network equipment	30,132	551	32,184	677
Public Phone	149	150	218	206
Multimedia network equipment	5,325	-	4,270	-
Power supply and computer	196	127	211	140
Pay - TV	7,250	-	7,759	-
Work in progress	3,451	6	3,345	13
Total	57,875	12,161	60,815	13,827

Net value of network equipment in the consolidated and the Company financial statement were transferred to TOT and CAT under the Agreement for Joint Operation and Joint Investment/ Agreement for operation are as follows:

	Unit : Million Baht			
	31 st December 2010		31 st December 2009	
	Consolidated	Company	Consolidated	Company
TOT	9,179	9,179	11,768	10,750
CAT	9,640	-	10,200	-
Total	18,819	9,179	21,968	10,750

According to the agreements, the Group has the right to operate and maintain these assets over the agreements periods. The Company assigns the right to operate network equipment which transfer to TOT (according to the conditional assignment over the Agreement for Joint Operation and Joint Investment, Agreement for operation and licenses) to secure of the Thai Baht borrowings.

Non-network assets are the right of the Group to operated, utilised and disposal those assets. The Group's assets are as follows:

	Unit : Million Baht			
	Non-network equipment			
	31 st December 2010		31 st December 2009	
	Consolidated	Company	Consolidated	Company
Land and land improvement	547	-	547	-
Leasehold right & improvement	1,183	22	1,201	464
Furniture, fixture and equipment	1,275	109	1,245	131
Vehicle	3,609	-	3,815	-
Power Supply & computer	715	69	856	122
Work in progress	164	1	214	-
Total	7,493	201	7,878	299

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. At 31 December 2010 net book value was Baht 12,428 million, consisted of goodwill from acquisition of True Visions Public Company Limited ("True Visions") at the net amount of Baht 11,043 million, Bangkok Inter Teletech Public Company Limited ("BITCO") net amount of Baht 1,025 million, MKSC World Dot Com Co., Ltd. ("MKSC") net amount of Baht 313 million and KSC Commercial Internet Co., Ltd. ("KSC") net amount of Baht 47 million.

Intangible assets

Computer software development cost

Computer software development cost which enhances or extends the performance of computer software programmers beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. At 31st December 2010 net book value was Baht 2,005 million.

Leasehold right

Leasehold right represent the consideration paid by a subsidiary to building rental. At 31st December 2010 net book value was Baht 74 million.

Other rights

Other rights represent the consideration paid by subsidiaries to operating expense. At 31st December 2010 net book value was Baht 144 million.

Film and program rights

Film and program right represent the rights acquired and obligation incurred under license agreements the subsidiary, the cost of each program and the program material are accepted and it is available for the first showing. At 31st December 2010 net book value was Baht 412 million. (Include right in 1 year)

The right to operate NON-POTS and to hang dropwire

The right to operate NON-POTS services represents fair value of TOT's interest in the nationwide NON-POTS concession of which a subsidiary issued share in exchange. At 31st December 2010 net book value was Baht 231 million.

Minimum payments of agreements for operation

Minimum payments of agreements for operation represent the present value of minimum pay under agreement for operation. At 31st December 2010 net book value was Baht 2,576 million.

Investment in subsidiaries and associates policy

Investment in subsidiaries and associates of the Company has been done through Telecom Holding Co., Ltd. ("TH") True Visions Group Company Limited. ("TVG") and Bangkok Inter Teletech Public Company Limited. ("BITCO"), which the Company holds 99.99% of TH shares, 99.99 % of TVG shares (via TH) and 98.91 of BITCO shares accordingly. TH was established as a holding company to invest in telecommunication projects and related business. The Company has policy to invest in provisions that it will be the major shareholder of

subsidiaries or associates and/or will be the operator or manage the invested project on its own, except when conditions in the market does not allow the Company to do so. TVG has main objective to invest in pay TV business and related business. BITCO was established as a holding company to invest in mobile telecommunication business and related business.

For operation policy in subsidiaries and associates, the Company will appoint a representative to be the director of subsidiaries or associates as per the percentage of shareholding to closely monitor the management of such subsidiaries or associates.

3. Lists of Board of Directors, Executive Officers and Major Shareholders

The Board of Directors

The Board of Directors of the Company (as of 1st May 2011) is as follows:

	<u>Name</u>	<u>Position</u>
1.	Mr. Vitthya Vejjajiva	Independent Director and Chairman of the Audit Committee
2.	Dr. Kosol Petchsuwan	Independent Director and Member of the Audit Committee
3.	Mr. Joti Bhokavanij	Independent Director and Member of the Audit Committee
4.	Mr. Harald Link	Independent Director
5.	Mr. Rawat Chamchalerm	Independent Director
6.	Mr. Dhanin Chearavanont	Chairman
7.	Dr. Ajva Taulananda	Vice Chairman
8.	Mr. Chaleo Souvannakitti	Vice Chairman
9.	Mr. Athueck Asvanund	Vice Chairman and Group General Counsel
10.	Mr. Suphachai Chearavanont	Director, President and Chief Executive Officer
11.	Mr. Soopakij Chearavanont	Director
12.	Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment
13.	Mr. Vichaow Rakphongphairoj	Director, Managing Director and Group Chief Operating Officer - Network & Technology
14.	Mr. Umroong Sanphasitvong	Director
15.	Mr. Narong Chearavanont	Director

The Executive Officers

As of 1st May 2011, the executive officers of the Company are as follows:

	<u>Name</u>	<u>Position</u>
1.	Mr. Suphachai Chearavanont	Director, President and Chief Executive Officer
2.	Mr. Vichaow Rakphongphairoj	Director, Managing Director and Group Chief Operating Officer - Network & Technology
3.	Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment
4.	Mr. Athueck Asvanund	Vice Chairman and Group General Counsel
5.	Mr. William Harris	Executive Director - International Business Development and Assistant to CEO

	<u>Name</u>	<u>Position</u>
6.	Mr. Noppadol Dej-Udom	Group Chief Financial Officer
7.	Mr. Thiti Nantapatsiri	Managing Director - Pay TV Business
8.	Mr. Adhiruth Thothaveesansuk	Managing Director - Convergence Business
		Managing Director - Business Customer
9.	Mr. Songtham Phianpattanawit	Managing Director - Enterprise Customer & International Services, and Group Chief Operating Officer - IT & CM

Note The term “Executive Officers” refers to the notification of the Capital Market Supervisory Board which means Directors; the President; persons with managerial authority who are among the top four ranked individuals in the Company, after the President; and all other persons who occupy a position equivalent to a top four ranking.

Major Shareholders

True Corporation Public Company Limited
 Major Shareholders¹
 as of 12th April 2011
 (the latest share register book closing date)

NAME	No. of Shares (Million Shares)	% of Total Issued Shares
1. CP Group ²	5,034.48	64.74
2. UBS AG LONDON BRANCH ³	248.88	3.20
3. THAI NVDR COMPANY LIMITED ⁴	190.57	2.45
4. UBS AG HONG KONG BRANCH ³	170.00	2.19
5. MR. WANIT DECHANUBEKSA	94.40	1.21
6. CLEARSTREAM NOMINEES LTD ⁵	53.39	0.69
7. CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED-CLIENT ⁶	50.43	0.65
8. MR. JARAN CHIARAVANONT	39.93	0.51
9. THANA HOLDING COMPANY LIMITED	39.91	0.51
10. MR. LEK SRIPRATAK	34.91	0.45

1 There is no cross-shareholding between the Company and its major shareholders.

2 Consisting of 1) Charoen Pokphand Group Company Limited (“CPG”), where the Clearavanont Family is a major shareholder by holding 91.68% of the shares (The first ten shareholders are Mr. Sumet Jiaravanon 12.96%, Mr. Dhanin Clearavanont 12.96%, Mr. Jaran Chiaravanont 12.75%, Mr. Montri Jiaravanont 12.63%, Mr. Kiat Chiaravanont 5.76%, and Mr. Phongthep Chiaravanont 3.65% with the following shareholders each holding 3.62%: Mrs. Yupa Clearavanont, Mr. Prathip Chiaravanond, Mrs. Phatanee Leksrismong, Mr. Watcharachai Chiaravanond, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond. 2) Bangkok Telecom Holding Company Limited (99.99% held by CPG) 3) Bangkok Produce Merchandising Public Company Limited (99.44% held by Charoen Pokphand Foods Public Company Limited (“CPF”)) 4) Bangkok Agro-Industrial Products Public Company Limited (99.98% held by CPF) 5) Charoen Pokphand Northeastern Public Company Limited (99.61% held by CPF) 6) Kasetphand Industry Company Limited (99.99% held by CPG) 7) Charoen Pokphand IN-EX Company Limited (99.99% held by CPG) 8) Unique Network Company Limited (41.06% held by Thana Holding Company Limited and 58.94% held by Art Telecom Service Company Limited) 9) Wide Broad Cast Company Limited (58.55% held by Thana Holding Company Limited and 41.45% held by Telecommunication Network Company Limited) 10) C.P. Interfood (Thailand) Company Limited (99.99% held by CPG) 11) Star Marketing Company Limited (99.99% held by CPG) 12) Advance Pharma Company Limited (99.99% held by CPG) and 13) Golden Tower Trading Limited (held by an outsider having no relation to CPG but reported as in the same group because Golden Tower Trading Limited might vote in the same direction as CPG at the True shareholders meetings)

3 The company is registered in Switzerland and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

4 A subsidiary wholly owned by the SET. The NVDR is a security as specified by the SET and is automatically regarded as a listed security on the SET. By investing in NVDRs, the investor will receive all financial benefits, as if they invest in a company’s ordinary shares. The only difference between investing in the NVDR and the company’s ordinary shares is that NVDR holders have no rights to vote.

5 The company is registered in England and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

6 The company is registered in Hong Kong and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

4. History of Capital Increases and Dividend Payments for the past three years

(1) History of Capital Increases

Date of Registration with the Ministry of Commerce	Amount of Capital Increase (Million Baht)	Registered Capital after Capital Increase (Million Baht)	Paid-up Capital after Capital Increase (Million Baht)	Reason of Capital Increase	Details of Capital Increase
May 13, 2008	13,979.41	60,443.88	45,031.79	For fund raising alternatives for purchasing share of Bangkok Inter Teletech Public Company Limited from Chareon Pokphand Holding Company Limited and to replace the past resolution of the Shareholders Meeting revoked by operation of law because the Company is required to reduce the authorized capital, before increasing the capital to the another amount	<ul style="list-style-type: none"> - Allocated 630,000,000 shares at a par value of Baht 10 per share to reserve for the exercise of the convertible debentures. The conversion price may be lower than par value but such price is not lower than Baht 6.35 per share. - Allocated 700,000,000 shares at a par value of Baht 10 per share for offering to the existing shareholders in proportion to their respective shareholding (Rights Offering). The price for offering to the existing shareholders which will be determined later may be lower than par value but not less than Baht 5.20 per share. - Allocated 38,000,000 shares at a par value of Baht 10 per share to reserve for the exercise of the rights by the holders of warrant to be issued and offered to the directors and officer at the executive level of the Company and/or its subsidiaries under the ESOP 2007 Project. The exercise price is Baht 7 per share. - Allocated 29,941,283 shares at a par value of Baht 10 per share for offering to IFC pursuant to the agreement between the Company and IFC which is a financial institution providing a partial guarantee to the Company's debentures.

Date of Registration with the Ministry of Commerce	Amount of Capital Increase (Million Baht)	Registered Capital after Capital Increase (Million Baht)	Paid-up Capital after Capital Increase (Million Baht)	Reason of Capital Increase	Details of Capital Increase
December 25, 2008	100,299.41	153,332.07	45,031.79	<p>For issuance of the new ordinary shares for offering to the existing shareholders in proportion to their respective shareholdings (Rights Offering), and to replace the past resolution of the Shareholders Meeting revoked by operation of law because the Company is required to reduce the authorized capital, before increasing the capital to the another amount</p>	<ul style="list-style-type: none"> - Allocated 10,000,000,000 shares at a par value of Baht 10 per share for offering by way of a rights offering to the existing shareholders in proportion to their respective shareholdings whereby the shareholders shall have the right to subscribe for shares in excess of their entitlements, at the offering price of Baht 1.95 per share. - Allocated 29,941,283 shares at a par value of Baht 10 per share for offering to IFC pursuant to the agreement between the Company and IFC which is a financial institution providing a partial guarantee to the Company's debentures.

(2) Dividends

The Company has not paid or declared any dividends on its issued shares since operations began. The Company can pay dividends only out of its profits after deducting its cumulative losses, and only if it has set aside a legal reserve.

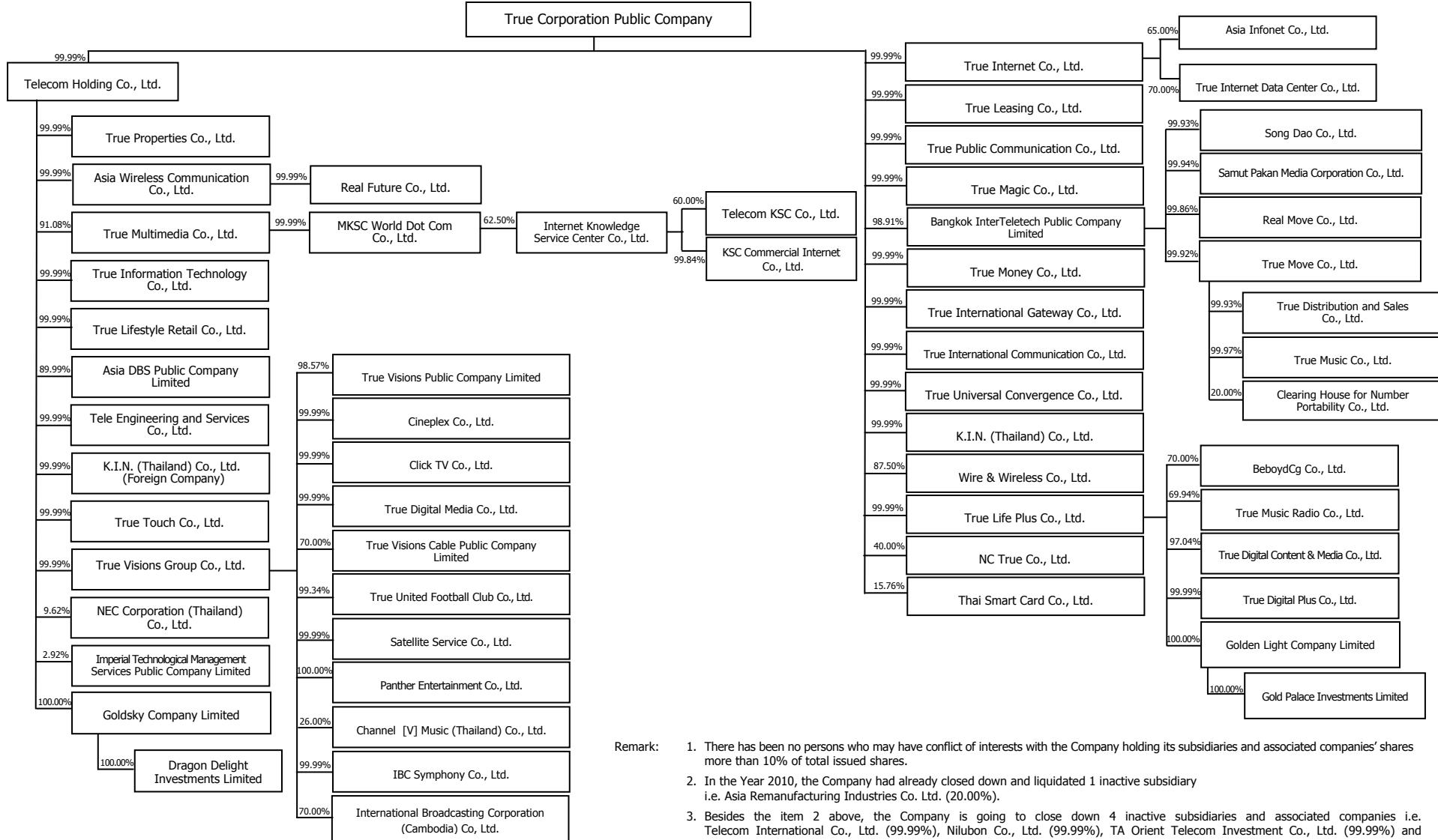
The Company has a policy to declare an annual dividend equal to at least 50% of its net profits from the Company's Financial Statement for that year, after statutory reserves and subject to availability of cash, according to the regulations indicated in related laws and conditions of its credit facilities.

For the dividend policy of subsidiary companies, each subsidiary company's Board of Directors will consider the payment of dividends from the balance of cash flows taking into account the capital expenditure requirements of the subsidiary company. Subject to the availability of cash flows at the subsidiary company and only if it has set aside a legal reserve, the Board of Directors of each subsidiary company shall consider the payment of dividends on a case-by-case basis.

5. Company Subsidiaries and Associated Companies

GROUP INVESTMENT STRUCTURE

As of 31st December 2010



Information of its subsidiaries, associated companies and other investments

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
Asia DBS Public Company Limited	DBS system operator	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00	89.99
Asia Infonet Company Limited	Internet services provider	THB 15 million divided into 1.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	15.00	65.00
Asia Wireless Communication Company Limited	PCT operator	THB 10,441.85 million divided into 1,044.18 million ordinary shares with a par value of Baht 10 each and fully paid up.	8,372.94	99.99
Bangkok Inter Teletech Public Company Limited	Holding Company	THB 82,678 million divided into 33,071 million ordinary shares with a par value of Baht 2.50 each and fully paid up.	22,813.44	98.91
BeboydCg Company Limited	Production of animation	THB 16.52 million divided into 1.65 million ordinary shares with a par value of Baht 10 each and fully paid up.	19.99	70.00
Cineplex Company Limited	Program production	THB 1,283.43 million divided into 128.34 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.57
Click TV Company Limited	Interactive TV business	THB 46 million divided into 4.6 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.57
Channel [V] Music (Thailand) Company Limited	Music and sound	THB 110 million divided into 1.1 million ordinary shares with a par value of Baht 100 each and fully paid up.	28.60	25.63
IBC Symphony Company Limited	Dormant	THB 30 million divided into 3 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.57
Internet Knowledge Service Center Company Limited	Non-government telecommunication services	THB 50 million divided into 12 million ordinary shares with a par value of Baht 10 each, 2.67 ordinary shares fully paid up and 9.33 ordinary shares call-up Baht 2.50 each.	-	56.93
K.I.N. (Thailand) Company Limited	Holding Company	THB 352.50 million divided into 11.75 million ordinary shares with a par value of Baht 30 each and fully paid up.	330.00	99.99

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
KSC Commercial Internet Company Limited	Internet services provider	THB 153 million divided into 15.30 million ordinary shares with a par value of Baht 10 each and fully paid up.	4.80	56.83
MKSC World Dot Com Company Limited	Internet services and distributor	THB 200,000 divided into 9,800 ordinary shares with a par value of Baht 10 each and 10,200 preference shares with a par value of Baht 10 each and fully paid up.	402.50	91.08
Panther Entertainment Company Limited	Artist management and related business	THB 75 million divided into 7.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	50.00	99.52
Real Future Company Limited	Holding company	THB 1 million divided into 100,000 ordinary shares with a par value of Baht 10 each and fully paid up.	1.00	99.99
Real Move Company Limited	Servcie provider of mobile phone system network	THB 1 million divided into 10,000 million ordinary shares with a par value of Baht 100 each and fully paid up.	1.00	98.77
Samut Pakan Media Corporation Company Limited	Telecommunication services	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	1.00	98.85
Sattellite Service Company Limited	Sales and rental of equipment related to Pay Television	THB 1,338 million divided into 223 million ordinary shares with a par value of Baht 6 each and fully paid up.	-	98.57
Song Dao Company Limited	Collection agent	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	1.00	98.84
Tele Engineering and Services Company Limited	Content provider	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	24.99	99.99
Telecom Holding Company Limited	Holding Company	THB 18,955.25 million divided into 1,895.52 million ordinary shares with a par value of Baht 10 each and fully paid up.	18,955.25	99.99
Telecom International Company Limited	Holding Company	THB 300 million divided into 30 million ordinary shares with a par value of Baht 10 each and fully paid up.	300.00	99.99
Telecom KSC Company Limited	Non-government telecommunication services	THB 250,000 divided into 100,000 ordinary shares with a par value of Baht 10 each and call-up Baht 2.50 each	-	34.39

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
True Digital Content & Media Company Limited	Digital content and marketing media	THB 54 million divided into 5.4 million ordinary shares with a par value of Baht 10 each and fully paid up.	58.00	97.04
True Digital Media Company Limited	Advertising sale and agency	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.57
True Digital Plus Company Limited	Online game	THB 357 million divided into 35.70 million ordinary shares with a par value of Baht 10 each and fully paid up.	356.25	100.00
True Distribution and Sales Company Limited	Retail services	THB 1,501 million divided into 15.01 ordinary shares with a par value of Baht 100 each and fully paid up.	-	98.76
True Information Technology Company Limited	IT service and training	THB 257 million divided into 38 million ordinary shares with a par value of Baht 10 each, 5 million ordinary shares fully paid up, 8 million ordinary shares call-up Baht 8.75 each, and 25 million ordinary shares call-up Baht 5.48 each.	257.00	99.99
True International Communication Company Limited	Telecommunication services	THB 22 million divided into 850,000 ordinary shares with a par value of Baht 100 each, 10,000 ordinary shares fully paid up and 840,000 ordinary shares call-up Baht 25 each up.	22.00	99.99
True Internet Company Limited	Internet solution provider	THB 602.80 million divided into 60.28 million ordinary shares with a par value of Baht 10 each, and fully paid.	602.80	99.99
True Internet Data Center Company Limited	Internet data center	THB 149.59 million divided into 14.96 million ordinary shares with a par value of Baht 10 each and fully paid up.	104.71	70.00
True International Gateway Company Limited	Telecommunication and internet services	THB 51 million divided into 510,000 ordinary shares with a par value of Baht 100 each and fully paid up.	51.00	99.99
True Leasing Company Limited	Rental services	THB 1,285 million divided into 128.50 million ordinary shares with a par value of Baht 10 each and fully paid up.	1,285.00	99.99
True Life Plus Company Limited	Telecommunication services reseller	THB 1,775 million divided into 257.5 million ordinary shares with a par value of Baht 10 each, 97.5 million ordinary shares fully paid up and 160 million ordinary shares call-up Baht 5 each	1,775.00	99.99

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
True Lifestyle Retail Company Limited	Internet cafe and related services	THB 131 million divided into 13.1 million ordinary shares with a par value of Baht 10 each and fully paid up.	131.00	99.99
True Magic Company Limited	Production and distribution of movies film	THB 3.5 million divided into 350,000 ordinary shares with a par value of Baht 10 each and fully paid up.	3.50	99.99
True Money Company Limited	Payment service centre and electronic card services	THB 200 million divided into 20 million ordinary shares with a par value of Baht 10 each and fully paid up.	192.22	99.99
True Move Company Limited	Cellular operator	THB 37,281 million divided into 3,728 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.83
True Multimedia Company Limited	NON-POTS and multimedia services	THB 6,562 million divided into 656.2 million ordinary shares with a par value of Baht 10 each and fully paid up.	5,976.75	91.08
True Music Company Limited	Content provider	THB 200,000 divided into 20,000 ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.79
True Music Radio Company Limited	Trading and production of advertising media	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	0.70	69.94
True Properties Company Limited	Rental services	THB 3,008 million divided into 30.08 million ordinary shares with a par value of Baht 100 each and fully paid up.	3,008.00	99.99
True Public Communication Company Limited	Telecommunication services	THB 86 million divided into 860,000 ordinary shares with a par value of Baht 100 each and fully paid up.	86.00	99.99
True Touch Company Limited	Call centre services	THB 193 million divided into 1.93 million ordinary shares with a par value of Baht 100 each and fully paid up.	193.00	99.99
True United Football Club Company Limited	Football Club and related activities management	THB 20 million divided into 2 million ordinary shares with a par value of Baht 10 each and fully paid up.	14.00	70.00
True Universal Convergence Company Limited	Telecommunication services	THB 2,041 million divided into 27.51 million ordinary shares with a par value of Baht 10 each, 11.50 million ordinary shares fully paid up and 16 million shares call-up Baht 55.625 each.	2,041.00	99.99

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
True Visions Public Company Limited	Pay Television	THB 2,266.72 million divided into 755.57 million ordinary shares with a par value of Baht 3 each and fully paid up.	30,429.41	98.57
True Visions Cable Public Company Limited	Pay television via cable system	THB 7,608.65 million divided into 760.86 million ordinary shares with a par value of Baht 10 each and fully paid up.	-	98.61
True Visions Group Company Limited	Holding company	THB 420 million divided into 4.2 million ordinary shares with a par value of Baht 100 each and fully paid up.	419.95	99.99
Wire & Wireless Company Limited	Construction	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each and fully paid up.	292.25	87.50
NC True Company Limited	Developer and service provider of games online	THB 241.58 million divided into 11.84 million ordinary shares and 12.32 million preference shares with a par value of Baht 10 each and fully paid up.	123.21	51.00 Share-holding but 40.00 Voting Rights
Thai Smart Card Company Limited	Central Service Bureau for clearing electronic payment transactions	THB 1,600 million divided into 160 million ordinary shares with a par value of Baht 10 each and fully paid up.	240.74	15.76
NEC Corporation (Thailand) Company Limited	Telecommunication equipment manufacturer	THB 343 million divided into 343,000 ordinary shares with a par value of Baht 1,000 each and fully paid up.	33.00	9.62
Clearing House for Number Portability Co., Ltd.	provide mobile number portability service	THB 2 million divided into 20,000 ordinary shares with a par value of Baht 100 each and fully paid up.	0.40	20.00
International Broadcasting Corporation (Cambodia) Company Limited	Dormant	USD 1 million divided into 1 million ordinary shares with a par value of USD 1 each and fully paid up.	-	69.00
K.I.N. (Thailand) Company Limited	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	0.00	99.99
Nilubon Company Limited	Holding Company	USD 8,000 divided into 8,000 ordinary shares with a par value of USD 1 each and fully paid up.	0.00	99.99
Dragon Delight Investments Limited	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	0.00	100.00
Gold Palace Investments Limited	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	0.00	100.00

Company Name	Type of Business	Paid-up Capital	Net Investment (Baht Million)	% of investment
Gold Light Company Limited	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	0.00	100.00
Goldsky Company Limited	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	0.00	100.00
TA Orient Telecom Investment Company Limited	Holding Company	USD 15 million divided into 15 million ordinary shares with a par value of USD 1 each and fully paid up.	15.00	99.99
Chongqing Communication Equipment Company Limited	Telecommunication equipment manufacturer	RMB 292 million	-	38.21

In order to expand the Company's wireless business group, the Company's subsidiaries purchased shares in companies under Hutchison Group and the acquisition was completed on 27th January 2010 with the following details:

- (1) Real Move Co., Ltd. ("Real Move"), which is a subsidiary of the Company where the Company's group holds 98.77 percent of the total issued and paid-up capital, has purchased the shares in the following companies under Hutchinson Group:
 - (1.1) 92.50 percent of Hutchison Wireless MultiMedia Holdings Co., Ltd. ("HWMH") issued shares,
 - (1.2) 100 percent of Rosy Legend Limited ("RL") issued shares.
- (2) Real Future Co., Ltd. ("Real Future"), which is a subsidiary of the Company where the Company's group holds 99.99 percent of the total issued and paid-up capital, has purchased shares in the following companies under Hutchinson Group:
 - (2.1) 100 percent of BFKT (Thailand) Co., Ltd. ("BFKT") issued shares,
 - (2.2) 100 percent of Prospect Gain Limited ("PG") issued shares.

The acquisition of shares in HWMH, BFKT, RL and PG as mentioned above resulted in the following companies becoming the subsidiaries of the Company:

- HWMH
- BFKT
- RL
- PG
- Hutchison MultiMedia Services (Thailand) Co., Ltd. ("HMSTL")
- Hutchison Telecommunications (Thailand) Co., Ltd. ("HTTCL")
(HMSTL and HTTCL are BFKT's subsidiaries where BFKT holds 100% of the total issued shares of each such company)
- Hutchison CAT Wireless MultiMedia Co., Ltd. ("HCWML")
(HCWML is HWMH's subsidiary where HWMH holds 73.92% of the total issued shares of HCWML)