



# SAMART 4.0

"Transformation to Success and Beyond"

## Annual Report 2017

**SAMART**



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# **SAMART 4.0**

## **“Transformation to Success and Beyond”**

The rapid change in **Digital 4.0** is a challenge which brings about a substantial business revolution.

**SAMART GROUP** is always active and readily prepared to adjust to any shifting trends. We are ready to grow our business with clear directions and goals.

To continue achieving business success in our existing fields of expertise. To connect our business with today's fast-paced digital world and explore new business opportunities. To be cautious with well-equipped plans and enhance overall business competitiveness.

To successfully become **SAMART 4.0**,  
a full service provider of Technology  
and grow strongly in the digital world.



# Business Transformation

Restructure the business by embarking on new market opportunities to generate profitable and consistent returns.



## Message from the Board of Directors

In the past year of 2017, the world economy has grown from the previous year, resulting in the Thai economy expanding from the export and tourism industries. Private investment is likely to see an upturn thanks to more reliability from the government's roadmap and the public welfare for people with low income. However, the business environment is evolving into the digital age. The corporate has reorganized to expand the existing business and initiate new ones by using the digital technology to improve and bring the products and services to the next level, reaching more consumers. The business policy is still in accordance with the long-term strategic plans that focuses on value-adding the business for consistent growth. In addition, the corporate realizes the importance of employee development, especially new wave management, up-to-date strategies, and seeking new business opportunities to efficiently keep up with the THAILAND 4.0 policy. These are major events that happened in the past year :

**"Samart Digital" and the big reorganization to prepare for the "digital age"**  
2017 was the year of changes for Mobile Multimedia business. Samart i-mobile has been renamed to SAMART Digital. The highly-competitive mobile business was reduced to a complete digital services business with Digital Trunked Radio services and Co-Tower rentals in collaboration with the Department of National Parks. Moreover, there is the Digital Content business that provides lifestyle, food & drinks, and travel contents, and also covers the Digital Sport business with a focus on complete sports marketing and Zazzet, an online asset selling with redemption services. The Company has undergone this major reorganization to acknowledge the changing digital age, improve the quality of life through products and services, and create excellent innovations as stated in the Digital Thailand strategic plans.

**"ICT Solution & Service" – the secure and sustainable business foundation**

The ICT Solution & Service business continues to offer complete ICT and communication technology products, services, and solutions for customers in the public and private sectors. Professional and up to international standards, the company focuses on generating consistent revenue from the business and becoming Samart Group's major drive in order to be the top telecommunication system integrator service provider. At the same time, a cyber security solution business is launched to provide high-level data safety services to accommodate the digital age for sustainable growth.



**(Dr. Tongchat Hongladaromp)**

Chairman

Samart Corporation Public Company Limited



# Product & Service Transformation

Make use of technology which offers fresh alternatives for the optimization of products, services, and solutions, to reach our clients' satisfaction and enhance end-user's experiences.





**Utilities and Transportations and business growing opportunities**

Utilities and Transportations, which is the corporate's main income-generating business, has been extremely successful from air traffic control system in Cambodia, of which the concession has been extended. The high-voltage cable installation is also growing. The company plans to revisit the business structure with SAMART Transolutions, a new company dedicated to transportation business. Moreover, the company is looking for new opportunities in relevant businesses to build consistent growth and expand the business for greater success.

**Drive the organization and the society towards sustainability**

People are highly important in driving the organization to success. "Samart Group" encourages the people mentally, physically, and knowledge-wise through good work environment and beneficial activities such as health check and exercise classes in the Be Healthy Be Happy campaign, the Clean & Clear campaign that encourages waste separation, the Samart Smart Saving campaign that encourages people to save up, and feedback and suggestion sharing in Lunch & Learn. In addition, the company is determined to build a strong and sustainable foundation for the Thai society along with ethical and transparent business under the policy "Quality people in quality society" through community service projects such as Samart Innovation Award, an innovation contest, Samart Mind Power, which promotes the application of Buddhist principles in life and work, and charity activities with "Samart Dee Club" and relief activities with "Samart Foundation" to ensure the best interest for the society.

As representatives of **Samart Corporation Pcl.**, we would like to thank all shareholders, business allies, partners, customers, financial institutes, relevant organizations, management team and employees, and all people who have been supporting "**Samart Group**" all along. The corporate is determined to run the business efficiently and never stop improving our products and services for the best benefits of our customers, in addition to administering the business for future success.



(Mr. Charoenrath Vilailuck)  
Executive Chairman / CEO  
Samart Corporation Public Company Limited

## Message from the Board of Directors



# People Transformation

Drive the company to success by developing employees' digital competency, improving internal operations and upgrading the IT performance to be compatible with the company's 4.0 model.





## Vision

# SAMART GROUP

is committed to offering advanced ICT and Technology-related products and services to create sustainable growth and enrich the quality of life



## Mission

To realize our vision, we have defined a clear set of the following missions to create shared values for all of our stakeholders :

### Customers

Develop and deliver quality ICT and Technology-related products and services that create optimal satisfaction for our customers and enhance their business competitiveness.

### Organization

Define and implement a clear organization structure and processes that ensure efficiency, transparency and fairness, and enabling us to gain confidence and sustainable growth.

### Partners

Cultivate and strengthen partnerships by jointly developing and offering quality products and services with business partners that create shared values and enable us to achieve mutual business goals together.

### Employees

Provide rewarding career and development opportunities to support our growing business and make SAMART one of the most admired and attractive employers for talents.

### Stakeholders

Continuously seek new business opportunities that encourage stable revenue for long-term growth in order to consistently maintain strong return on investment to shareholders.

### Society and Communities

Implement a wide range of internal and external social contribution initiatives and projects to promote "People of Quality, Society of Morality" that add values to people's lives and create a positive impact in society.





## Board of Directors

### 1. Dr. Tongchat Hongladaromp

- Chairman
- Independent Director
- Audit Committee Member
- Chairman of the Nominating & Compensation Committee

### 2. Mr. Pradang Prichayangkun

- Vice Chairman
- Independent Director
- Chairman of the Audit Committee
- Corporate Governance Committee Member
- Nominating & Compensation Committee Member

### 3. Mr. Seri Suksathaporn

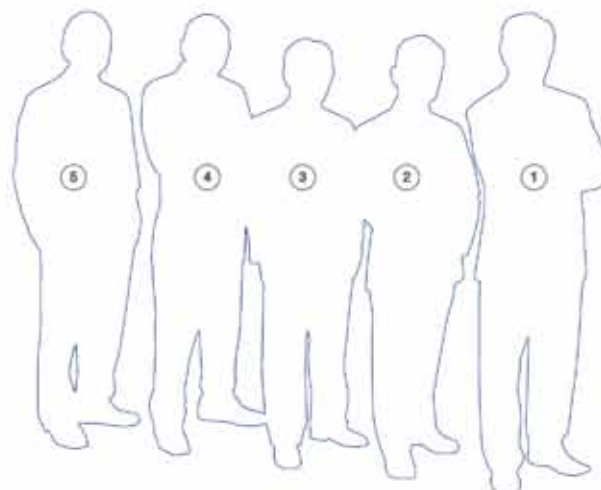
- Independent Director
- Audit Committee Member
- Nominating & Compensation Committee Member
- Chairman of the Corporate Governance Committee

### 4. Mr. Prinya Waiwatana

- Independent Director
- Corporate Governance Committee Member

### 5. Mr. Sirichai Rasameechan

- Director
- Corporate Governance Committee Member





**6. Mrs. Siripen Vilailuck**

- Director

**7. Mr. Charoenrath Vilailuck**

- Authorized Director
- Executive Director
- Executive Chairman & CEO
- Chairman of the Risk Management Committee

**8. Mr. Watchai Vilailuck**

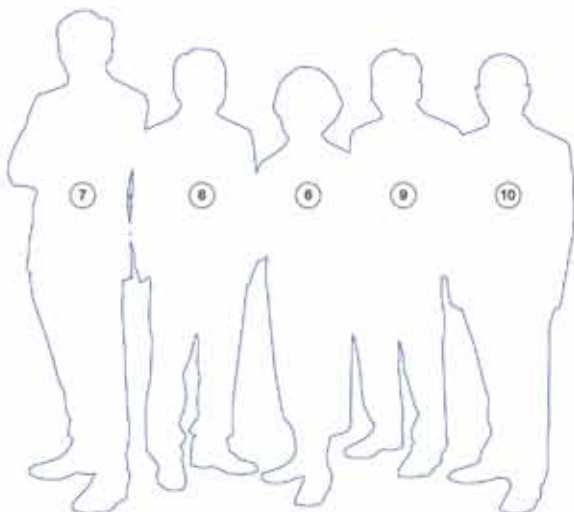
- Authorized Director
- President
- Executive Director
- Chief Operating Member of the Risk Management Committee
- Chairman of the Sustainable Development Committee

**9. Mr. Thananan Vilailuck**

- Authorized Director
- Executive Vice Chairman - Corporate Strategy
- Executive Director
- Risk Management Committee Member
- Sustainable Development Committee Member

**10. Mr. Pracha Phathayakorn**

- Authorized Director
- Executive Director
- Executive Vice President - Group Chief Financial Officer
- Risk Management Committee Member
- Sustainable Development Committee Member



# Corporate Social Responsibilities Report

## (Sustainable Development Report)

The Board of Directors realize the importance on sustainable development that shall lead to the sustainable growth of the business incorporate with the society, so it has to be developed together with the social responsibility, environment, corporate governance and all stakeholders. Apart from CSR activities, such as an arrangement of innovation promotion projects, voluntary activities and donations which have been performed continually, the Company determined to make such activities more concretely so the Board of Directors approved to appoint the Sustainable Development Committee to specify policy framework and operating guidelines of the Company's environmental and social responsibility activities. Such operations shall be used as guidelines to follow up progress and assess the CSR activities then report to the Board of Directors. The Sustainable Development Committee shall arrange the meeting at least 2 times a year. The Company shall develop the CSR activities pursuant to the guidelines specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand which can be led to sustainable business growth.

### **Duties and Responsibilities of the Sustainable Development Committee**

1. Establish policy, strategy including operation plans for sustainable development which is consistent with the Company's business operations with regards to economic, social and environmental aspects.
2. Promote and support the Company's activities in order to make them achieve the targets pursuant to the sustainable development policy.
3. Supervise, review, follow-up progress of operations and evaluate efficiency on performance of the sustainable development policy.
4. Report the operating result to the Committee.

### **Sustainable Development Policy**

1. To conduct business based on governance principles and environmental and social responsibility including for sustainable development by taking into consideration the best interests of all stakeholders.
2. To build corporate culture which could cultivate the employees' consciousness on operations and volunteer spirit, devotion of personal time and effort for benefits of the whole community.
3. To promote and educate the employees at all levels on joint guidelines for sustainable development and environmental and social responsibility throughout the organization.
4. To promote the social and environmental projects or activities and works related to sustainable development

The Company conducts business based on good governance principle and recognizes the importance of all stakeholders. The Company has considered and prioritized stakeholders as well as provided appropriate strategies for sustainable development of business. Therefore, the Company has set vision and mission to represent the Company's focus on customers as normal operation of the Company as follows:

### **Vision**

Samart Group is committed to offering advanced ICT and Technology-related products and services to create sustainable growth and enrich the quality of life.

### **Mission**

To realize our vision, we have defined a clear set of the following missions to create shared values for all of our stakeholders:

### **Customers**

Develop and deliver quality ICT and Technology-related products and services that create optimal satisfaction for our customers and enhance their business competitiveness;



#### **Organization**

Define and implement a clear organization structure and processes that ensure efficiency, transparency and fairness, and enabling us to gain confidence and sustainable growth;

#### **Partners**

Cultivate and strengthen partnerships by jointly developing and offering quality products and services with business partners that create shared values and enable us to achieve mutual business goals together;

#### **Employees**

Provide rewarding career and development opportunities to support our growing business and make Samart one of the most admired and attractive employers for talents;

#### **Stakeholders**

Continuously seek new business opportunities that encourage stable revenue for long-term growth in order to consistently maintain strong return on investment to shareholders;

#### **Society and Communities**

Implement a wide range of internal and external social contribution initiatives and projects to promote **“People of Quality, Society of Morality”** that add values to people’s lives and create a positive impact in society.

Details of policies for all stakeholders and implement of policies in the previous year were disclosed in the section **“Corporate Governance”** under the topic **“Business Ethics”**.

## **Progress and Reporting**

The Company conducts business in compliance with the Sustainable Development Policy and taking into account with all stakeholders. The policies regarding treatments to all stakeholders are stipulated in the Company’s Business Ethics. Details are disclosed in the section **“Corporate Governance”** under topic of **“Business Ethics”** and posted on the Company’s website at [www.samartcorp.com](http://www.samartcorp.com). The CSR policies comprise 9 operating principles of conduct as follows:

1. Corporate Governance
2. Fair Operating Practices
3. Anti-Corruption
4. Respect of Fundamental Human Rights
5. Fair Labor Practices
6. Consumer Responsibility
7. Contribution to the Community and Society
8. Environmental Conservation
9. Innovation and Publication of Innovation from Social Responsibility

## **1. Corporate Governance**

**Promote and make good governance principle become corporate culture, adhere to responsibilities for all stakeholders with transparency and auditability.**

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus, written Corporate Governance Policy and Business Ethics, which complied with the Corporate Governance Principles of the Stock Exchange of Thailand (“SET”), have been provided for practices of directors, managements and employees of the Company. The Company has the Corporate Secretary Division which is the compliance unit to supervise and oversee the operations of the Company, the directors and the managements to ensure that they have been correctly complied with the regulations of the SET, the Office of Securities and Exchange Commission (“SEC”) and the Public Company Limited Act including other relevant laws. More details on Corporate Governance initiatives undertaken by the Company in 2017. Details are provided under **“Corporate Governance”**.

During the past year, the Company has strongly observed the Corporate Governance Principles, as a result, Samart Corporation Public Company Limited (“SAMART”) and its 2 listed subsidiaries, Samart Telcoms Public Company Limited (“SAMTEL”) and Samart Digital Public Company Limited (“SDC”) formerly known as Samart I-Mobile Public Company Limited, including One to One Contacts Public Company Limited (“OTO”), its listed subsidiary in MAI, received corporate governance assessment results in 2017 as follows:

**1) Assessment Result on Corporate Governance of Thai Listed Companies in 2017**

SAMART, SAMTEL, SDC and OTO were assessed with **“Excellent”** Recognized Level **(5 Stars)**, from the survey of total 620 listed companies by the Thai Institute of Directors Association (IOD) together with the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

**2) Assessment Result on Quality on Arrangement of Annual General Meeting of Shareholders for 2017**

All of SAMART, SAMTEL, SDC and OTO were assessed with 4 TIA. They were 618 listed companies assessed this year as surveyed by the Thai Investors Association.

## 2. Fair Operating Practices

**Determine to operate business with fairness and with ethical behavior, observe the laws and respect all social rules.**

The Company conducted business and managed work ethically. The Board of Directors has provided the business ethics manual for the Company’s directors, managements and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. It also covers the administration of all stakeholder groups, i.e. shareholder, employee, customer, competitor, business partner, creditor including society and the environment. The practical guidelines which include the rights and benefits entitled to all stakeholders have also been specified in the business ethics for the directors, managements and employees. Such **business ethic** has been posted on the Company’s website ([www.samartcorp.com](http://www.samartcorp.com)). Moreover, the Board of Directors of the Company also assigns the Corporate Governance Committee to oversee the directors, the managements and the employees to ensure that they strictly adhere to this principle. For more details, please see in the Section **“Corporate Governance”** under the topic of **“Business Ethics”**.

## 3. Anti-Corruption

The Company recognizes the importance of anti-corruption in all aspects. The Board of Directors Meeting has specified the Company’s anti-corruption policy for approve to be used as operating practices. The amendment polices were covered the following issues:

- Political neutrality and political assistance
- Donation for charity and support fund
- Receiving and giving present, property or other benefits policies

Furthermore, General Operating Guidelines were as follows:

- The process of risk assessment and risk management.
- Protection
- Training and Communication
- Reporting Channels
- Regulatory and monitoring of the implementation of the policy.

Result of the implementation of such policies in 2017 caused the following matters:

- No case of misconduct on corruption or breach of the Ethics. It was found only fault that not complied with the Company’s regulation and it was amended and clarified the correct procedures to the employees.
- No director and executive resigned due to the issues of corporate governance.

- No case of the Company’s negative reputation as a result of failure in the monitoring function of the Board of Directors.

The Company disclosed the policy in the Company’s Business Ethics manual and posted on website at [www.samartcorp.com](http://www.samartcorp.com) for all employees to adhere. Details of Anti-Corruption policy, Guidelines to perform of anti-corruption and the result of the implementation of such policies and training course regarding protection and prevention of corruption were disclosed in section **“Internal Control, Risk Management and Anti-Corruption”**.

In 2017, the management and the officers of Samart Group whose works related to corporate governance visited the **“Anti-Corruption Museum”**, a museum under supervision of the Office of the National Anti-Corruption Commission (NACC), to study basic knowledge about corruption prevention and suppression and to promote positive behaviors against corruption or dishonest behaviors in the organization. This activity was in line with the Company’s policy to promote and encourage everyone in the organization to have conscious mind on honesty and morality.

## 4. Respect of Fundamental Human Rights

**Put emphasis on fundamental human rights, promote and respect rights, freedom and equality. Do not support discrimination based on gender and social status and strongly prohibit child labor/forced labor.**

The Company adheres to human rights principle as a mutual operating principle. All employees shall not undertake any action or shall by no means support any action to violate any human rights. On the contrary, the Company shall create the knowledge-based-organization on human rights as well as cultivate consciousness to the Company’s employees to make them adhere to and follow. The policy on non-human right violation has been stated in the business ethics manual as follows:

- **Personal right and freedom:**
  - The Company has policies that employee’s personal information is the secret and shall not be sent or disseminated to unauthorized parties;
  - Disclosure or transfer of personal information only upon the owner’s consent;
  - The human has right and freedom so long as not violate the right and freedom of others.
- **Equal treatment:**
  - All employees shall be treated equally and shall not be discrimination against race, nationality, language, religion, gender, age and education;
  - The employees shall value and respect each other and shall behave oneself appropriated with his/her duty pursuant to the regulations of the Company and the tradition and shall not damage the Company’s image;
  - The Company allows the employees to express their potentials fully and shall fix appropriated remuneration pursuant to the Company’s regulations and also provide opportunity to the employees to further their education both in university level as well as short term and long term training course;
  - Deliberation related to hiring and judgment of performance should be accurate and fair;
  - When performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, gender, age, education, or any other attribute likely to cause conflict;
  - Contribute to making the work environment free of oppression and injustice;
  - The employee shows respect and tolerance for each other’s opinions.

## 5. Fair Labor Practices

**Create safety and healthy workplace, implement the employment conditions which are appropriated with fundamental labor laws as well as enhance skills of personnel on continued basis so that they can have better quality of life.**



The Company always realizes that all employees are the most valuable assets of the Company and they are the successful factors in making the Company achieve its objectives. The Company must respect and obey the laws and ethics in order to establish justice, stability and peace in the society. Therefore, the Company takes good care of and equally treat them with regards to the opportunity, compensation, appointment, transfer including fair and appropriated welfares in various aspects as follows:

1. Respect for the right to work pursuant to the fundamental human right principles. Details are provided under **“Corporate Governance”** in the topic of **“Business Ethics”** in the item of **“Non-violation of human rights policy”**.
2. Specify to have **“Compensation & Benefit Policy”** regarding to employee motivation, internal impartiality and compensation standards, and job value to company, Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition. In the other hand, the Company certainly ensures compensation, benefit and welfare policy aligned to new wage of legal regulation. Propose reasonable remuneration packages according to market situations, business competitions, job descriptions, work qualities including assessment of company’s performance on short term and long term based on the Company’s capability to pay for that remuneration packages. And provide opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be seriously taken into consideration for formulating solutions. This important policy is meant to draw benefits to all parties and spawn camaraderie in the office.

For welfare to the employees, the Company has group health insurance (in case of in-patient) for the Company’s employees as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security. The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees as well, loan for employees, fitness center and special discount for Company’s products, grant in case of the employee or his/her family died, to arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees. Details regarding welfare of employees were disclosed under **“Corporate Governance”** in the topic of **“Business Ethics”** in the item of **“Employee Policies”**.

3. Specify to have **“Safety and Health Policy”**. The Company develops policy and system of safety and health of employees in accordance with the requirements of law and performs all necessary measures to ensure the safety of life and health of employees as well as activities included health promotion for healthy life of the employees, such as:
  - **“Be Healthy...Be Happy”** this project was the arrangement of dance workout class where various exercises and dance styles, such as Body Combat, Zumba and Body Jam, were taught. This activity was conducted every Wednesday evening after work to the employees during September-December 2017.
  - **“Move Your Body to Keep the Disease Away”** this project was a collaboration with the Faculty of Physical Therapy, Mahidol University where physical fitness testing and exercise classes were provided to the employee free-of-charge during May-November 2017.

Apart from providing medical treatment and basic medical services, modern medicine and annual health check-up, there were also projects to stimulate good working environment, as follows:

- **Clean & Clear** : A campaign to cultivate sanitation and orderly habits to the employees on separating garbage before disposal, by starting at the workplace. Details were disclosure in **“8. Environmental Conservation”**.
- **WOW! Workplace** : This campaign was about the office desks contest pursuant to 5 Sor. principle.

Furthermore, the Company also has the practical guidelines concretely by appointment of the safety officers, training and cultivate consciousness of safety, occupational health and working environment for the employees,

the annual evacuation drill in case of fire, the fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine and an annual health check. Details are provided under “**Corporate Governance**” in the topic of “**Business Ethics**” in the item of “**Employee Policies**”.

4. Specify to have “**Human Resources Management and Development Policy**” as below:

**1) Human Resources Management and Development Policy**

- Manpower planning Policy
- Recruitment & Selection Policy
- Performance Development Policy
- Human Resources Management and Development Information Systems Policy
- Compensation & Benefit Policy
- Employee Relation & Engagement Policy

**2) Human Resources Development Policy**

- Career Development Policy
- Employee Training & Development Policy
- Knowledge Management
- Talent Management Policy and Succession Planning

Details regarding Human Resources Management and Development Policy were disclosed in section “**Management Structure**” under topic of “**Human Resources**” in “**Human Resources Management and Development Policy**”

The Company is well aware that its existence and prosperity today owing to the support from the employees hence, the Company places robust emphasis and support on the development on the quality of the employees. For the past period, the activities undertaken by the Company under such scope and practical guideline are as follows:

- **Lunch & Learn Project and CEO Suggestion Box** : The company places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee’s innovative, improvement and other open-mind ideas to enhance SAMART business operations and other processes.
- **SAMART MIND POWER** is a project that encourages application of Buddhist principles in daily life. It consists of :
  - **Mind Enhancement activity** which includes praying, walking, meditating, and discussing about Buddhist principles, every Thursday evening.
  - **Support for Arranging Meditation** : Samart Corporation Pcl. provided venue for Willpower Institute to arrange meditation classes for the public for the meditation training center.

Furthermore, the Company concentrates on the employee relation and engagement at all levels of employees throughout SAMART and also implants them into corporate value along with corporate culture by building synergy professional working-style (Team of Professionals). Hence, these initiate the best cooperation among individual level through corporate level. In 2017, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., Internal Survey Improvement Project and D-Club (CSR programs) etc.

## 6. Consumer Responsibility

**Place importance on manufacturing products and provision of service with good quality and safety.**

The Company strongly believes in building confidence and bringing satisfaction to all of the customers. Since their trusts are critical to our business, the Company promotes the following policies:

1. Determine to provide and produce commodities and services that are trendy to satiate customers’ needs;
2. Provide high-quality products and services at reasonable price;

3. Provide accurate information without any exaggeration that may cause misunderstandings on product's quality and quantity, or special conditions for each product and service;
4. Formulate procedures that permit customers to inform about drawbacks of the products or improper services, because those complaints are valuable for the Company to come up with immediate remedy and improvement for problematic products and services;
5. Provide effective after-sale services for customer's convenience;
6. Guard all customers' information as top secret and refuse to use them for personal benefits;
7. Support all activities that will strengthen, as well as maintain, lasting and healthy relationship between Company and customer.

Details are provided under **"Corporate Governance"** in the topic of **"Business Ethics"** in the item of **"Customers Policies"**.

## 7. Contribution to the Community and Society

**Support and develop quality of life as well as prosperity of the community and society.**

The Company is well aware that its existence and prosperity today is owing to the support from the communities and the society, hence, the Company places robust emphasis and support on the development of quality of life, prosperity of the communities and Thai society. For the past period, the activities undertaken by the Company under such scope and practical guideline are as follows:

1. Strengthen good relationship with the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis;
2. To support community and public safety for instance the construction of bus shelter in front of the Company's office building, donation of rain coats and reflective coats to the traffic police in the areas of Pakkred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities;
3. To raise funds and supply the necessities to help the disaster victims, for instance provision of boats to the government agencies to be used for facilitating the people who were suffered from the flood;
4. To cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.

Details of the relating activities were disclosed in **"Activities for society and environment (CSR after process)"** in page 019-026.

## 8. Environmental Conservation

**Conduct business by always taking into account the environmental conservation and use resources in the most meaningful way.**

The Company recognizes the duties and responsibilities to environment, the Company has policies to:

1. Operate the business by taking into consideration of conservation and security standard, and also be civility to follow the law and related regulations;
2. Be responsible to utilize natural resources in form of raw materials, investments, human resources, and energies in prudent manners;
3. Support care taking environment activities and conservation campaign continually.

The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility as follows:



1. The Company has arranged campaign to cultivate conscious mind on environment and natural resources through employee participation activities;
2. The Company supports environment conservation to social and other organizations as well as disseminating news and information on environment in order to build up image and good understanding on environmental management of the Company;
3. The Company has policies to foster the guideline of responsibility to environment for understanding the importance of environment by training the employee continuously for efficient environment system.

In 2017, the activities arranged by the Company included:

- **Development of products and services valuable to the environment**

We develop our products and services with conservation and environmental safety as our priority. We offer environmentally-concerned telecommunication services and encourage energy conservation among public organizations and state enterprises with the same vision. For example, the Provincial Electricity Authority’s AMR project and waste management through separation and fuel-generation.

- **Making employee aware of the valuable resources usage**

Samart group organizes the energy saving campaign called “Reduce, Refrain and Refuse” aiming to promote the efficiency of energy consumption among Samart people.

In 2017, the activities were adjusted to match with the current situation. Employees were encouraged to save money and optimize resources to make the most of them. The concept was **“SAMART Smart Saving”**. Employees could participate by selling various goods—both new and second handed. Conferences about saving methods and safe investment, both short and long term, were held by banks like the Government Housing Bank, Bank of Ayudhya, Krung Thai Bank, and Thanachart Bank, along with Sim2Asset Company Limited, an online real estate service provider, part of Samart Group. As well as **Clean & Clear Campaign** has objective to cultivate good habits to the employees by encouraging them to separate garbage, i.e. wet, dry and recycle, before disposal in order to maximize usage and benefits of resources.

## 9. Innovation and Publication of Innovation from Social Responsibility

**Determine to develop and present innovation on technology application to uplift the standard of living, conserve environment and use resources in the most meaningful way.**

**Samart Innovation Awards** is an important project that “Samart Group” has been organizing for over 15 years. The objective is to encourage youths and new entrepreneurs to improve their ideas and capabilities, leading to new technology and innovation. Each year, after the competition ends, the Company will show the participating and winning projects to the public through advertisement and media, which apart from commercial benefits to the participants, the showcase is also inspiring Thailand’s young innovative developers. During the past year, 96 news about the activity and participating projects were distributed through printed media, radio, television, and online media.

## Business practices that affect social responsibility

As the Company conducts business in compliance with the CSR Policies through 9 operational principles, in 2017, the Company and its subsidiaries have not been audited or investigated by the competent authority or any law in any way.

## Activities for society and environment (CSR after process)

For clarity on the arrangement of the Corporate Social Responsibility (CSR) Project, Samart Group has set up the policy and practical guidelines under the promotion framework of the **“Quality People and Moral Society”** which comprise of the following projects and activities:

## Creation of quality people

1. **SAMART INNOVATION** includes technological innovation contest, research funding, and training courses

1.1 **Samart Innovation Awards 2017** was held for the 15<sup>th</sup> year. The Company collaborated with the National Science and Technology Development Agency (NSTDA) to organize **Young Technopreneur** which provided the following benefits to the participants:



- Opportunities to visit public and private organizations that support South Korean start ups. (3 participants with highest scores)
- Samart Innovation Award 2017 which consisted of 3 awards - Baht 200,000 for the “Best innovative prototype developer” or the winner, and Baht 100,000 and Baht 50,000 for 2 runner up along with 17 start-up funds of Baht 30,000 for all teams that made it to the 2<sup>nd</sup> round.





- Substantial support for business: During the past 6 years (2012-2017), we have encouraged over 950 young Thai developers with more than 500 innovations. Over 40 of them have grown their business and we never stop searching for talented innovators.

**1.2 Samart Innovation FUND** provided research funds to final year telecommunication students to expand their learning in 5 academic institutions-King Mongkut’s University of Technology Thonburi, Thammasat Aniversity, King Mongkut’s Institution of Technology Ladkrabang, Kasetsart University, and Mahidol University. 3 scholarships of Baht 20,000 were given to each institution, with the total value of Baht 300,000.



## 2. Sponsorship for KNOWLEDGE-SHARING CONFERENCES

- **Support for “Innovation Driven Entrepreneurship: IDE”** : Samart Corporation Pcl. supported University of the Thai Chamber of Commerce’s project for Baht 500,000.
- **Sponsorship for SPORT CAPABILITIES**
  - > **Support for “Thai football with King Power”** : **SAMART GROUP** collaborated with King Power, supported Fox Hunt (Leicester City International Academy), a selection program for Thai youths, in the United Kingdom.
  - > **Support for “Thai football clubs”** : **SAMART GROUP** supported various football teams. For example, Muangthong United, Buriram United, Chonburi FC, Phrae United.
  - > **Support for “Golf Tournament”** : **Samart Corporation Pcl.** provided support the National Defence College of Thailand’s NDC 59 Charity Golf Tournament, held at Cascata Golf Club Lumlookka, Ongkarak, Nakornnayok Province for Baht 50,000.





- **Other EDUCATIONAL SUPPORTS**

- > **Support for “Classroom equipment, lunches, and sports equipment”** along with a 60 cm KU satellite, television, and receiver for 4 Schoolnet schools - Ban Nampu School, Ban Toong Pong School, Ban Nong Kae School, and Ban Nong Nguhao School. All supports were funded by part of the revenue from PEA OPEN 2016 petanque tournament, held by Samart Telcoms Pcl. and the Provincial Electricity Authority’s petanque club.



- > **Support for “Scholarship and Classroom equipment”** for schools in Saraburi Province, including Wat Rat Bamrung School, Wat Mai Sang Sok School of Baht 25,000 in total, during the 3 Electricity Authorities Table Tennis Tournament which consisted of the Provincial Electricity Authority, the Electricity Generating Authority of Thailand and the Metropolitan Electricity Authority. Samart Telcoms Pcl. donated Baht 11,000 to this project.





- > **Support for “Charity cycling event” Samart Telcoms Pcl.** supported charity cycling event, fundraising to provide classroom and sports equipment and scholarships for students of Ban Manang, Manang district, Satun Province, for Baht 30,000.



#### Promotion of the Moral Society

We support and arrange community services through “**Samart...Dee Club**”, formed by a group of community service staff. In addition, “**Samart Foundation**” has also been organizing Buddhism support and charity activities.

- **CHARITY FOR DAD** provides opportunities for employees to participate in 3 different charity projects for King Rama 9
  - > **Heartmade Funeral Flowers for Dad**  
 Making 5,500 roses as funeral flowers to give to the Social Development Office Bangkok for using in the royal cremation ceremony of the late King Bhumibol Adulyadej.





## > Charity Knitting Project

Held for the 3<sup>rd</sup> consecutive year, the project provided opportunities for employees to knit hats for cancer patients and students in rural areas who suffered from cold weather. The goal was to knit 900 hats.



- > **Fund for “Doing Good” Project** : A project to support Volunteers from the “**Samart D Club**” that held for the 4<sup>th</sup> year that gives “**Samart D Club**” members funds to organize community service projects. There were 4 awards of Baht 48,000.





- **Support for MEDICAL**

- > **Support for 3 Medical Organizations : SAMART GROUP** and Vilailuck family donated Baht 6,000,000 to Siriraj Foundation, Chakri Naruebodin Foundation, Ramathibodi Hospital and Thammasat Intelligent Operation Room Project of Thammasat University Hospital.
- > **Support for Siriraj Hospital :** Samart Corporation Pcl. donated Baht 500,000 to support Siriraj Hospital.
- > **Support for Faculty of Medicine Chulalongkorn University’s stem cell :** Samart Corporation Pcl. donated Baht 50,000 to support Faculty of Medicine, Chulalongkorn University’s stem cell research for cancer patient and retina disease patient treatment.



- **SAMART MIND POWER** is a project that encourages application of Buddhist principles in daily life. It consists of :
  - > **Mind Enhancement activity** which includes praying, walking, meditating, and discussing about Buddhist principles, every Thursday evening.
  - > **Support for Arranging Meditation :** Samart Corporation Pcl. provided venue for Willpower Institute to arrange meditation classes for the public and donated Baht 489,100 for establishing meditation training center.
- **BLOOD DONATION : SAMART GROUP** collaborated with the conjunction of Thai Red Cross Society institutes is held 3 times a year for employees and locals to give back to the society by donating blood.

- **FLOOD VICTIMS SUPPORT**

- > **Support for flood victims in the South :** Samart Corporation Pcl. supported flood victims in the South by providing 541 survival bags and donating Baht 2,000,000 and essentials to the flood victim relief donation center.



- > **Support for flood victims in the Northeast :** Samart Corporation Pcl. supported flood victims in the Northeast by donating Baht 1,000,000 to the Office of the Prime Minister’s victim relief funds during a fundraising event for flood victims.

- **OTHER SUPPORTS**

- > **Support for renovate the landscape around Udom Wanaporn Throne Hall : SAMART TELCOMS GROUP** donated Baht 1,000,000 through Phramongkutklao Hospital Foundation to renovate the landscape around Udom Wanaporn Throne Hall, Phayathai Palace, built in the reign of King Rama VI.







- > **Support for the Royal Cattle Buffalo Bank for Farmers : SAMART TELCOMS GROUP** and “The Provincial Electricity Authority” supported the Royal Cattle Buffalo Bank for Farmers by donating Baht 2,853,500 to save the lives of 89 cows and buffaloes. They were then given to the Department of Livestock Development and the participating farmers respectively.
- > **Support for Phra Dabos Foundation** : Samart Telcoms Pcl. donated Baht 10,000 through the Metropolitan Electricity Authority to support Phra Dabos Foundation, in the 59<sup>th</sup> anniversary of the Metropolitan Electricity Authority establishment.
- > **Support for the environmental charity project** : Samart Telcoms Pcl. donated Baht 10,000 to support the environmental charity project, in the 50<sup>th</sup> anniversary of the Metropolitan Waterworks Authority establishment.

## Prevention and protection of corruption

The Company has established policies and general practices of anti-corruption (details were disclosed in the section of “**Anti-Corruption**”) channel to express their opinions and suggestions including channel to report concerns and procedures to protect employees who report such abuse. Anti-corruption policy and practical guidelines including procedures were disclosed in Business Ethics and post on the website of the Company at [www.samartcorp.com](http://www.samartcorp.com).

In addition, the Company maintains system of internal control and risk management to prevent the Company from participating with corruption. The details were disclosed in the section “**Internal Control, Risk Management and Anti-Corruption**”. The business, financial and Social & Environmental risks were disclosed in the section “**Risk Factors**”.



## Our Pride in 2017

### TOP INNOVATION ORGANIZATION AWARD

**One To One Contacts Pcl.** was awarded “TOP Innovation Organization” in the event “i-NOVATION THAILAND WEEK 2017”, held by the National Innovation Agency (NIA) and the Stock Exchange of Thailand, for its advancement and unique achievement in developing innovations and new ideas to meet customers’ expectations by using new technology to reduce working steps and enhance convenience, serving the needs of digital age clients.



### CERTIFIED ISO 20000 OF IT SERVICE

**Samart Comtech Co., Ltd.** (Airport Operation Management) has been granted an IT service certification ISO 20000, at the Airport Operation Management Office, Suvarnabhumi Airport. ISO 20000 is an IT service management certification given to efficient and professional organizations.



## Report of the Audit Committee

### **Dear Shareholders of Samart Corporation Public Company Limited**

The Audit Committee of Samart Corporation Public Company Limited, which has been appointed by the Board of Directors, comprised of 3 independent directors. All members of the Audit Committee are fully qualified as per specified in the Audit Committee Charter and their qualifications are in accordance with the regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

During 2017, the Audit Committee has performed works pursuant to scope, duties and responsibilities pursuant to the Audit Committee Charter as well as the regulations and operating guidelines specified by the Stock Exchange of Thailand. In 2017, the Audit Committee held 5 meetings where the Company's management, Internal Audit Unit and the auditor jointly attended all of such meetings of which their essence could be summarized as follows:

#### **1. Review the quarterly and annual financial statements of the Company and its subsidiaries**

The Audit Committee has reviewed material information of the quarterly and annual financial statements and consolidated financial statements of the Company and its subsidiaries for 2017 by reviewing the materiality issues as well as the correct and complete disclosure of information to ensure that the preparation of the financial statements have complied with the provisions of the laws and generally accepted accounting standards.

The Audit Committee is of opinion that the Company has complied with the relevant laws and has adequately disclosed information beneficial to the shareholders.

#### **2. Review the connected transactions or the transactions which may have conflict of interest**

The Audit Committee has reviewed and provided opinions on the connected transactions or transactions which may have conflict of interests with the Company with regards to reasonableness, transparency and disclosure of information to ascertain that they have been correctly and completely disclosed as per specified by the regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

The Audit Committee is of opinion that such connected transactions or transactions which may have conflict of interest were reasonable as they have been undergone transparent consideration process and they were transactions for benefits of the Company with correct and complete disclosure of information.

#### **3. Review the compliance with the laws and regulations of the relevant agencies**

The Audit Committee has reviewed the operations to ensure that they are compliance with the laws and the regulations relevant to the Company's business as well as assigned the management to monitor the essence of any amendment or revision of the Securities and Exchange Act and the relevant announcements constantly.

The Audit Committee is of opinion that the Company has strictly complied with the principle of laws and operating procedures specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as the laws relevant to the Company's business.

**4. Review the adequacy of internal control system**

The Audit Committee has reviewed adequacy of the internal control system by considering from the audit result reports in 2017 of the Internal Audit Unit and the auditor on continued basis to order to acknowledge the cause of damage or defects of the operations as well as to provide beneficial recommendations on improvement and revision of the Company's internal control system to make it becomes more efficiency.

The Audit Committee deems that the Company has good internal control system in place and it has monitoring system to control operations adequately and appropriately with the Company's business operations.

**5. Review the internal control operations**

The Audit Committee has reviewed and approved the internal audit plan which has been prepared based on business risk factors and acknowledged performance of the Internal Audit Unit as well as provided recommendation on development of auditing operations so that the audit system will be appropriately and efficiently.

The Audit Committee is of opinion that the Company's internal audit operations have been developed with regards to quality on operations, conformity to the international standards on professions and they also constantly monitor recommendations given in the audit report.

**6. Consider on selection and proposal for appointment of the Company's auditor for 2017**

The Audit Committee has considered the selection and proposal for appointment of the Company's auditor and the auditing fee for 2017, by assessment their past year auditing performance, appropriateness of auditing fee and recommendation provided with regards to the accounting standards.

The Audit Committee has considered to appoint the auditor from EY Office Limited to be the Company's auditor for 2017 based on their knowledge, competency, experiences, recommendation on internal control system and understandings in the Company's businesses.

**7. Assessment on performance of the Audit Committee for 2017**

The Audit Committee stipulated that self-assessment shall be performed every year to ascertain that the Audit Committee has completely performed duties as per assigned and has provided recommendations and suggestions which are equally beneficial to all stakeholders.

In conclusion, the Audit Committee is of opinion that they have adequately and completely performed duties as per responsibilities specified in the Audit Committee Charter by using their knowledge and capability, carefulness, prudence and independency for operations.



**(Mr. Pradang Prichayangkun)**  
Chairman of the Audit Committee  
Samart Corporation Public Company Limited



## Report of the Executive Board

**Dear Shareholders of Samart Corporation Public Company Limited**

In 2017, Thailand's economic conditions had been directly and indirectly impacted from fluctuation of the world's economic situations for another year, which impacted Thailand, both short-term and long-term. As a result, the Company is necessary to accelerate to develop and strengthen the organization in various aspects in order to make the Company be able to operate business continually and ready for the alteration including the Age of Thailand 4.0 with constantly and sustainability. The Executive Board helped the Board of Directors to consider, inspect and screen important matters before proposing to the Board of Directors for consideration, so the Company and its subsidiaries can perform the business efficiently.

In 2017, the Executive Board held 12 meetings to consider various material matters and reported meeting results as well as solution guidelines including suggestions to the Board of Directors' for a constant appropriate consideration, which can be summarized as follows:

- **Specify strategy and operation plan**

To consider and specify strategy and operation plan of the Company, subsidiaries including the affiliated companies in each business line every quarterly then conveyed such plans to the management and the employees at all levels in the organization for their acknowledgement and compliance concurrent and to make them achieve the specified target.

- **Inspect and follow up the Company and subsidiaries performance**

To consider, inspect and follow up performance of all business line every month pursuant to the work plans and the works assigned by the Board of Directors.

- **Operate according to the works assigned by the Board of Directors**

To consider and approve the Company's investment and annual budget prior to further approved of the Board of Directors.

- **Consider employees remuneration policy and salary structure**

To consider remuneration policy and salary structure of the employees for the Nominating and Compensation Committee's consideration prior to further consideration of the Board of Directors' meeting.

The Executive Board determines to manage the work honestly and prudently with intention to develop the business of SAMART's group by taking into consideration the maximum benefits of the shareholders and the stakeholders, as well as oversees to ensure that the Company has efficiency management systems which are compliance with the laws according to the corporate governance principles that important for the Executive Board to lead the Company to progress steadily and on sustainable basis.



**(Mr. Charoenrath Vilailuck)**

Executive Chairman & CEO

Samart Corporation Public Company Limited

# Report of the Risk Management Committee

**Dear Shareholders of Samart Corporation Public Company Limited**

The Company’s Risk Management Committee, which has been appointed by the Board of Directors, comprised of the Company’s Executive Chairman as the Chairman and 4 directors as the members. In addition, 3 top managements who are qualified, competent and have experiences beneficial for managing risks of the Group of the Companies are the working group. Duties and responsibility of this Committee are to specify the risk management policy and framework, supervise risk management operations to make them consistent with the Company’s strategy and objectives and recommend relevant guidelines to the executives of the Group of Companies in order to ascertain that the Group’s strategic operations can achieve the Company’s objectives and targets as well as can prevent the loss which may occur effectively and efficiently.

The Risk Management Committee has performed the assigned duties and responsibilities as per specified in the Risk Management Committee Charter. In 2017, the Risk Management Committee held 3 meetings to consider important matters which can be summarized as follows:

- (1) Acknowledge material risks of each business group as well as give advice and recommendation on risk management to the management of the Group of Companies;
- (2) Specify preventive and corrective measures and propose to the meeting of the Risk Management Committee to be used as guidelines for risk assessment and management;
- (3) Rank priority of risks and give suggestion concerning risk management as well as follow up the correction results continually;
- (4) The Risk Management Committee has summarized risk management results in 2017 to the Audit Committee and the Board of Directors for their acknowledgement.

Based on the above operations, the Risk Management Committee has considered and deemed that the duties and responsibilities have been performed as per specified in the Risk Management Committee Charter. In addition, the Committee also specified guidelines on personnel development of the Company with regard to risk management, for instance in 2017, risk management strategy training courses had been arranged for the management and the employees. The Committee also followed-up, supervised and gave recommendation to the executives and the employees to make them understand about the risk management procedures with aim to promote risk management culture throughout the organization.



**(Mr. Charoenrath Vilailuck)**

Chairman of the Risk Management Committee  
Samart Corporation Public Company Limited

## Report of the Corporate Governance Committee

**Dear Shareholders of Samart Corporation Public Company Limited**

The Company places importance on encouragement and support for compliance with good corporate governance principles by emphasizing that the directors, executives and officers are key elements to build up governance culture on continued basis. In order to ensure that the Company shall have solid foundation and to strengthen confidence to all stakeholders, the Board of Directors assigned the Corporate Governance Committee (CG Committee) to monitor and encourage the Company operations pursuant to the corporate governance guidelines specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

In 2017, the CG Committee held 3 meetings which followed to the meeting plan. All of the committee has attended on every meeting to consider and follow up on corporate governance operations as well as improve corporate governance policy, code of business ethics as well as operating guidelines of the Company and the meeting results have been constantly reported to the Board of Directors' meeting of which their main points can be concluded as follows:

- **Review the Policy on Corporate Governance, Code of Business Ethics and Committee Charters of the Company**

The CG Committee has reviewed and adjusted the policy on corporate governance, code of business ethics and committee charters of the Company to make them consistent with criteria of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. In addition, the Corporate Governance Committee has studied the 2017 Corporate Governance Code (CG Code) and prepared to further adapt them with the context of the Company's business as appropriated.

- **Supervise the Operations of the Committees on Compliance with the Corporate Governance Policy**

The CG Committee supervised the operations of the Committees to ensure that they are compliance with the corporate governance policy of the Company. The Committees have been specified to prepare the operation report of the previous year to propose to the shareholders in the Company's annual report.

- **Assess Performance of the Board of Directors, the Committees, the Chief Executive Officer (CEO) and the Corporate Secretary**

In order to comply with the corporate governance principles of the Stock Exchange of Thailand, the Corporate Governance Committee specified that performance of the Board of Directors, both individually and by the team, the Committees, the CEO and the Corporate Secretary must be assessed. Outcome from such assessment shall be used to improve and develop for better efficiency. In addition, summary report on assessment outcome shall be presented to the Board of Directors and the shareholders for their acknowledgement.

- **Arrange for the Meeting among the Non-Executives Directors**

In order to comply with corporate governance principles of the Stock Exchange of Thailand, the CG Committee specified that the Company's non-executive directors shall hold a meeting without participation of any management team, so that they can independently discuss about all management problems of the Company.

- **Specify that there must be reports on new laws and laws which have been changed**

The Corporate Governance Committee has specified that information on new laws or change in any laws concerning the Board should be reported in order to make the Board of Directors have knowledge and understanding of those laws.

Such strong intention and determination on encouraging for operations pursuant to corporate governance principles, as a result, Samart Corporation Public Company Limited (“SAMART”) and its 2 listed subsidiaries, Samart Telcoms Public Company Limited (“SAMTEL”) and Samart Digital Public Company Limited (“SDC”), including One to One Contacts Public Company Limited (“OTO”), its listed subsidiary in MAI, received corporate governance assessment results in 2017 as follows:

**1) Assessment Result on Corporate Governance of Thai Listed Companies in 2017**

SAMART, SAMTEL, SDC and OTO were assessed with “Excellent” Recognized Level (5 Stars), from the survey of total 620 listed companies by the Thai Institute of Directors Association (IOD) together with the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

**2) Assessment Result on Quality on Arrangement of Annual General Meeting of Shareholders for 2017**

All of SAMART, SAMTEL, SDC and OTO were assessed with 4 TIA. They were 618 listed companies assessed this year as surveyed by the Thai Investors Association.

These achievements can well demonstrate the standards on good corporate governance on adherence to corporate governance principles constantly. The CG Committee still determines to operate the works transparently, fairly and with accountability. In addition, the CG Committee shall develop the efficiency on governance operations to strengthen the business growth of the Company in the long term which will be beneficial to all stakeholders, including the society and the country as a whole.



**(Mr. Seri Suksathaporn)**

Chairman of the Corporate Governance Committee  
Samart Corporation Public Company Limited



## Report of the Nominating and Compensation Committee

### **Dear Shareholders of Samart Corporation Public Company Limited**

The Board of Directors has appointed the Nominating and Compensation Committee (NC Committee) to perform the assigned works pursuant to the Company's corporate governance and the Company's Charter concerning the nomination, selection and proposal of the qualified persons to hold the position of director and top management of the Company. Other duties assigned included to propose the compensation policy and payment guidelines and other benefits for the Board of Directors, the Committees, top management as well as the employees of the Company fairly and reasonably. The NC Committee consists of 3 members and all of them are the Independent Directors who are knowledgeable and capable and they are also possess experiences and understandings about their qualifications, duties, responsibilities and can devote their time adequately to perform duties, so that the operations of the Nomination and Compensation Committee can be achieved as per targeted.

In 2017, the NC Committee held 3 meetings to consider important matters and constantly reported the meeting results including comments and recommendations to the Board of Directors for consideration of which they could be summarized as follows:

- **Nomination and Selection of Candidate to hold the Position of Director and Executive**

The NC Committee shall consider, nominate and select the candidates who are fully qualified as per specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand and who do not have any prohibited characteristics as per specified by the laws to hold the position of the Independent Director and the Company's Director and to replace the committee's member who will be retired upon completion of the term and top management. Such nominated person must be knowledgeable, competent and have transparent, fair, accountable working background as well as possess experiences which will be beneficial to the business operations of the Company. After that the NC Committee shall propose to the Board of Directors' Meeting and the shareholders' meeting (in case of nomination of the Company's director) for further consideration and approval. Any director who has an interest will not participate and vote in such matter moreover, in 2017 the Company has consider and select directors and committees, details are provided on page 036.

- **Determine Compensation for Board Directors and Committees**

To thoroughly consider on remuneration of the directors and the committee members related to the Company overall performance, the remuneration of the directors who are assigned to take additional responsibilities shall be increased in proportion with their workload and responsibilities as appropriated comparing with other companies in the same industry. In 2017, the NC Committee deemed appropriated to propose to the Shareholders' Meeting for consideration and approval on determination of remuneration amount of the directors and the Committees to be not more than Baht 7 million (which comprising of meeting allowance of the Board of Directors, the Committees and the directors' pension). For instance, the directors' remuneration for meeting allowance of the Board of Directors and the Chairman of the Audit Committee is Baht 30,000 per attendance and the other participating directors is Baht 15,000 per attendance. In addition, remuneration for meeting allowance of the Corporate Governance Committee and the NC Committee have also been specified, whereas the Chairman is Baht 20,000 per attendance and the other participating directors is Baht 15,000 each per attendance will be propose to the Shareholders' Meeting for consideration and approval. However, total remuneration paid to the Board of Directors and the Committees in 2017 were Baht 3,005,000 which was still within the amount of Baht 7 million as per approved by the Shareholders' Meeting. Additional details have been disclosed in topic **"Management Structure"** under **"Remuneration of Directors and Management"**.

- **Determine appropriate Bonus and Salary Increase**

In order to motivate and retain the capable and good performance employees, the NC Committee shall consider the criteria on salary increase for 2018, bonus allocation for 2017 and bonus payment policy for 2018 jointly with the Human Resources Department and the Executive Board. The salary increase rate and the bonus shall be in appropriate rate and in line with the economic and the Company's performance. In 2017, the NC Committee has considered the survey reports on annual salary adjustment of the recognized institutes and human resource consultants, both domestically and internationally as per compiled by the Company's Human Resources Department, as the supporting document for consideration on adjustment of salary and bonus.

In 2017, the NC Committee has completely, carefully and independently performed duties and tasks as per assigned by the Board of Directors by taking into account the best interest of the shareholders and all stakeholders. Moreover, the Nomination and Compensation Committee adheres to perform duties with transparency and efficiency to create fairness as well as the study to find guideline for development of nomination and compensation for maximum benefits of the Company and the shareholders, which will contribute to sustainable development and prosperity of the Company.



**(Dr. Tongchat Hongladaromp)**

Chairman of the Nominating and Compensation Committee  
Samart Corporation Public Company Limited

## Nomination and Selection of Candidate to hold the Position of Director and Committee for 2017

1. Considered and selected directors who have been retired by rotation and eligible to be re-elected for another term were Mr. Pradang Prichayangkun, Mr. Seri Suksathaporn and Mr. Watchai Vilailuck. According to the Company has planned for significant for business expansion and in order to strengthen the Company's efficiency management therefore, the Nominating and Compensation Committee has considered Mr. Pracha Phathayakorn to be appointed as the Company's Director.
2. Considered and selected the member of committees directors who has been retired by rotation as follows:
  - Agreed to propose the re-appoint of Mr. Seri Suksathaporn as Audit Committee's member.
  - Agreed to propose the re-appoint of Mr. Seri Suksathaporn as Nominating and Compensation Committee's member.
  - Agreed to propose the re-appoint the Corporate Governance Committee's member.
  - Agreed to propose the re-appoint the Risk Management Committee's member and agreed to appoint Mr. Pracha Phathayakorn as Risk Management Committee's member.
  - Agreed to propose the re-appoint the Executive Board Committee's member and to appoint Mr. Pracha Phathayakorn as Executive Director.
  - Agreed to propose the re-appoint the Sustainable Development Committee's member.

### List of the Company's Committees for 2017 as follows:

#### Audit Committee

1. Mr. Pradang Prichayangkun
2. Dr. Tongchat Hongladaromp
3. Mr. Seri Suksathaporn

#### Nominating and Compensation Committee

1. Dr. Tongchat Hongladaromp
2. Mr. Pradang Prichayangkun
3. Mr. Seri Suksathaporn

#### Corporate Governance Committee

1. Mr. Seri Suksathaporn
2. Mr. Pradang Prichayangkun
3. Mr. Prinya Waiwatana
4. Mr. Sirichai Rasameechan

#### Risk Management Committee

1. Mr. Charoenrath Vilailuck
2. Mr. Watchai Vilailuck
3. Mr. Thananan Vilailuck
4. Mr. Pracha Phathayakorn

#### Executive Committee

1. Mr. Charoenrath Vilailuck
2. Mr. Watchai Vilailuck
3. Mr. Thananan Vilailuck
4. Mr. Jong Diloksombat
5. Mr. Teerachai Phongpanangam
6. Mr. Pracha Phathayakorn

#### Sustainable Development Committee

1. Mr. Watchai Vilailuck
2. Mr. Jong Diloksombat
3. Mr. Thananan Vilailuck
4. Mrs. Sukanya Vanichjakvong
5. Mr. Pracha Phathayakorn
6. Mr. Teerachai Phongpanangam
7. Mr. Phongsri Saluckpetch
8. Ms. Kanokwan Chanswangpuvana



# Report of the Sustainable Development Committee

**Dear Shareholders of Samart Corporation Public Company Limited**

The Board of Directors realize the importance on sustainable development that shall lead to the sustainable growth of the business incorporate with the society, so it has to be developed together with the social responsibility, environment, corporate governance and all stakeholders, so the Sustainable Development Committee (SD Committee) has been appointed to oversee such matters. Presently, the SD Committee comprises of 8 directors where the President is the Chairman of the Committee.

During 2017, the SD Committee arranged 2 meetings to follow up operations and consider matters pursuant to the sustainability development policy and the SD Committee Charter. The meeting results have been constantly reported to the Board of Directors of which their main points can be summarized as follows:

- To review the Company’s social responsibility policy and responsibility of the Company’s SD Committee which covering 3 components of the sustainable development guidelines, i.e. economic, society, and environment;
- To enhance the Company’s arrangement of the activities to cultivate the employees’ consciousness on having volunteer spirit, sacrificing their strength, spirit and personal times to make benefits for the whole community to reinforced the pride and satisfaction of the employees as well as to promote and provide knowledge on social and environmental aspects to the Company’s employees, so they can use them as guideline to develop and oversee social development and environmental responsibility throughout the organization;
- To monitor operational results on social responsibility activities of the Company in 2017;
- To conduct the SD Committee self-evaluation for 2017 and the assessment results including the recommendations shall be used for improving with aims to have sustainable development and increase efficiency of the operations;
- To prepare a report on duties of the SD Committee during the past year to propose to the shareholders as well as to disclose in the annual report.

The Sustainable Development Committee has fully performed duties as per assigned by the Board of Directors and is ready to develop and support operations of the Company to make them grow together with the society on sustainable basis.



**(Mr. Watchai Vilailuck)**

Chairman of the Sustainable Development Committee  
Samart Corporation Public Company Limited

## Financial Highlights

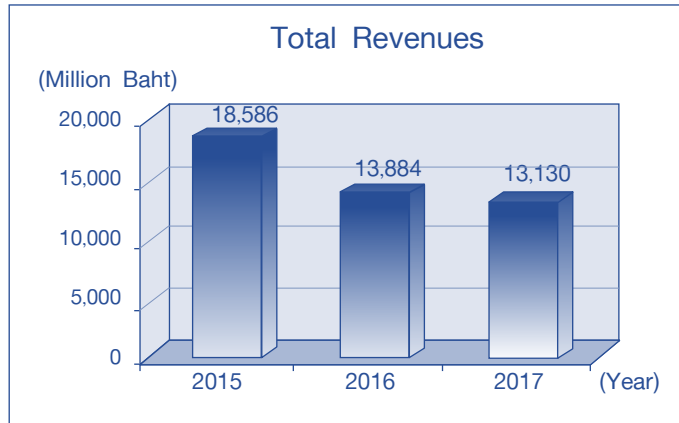
Samart Corporation Public Company Limited and Subsidiaries

(Unit : Million Baht)

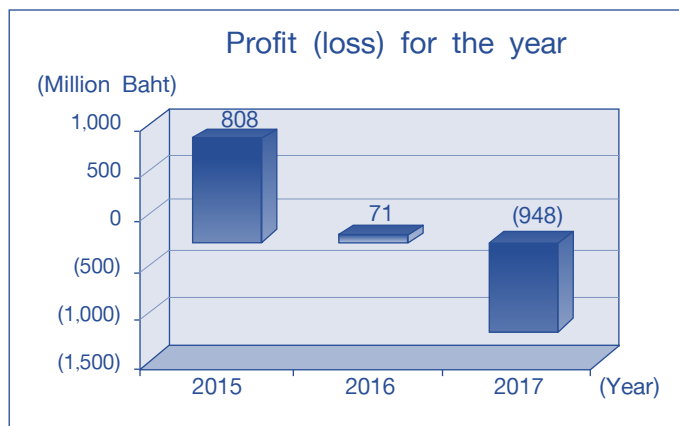
Information from Consolidate Financial Statements	2017	2016	2015
Total Asset	22,210	25,216	27,317
Total Liabilities	16,060	17,309	18,999
Total Shareholders' Equity	6,150	7,907	8,318
Revenues from sales, contract work and services	13,023	13,676	18,366
Total Revenue	13,130	13,884	18,586
Gross Profit	2,180	2,635	4,031
Profit (loss) for the year (Equity holder of the Company)	(948)	71	808

Financial Ratios	2017	2016	2015
Basic earnings (loss) per share (Baht)	(0.94)	0.07	0.80
Book Value Per Share (Baht)	4.55	5.74	5.97
Dividend Per Share (Baht)	0.10 <sup>(*)</sup>	0.19	0.50
Profit (loss) Margin	(7.22)	0.51	4.35
Return on Equity	(18.31)	1.21	13.61
Return on Total Assets	(4.00)	0.27	3.02

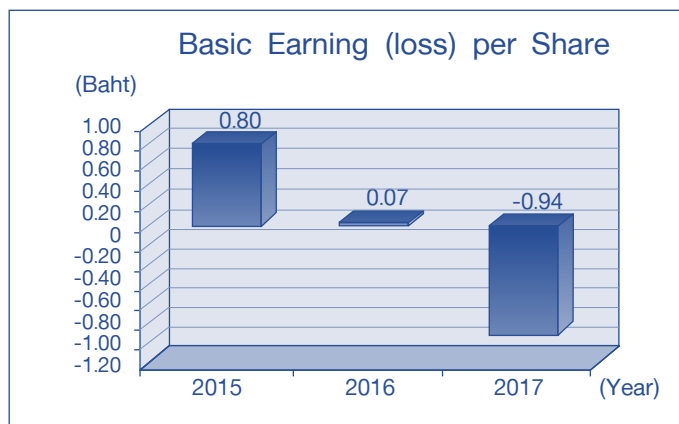
*Remarks : <sup>(\*)</sup> Dividend per share for 2017 at Baht 0.10 which will be proposed for consideration of shareholders in the 2018 Annual General Meeting of Shareholders.*



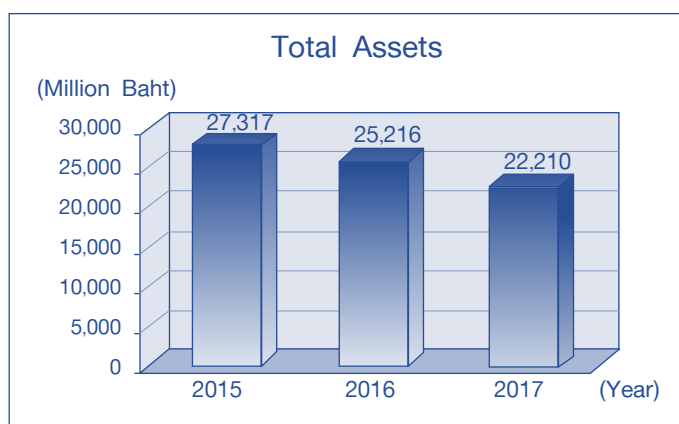
In 2017, total revenues were decreased to Baht 13,130 million resulted from the decrease in revenues of Digital business (formerly Mobile Multimedia business).



Loss for 2017 was Baht 948 million. The main factor came from the loss from Digital business (formerly Mobile Multimedia business).



In 2017, earnings per share was decreased to Baht -0.94 per share.



Total assets were Baht 22,210 million in 2017.

## Results of Customer Satisfaction Survey

The Company has given precedence to ultimately meet the needs of customers, both in government and private sectors, with the international standards of quality to achieve customer satisfaction from project installation and delivery to after-sales services.

Samart Telcoms Pcl., a listed subsidiary, has given precedence to meet the needs of customers, both in government and private sectors, with the international standards of quality to achieve customer satisfaction from project installation and delivery to after-sales services. The company outsourced the external, neutral party to design and conduct customer satisfaction surveys and the results were brought into analysis in order to improve and rectify known defects, to maintain and to enhance positive aspects that customers recommended to be company's strengths. In addition, customer satisfaction surveys and fault correction process are procedures required by ISO 9001 standard, which subsidiaries have been certified. The company set a target of customer satisfaction score not less than 80 percent of total customers surveyed.

The company conducted the satisfaction surveys into two categories: 1. Installation and Delivery and 2. After-Sales Services, which the customers were surveyed every time after the services had been delivered. The survey results indicated that

- 1. Satisfaction on the installation and delivery.** Overall customer satisfaction was at high level with number of customers having positive attitude (somewhat satisfied and very satisfied) at 96.7 percent of total customers surveyed (higher than that in 2016 at 95.0 percent) and average satisfaction score was 4.57 out of 5.00 (higher than that in 2016 at 4.42). The results indicated that the company was outstanding in convenience in collaboration with project manager (4.90), implementation plan presented (4.86), proper dress and appearance (4.86), quality of equipment and system implemented (4.81), behavior, manner and relation of employees (4.86) and on-site proceeding on appointment (4.71).
- 2. Satisfaction on after-sales services.** By contacting customers for satisfaction interviews every time after delivery of after-sales services, customers rated their level of satisfaction on the received services reflecting their opinion ranging from Excellent, Good, Fair, Need Improvement and Must Improve with score of 5,4,3,2,1 respectively. In 2017, the company conducted surveys on after-sales services for 2,953 times and found that overall score was at high level with average score of 4.69 out of 5.00 or 93.8 percent (higher than that in 2016 at 4.64 or 92.9 percent). Percentage of customers rated "Excellent" was at 71.1 percent (higher than 68.1 percent in 2016) and "Must Improve" was at 0.14 percent (lower than 0.2 percent in 2016).

The company acknowledged such flaws and recommendations of customers from surveys through monthly management report and then generated Corrective Action Requests (CARs) for the improvement process in order to prevent those flaws from recurrence and to elevate quality of customer services.

Samart Digital Pcl. a listed subsidiary has given precedence to ultimately meet the needs of customers to achieve customer satisfaction in after-sales services. The company engaged One to One Contacts Plc. to design and survey on customer satisfaction. In the survey, satisfaction of the respondents were indicated in 5 levels: Very satisfied (5), Satisfied (4), Medium (3), Not Satisfied, (2) Very dissatisfied (1). The data analysis will use the following indicators:

- Negative attitude, by considering only answer "Not Satisfied" and "Very Dissatisfied"
- Positive attitude, by considering only answer "Satisfied" and "Very satisfied"

The company has designed and conducted customer satisfaction surveys to bring the results into analysis and to improve or rectify known defects as well as maintain and enhance positive aspects that customers perceive about the company. The company targets 80% minimum satisfied customers from all customers surveyed.

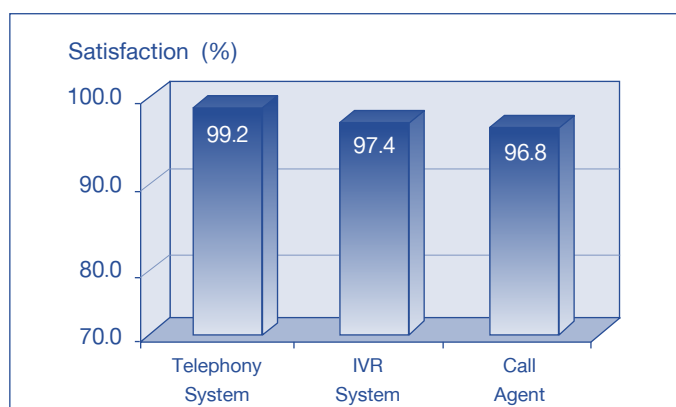
The 2017 satisfaction survey indicated that overall customer satisfaction in after-sales services was at the high level with the customer's positive attitude equivalent to 93.38% of all customers surveyed. The company acknowledged the customer's flaws and suggestions and brought it into the process of improvement to prevent those recurring flaws and to further enhance the quality of services to customers.



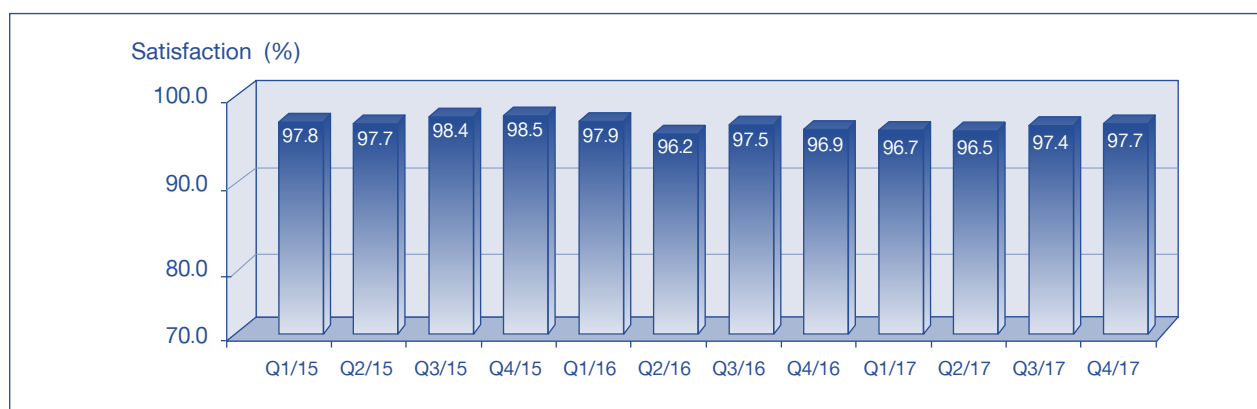
In addition, One To One Contact Pcl., a listed subsidiary, has conducted a survey of the end users’ satisfaction every quarter, and summarizes it as the overall image annually. The results of the survey will be applied to improve the company’s services effectively in terms of related systems and personnel’s services. The obtained data is not only used for developing the service, but it also satisfies the organizations that are the company’s customers, with the services and that need to use the outsourced contact center as well as renew the long-term contract with the company. In 2017, the company conducted the surveys of the end users’ satisfaction that can be summarized as follows.

Number of projects	Topics of the survey	Factors that satisfy the end users
10 projects	1. Telephony System 2. IVR System (Interactive Voice Recording) 3. Call Agent	<ul style="list-style-type: none"> <li>• Clearly Signal of Telephony System</li> <li>• No drop call during the conversation</li> <li>• Appropriate selective menu</li> <li>• Good sequence and easy to select menu</li> <li>• Cleary of Voice (IVR System)</li> <li>• Proactive of agent</li> <li>• Understand your requirements</li> <li>• Agent Manner</li> </ul>

Satisfaction survey in 2017



In 2017, the results of the survey reveal that the end users are satisfied with the Telephony System at 99.2% level, the IVR System at 97.4% level, and the Call Agent at 96.8% level. Moreover, it is found that the end users are increasingly satisfied with the company’s services since the first quarter in 2015 to the fourth quarter in 2017. The end users’ satisfaction of the services is higher from 96.7% at the first quarter in 2017 to 97.7% at the fourth quarter in 2017. Overall, the end users are satisfied with the company services since the first quarter in 2015 to the fourth quarter in 2017 at 97.4% level.



## Policy and Overview on Business Operation

### Overview on Business Operation of the Company

Samart Corporation Public Company Limited was incorporated on March 7, 1989 under the name “Samart Comtech Company Limited” by Vilailuck Group with an initial registered capital of Baht 5 million to engage in business of design and installation of telecommunication system. Later in 1992, the Company’s name has been changed to “Samart Corporation Company Limited” and it has been privatized in 1993. Presently, the Company undertakes business as a holding company by investing in its subsidiaries. The Company’s core company is Cambodia Air Traffic Service Co., Ltd. which provide air traffic control services in Cambodia. In 2018, Samart Corporation Public Company Limited, a parent company also have policies to have its own business in order to maximize the value added for shareholders. Its current business structure has been divided into 5 LOBs as follows: ICT Solutions and Services, Digital, Call Center, Utilities and Transportations and Technology Related Services.

### Overview on Business Operation of Subsidiaries

Samart Corporation Public Company Limited is undertakes business concerning telecommunication system. Its current business structure has been divided into 5 LOBs as follows: ICT Solutions and Services, Digital, Call Center, Utilities and Transportations and Technology Related Services with subsidiaries in each LOBs business operation as follows:

<b>ICT Solution and Service</b>	Provide solutions and services in information and communication technology including Network Solutions, Enhanced Technology in ICT and Business Application ranging from consulting, system design, installation and implementation, operation and maintenance as Total Solutions and Services for clients in government and private sectors.
<b>Digital</b>	Provide integrated businesses in digital network, solution and content.
<b>Call Center</b>	Provide Outsourced contact center and customer management services, and turnkey total solutions.
<b>Utilities and Transportations</b>	Provide air traffic control services in Cambodia, electricity generation supplied to Kampot Cement factory in Cambodia and also provide design and installation services of electrical power transmission systems.
<b>Technology Related Services</b>	Manufacture and distribution of television and radio antennas and satellite dishes, Distribution, installation and maintenance of Communication and Security Systems.

In 2001, the Company has expanded its scope of business investment in Cambodia by obtaining concession on planning and development of communication system and air traffic control system, including obtaining exclusive right to provide air traffic control services above the Cambodian sky operated via Cambodia Air Traffic Services Company Limited (“CATS”) for 32 years (concession period is between 2001 - 2030). On December 8, 2017 the subsidiary company signed an amendment to the concession agreement with the Royal Government of the Kingdom of Cambodia to extend the concession period for another seven years, from 2033 to 2040, whereby the subsidiary company has to additionally invest in project assets as condition stipulated in the extend agreement.

## Corporate Vision, Mission, Goals and Strategies

- **Vision**

Samart Group is committed to offering advanced ICT and Technology-related products and services to create sustainable growth and enrich the quality of life.

- **Mission**

To realize our vision, we have defined a clear set of the following missions to create shared values for all of our stakeholders:

**“Customers”**

Develop and deliver quality ICT and Technology-related products and services that create optimal satisfaction for our customers and enhance their business competitiveness;

**“Organization”**

Define and implement a clear organization structure and processes that ensure efficiency, transparency and fairness, and enabling us to gain confidence and sustainable growth;

**“Partners”**

Cultivate and strengthen partnerships by jointly developing and offering quality products and services with business partners that create shared values and enable us to achieve mutual business goals together;

**“Employees”**

Provide rewarding career and development opportunities to support our growing business and make Samart one of the most admired and attractive employers for talents;

**“Stakeholders”**

Continuously seek new business opportunities that encourage stable revenue for long-term growth in order to consistently maintain strong return on investment to shareholders;

**“Society and Communities”**

Implement a wide range of internal and external social contribution initiatives and projects to promote **“People of Quality, Society of Morality”** that add values to people’s lives and create a positive impact in society.

## Objectives and Strategy

Samart Group aims to be a leader in technology applying as well as products and services delivering in Thailand. With Samart Group strong passion, we are willing to expand our business to CLMV countries among ASEAN Economic Community (Cambodia, Laos, Myanmar, and Vietnam). Furthermore, we are targeting to increase the group’s income by 50% of total earnings in 3-5 years ahead in order to create Samart Group continuity growth. Below are the strategies which we are currently apply for different business line;

- **ICT Solution & Service** : Focusing on generating income by introducing full services to customers through designing, installation, processing, and maintenance services. Moreover, we penetrate our target market to private sector in favor of chasing more growth opportunities.
- **Digital** : Focusing on business development and applying digital tools to deliver information in accordance with consuming behaviors also, cooperate with business partners e.g. Digital Trunked Radio and Co-Tower concerning to drive business earnings.



- **Call Center** : Aiming to be a leader in Customer Management Solutions among CLMV countries by delivering services beyond customers' expectations with international standard.
- **Utilities and transportations Businesses and Technology Related Services** : With company growth opportunities in firm infrastructure, aviation, logistic, and energy industrials, we are active and open to any business growth opportunities within upcoming EEC: Eastern Economic Corridor, beneficial to motivate domestic country development.

## Significant developments and changes of the Company during the past 3 years:

### 2017

- The Board of Directors of Samart Multimedia Co., Ltd. ("BUG"), a subsidiary company, in its meeting on January 12, 2017 has passed a resolution approving the disposal of all investment in Phoinikas Co., Ltd. to a former shareholder. Subsequently on January 16, 2017, the subsidiary company sold all of the 30,000 ordinary shares which held in Phoinikas Co., Ltd. to a former shareholder at a total price of Baht 5.6 million.
- The Board of Directors of Samart Digital Public Co., Ltd. ("SDC"), a subsidiary company, formerly known as Samart I-Mobile Public Company Limited ("SIM"), in its meeting on February 21, 2017 has passed a resolution approving the purchase of 100,000 ordinary shares with a par value of Baht 100 each of Thai Base Station Co., Ltd. from the existing shareholders, representing a 100 percent interest in that company, for an amount not exceeding Baht 50 million. Thai Base Station Co., Ltd. provides space rental and other services and distributes telecommunication equipment and system.
- The Board of Directors of Samart Telcoms Public Company Limited ("SAMTEL") a subsidiary company, in its meeting on February 21, 2017 has passed a resolution to approve the establishment a new company name "SECUREINFO Co., Ltd." by Samart Comtech Co., Ltd., another subsidiary company, which engages in cyber security services and has registered share capital of 50,000 ordinary shares of Baht 100 each, totaling Baht 5 million. The shares are 100 percent held by Samart Comtech Co., Ltd., and 25 percent of which have been called up. The establishment of the new company was registered with the Ministry of Commerce on June 22, 2017.
- The Company has notified the adjustment of the Exercise Price and Exercise Ratio warrants to purchase ordinary shares of Samart Corporation Public Company Limited No.1 (SAMART-W) as follows :
 

Exercise Price prior to the adjustment	: Baht 45 per share
New Exercise Price after the adjustment	: Baht 44.566 per share
Exercise Ratio prior to the adjustment	: 1 unit of Warrants to 1 ordinary share
New Exercise Ratio prior to the adjustment ordinary share	: 1 unit of Warrants to 1.010
Effective Date	: The first date on which the Stock Exchange of Thailand posts XD date, March 17, 2017.
- On March 10, 2017, SDC, a subsidiary company, entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd., another subsidiary company, named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (CAT). SDC was appointed as the lead company of SISC Consortium and is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. SDC is obliged to comply with duties, certain conditions and to pay expenses of the project on the basis as stated in the agreement.

Subsequently, on August 24 2017, SISC Consortium entered into a business alliance agreement with CAT in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement terminates on July 31, 2025. In October 2, 2017, SDC entered into a three-year agreement with CAT for wholesale and resale of digital trunked radio system services. SDC is obliged to comply with terms and conditions and make payments as stated in the agreement.

- The Board of Directors of the Company in its meeting on August 15, 2017 has passed a resolution to approve, the establishment of a new subsidiary under the name “SAMART Transolutions Co., Ltd.” by Samart U-Trans Co., Ltd., (“SUT”) a subsidiary company, to provide traffic control services and operate business related to all types of transportation, with a registered share capital consisting of 100,000 ordinary shares of Baht 10 each, totaling Baht 1 million, in which, SUT holds 100 percent interest. The subsidiary company registered the establishment of the new company with the Ministry of Commerce on August 22, 2017. The share capital is fully called-up, and the subsidiary company received payment on September 27, 2017.
- The Extraordinary General Meeting of Shareholders of Samart I-Mobile Public Company Limited, on September 27, 2017 has passed a resolution approving the change of its name from “Samart I-Mobile Public Company Limited.” to “Samart Digital Public Company Limited”. The subsidiary company registered the change of its name with the Ministry of Commerce on October 6, 2017.
- The Extraordinary General Meeting of Shareholders of SDC on September 27, 2017 has passed a resolution approving the following :
  - Approved the issue of up to 1,100,062,500 units of warrants no. 1 to be allocated at an offering price of Baht 0 per unit to existing shareholders of the subsidiary company who subscribe to and were allocated newly issued shares offered to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant. The warrants have an exercise ratio of 1 warrant: 1 share, an exercise price of Baht 0.9 per 1 ordinary share and a term of five years. The first exercise date is 2 years after the issue date, and the warrants can then be exercised, on the last business day of each June and December throughout the term of the warrants.
  - Approved the increase in its registered share capital from Baht 440 million (4,400,250,000 ordinary shares of Baht 0.1 per share) to Baht 990 million (9,900,562,500 ordinary shares of Baht 0.1 per share) through the issuance of additional 5,500,312,500 ordinary shares of Baht 0.1 each for the allocation of not more than 4,400,250,000 newly-issued ordinary shares with a par value of Baht 0.1 per share, to be offered to the existing shareholders at a price of Baht 0.5 per share in proportion to their respective shareholdings (rights offering), with an allocation ratio of 1 existing ordinary share to 1 newly-issued ordinary share, and the allocation of not more than 1,100,062,500 shares, with a par value of Baht 0.1 per share, to accommodate the exercise of the warrants as described above.

On October 6, 2017, the subsidiary company registered the increase of share capital with the Ministry of Commerce.

- The Extraordinary General Meeting of Shareholders of Samart Transolutions Co., Ltd. (“STR”), a subsidiary company held on October 12, 2017 has passed a resolution to increase the registered share capital from Baht 1 million to Baht 50 million through the issuance of additional 4.9 million ordinary shares of Baht 10 each.
- Cambodia Air Traffic Services Co., Ltd. (“CATS”), a wholly own subsidiary of the Company’s which 100% stakeholding held by Samart Transolutions Co., Ltd., (which provides air traffic control services in Cambodia with concession granted by the government of Cambodia for 32 years, from 2001-2033) has signed the amendment of such concession agreement with the government of Cambodia to extend the concession period for another 7 years, from 2033 to 2040.

## 2016

- Samart Waste2Power Co., Ltd. (“SW2P”), a subsidiary with 99.99% indirect holding by Samart U-Trans Co., Ltd., had set up Chiang Mai Waste2Power Co., Ltd. (“CW2P”), a joint venture company with Ferrum Energy Co., Ltd. under shareholder structure at 50% and 50% respectively to provide solid waste management by Refused Derived Fuel (RDF) and sell electricity to Provincial Electricity Authority (PEA). CW2P has registered on May 6, 2015. For the efficient management of CW2P, Ferrum Energy Co., Ltd. has offered to buy SW2P’s ordinary shares in CW2P. The Board of Directors of the Company in its meeting No. 5/2016 on May 11, 2016 has approved SW2P to dispose total of SW2P’s ordinary shares in CW2P at the amount of 99,998 shares or 50% of CW2P registered capital to Ferrum Energy Co., Ltd. at Baht 130 per share or approximately Baht 13 million.
- The Board of Directors of SDC formerly known as SIM No. 1/2016, held on February 5, 2016, approved the Company to joint invest with People Media Group Co., Ltd. (PMG) with registered capital of Bath 60 million under shareholder structure at 51%:49%. The joint investment company will operate E-Commerce business by launching E-Marketplace under the name “Thailandmall.com” of which its dominate point is selling distinctive identity Thai products throughout the world via online and offline integrated channel. It also creates the image and boost up sales of Thai products to foreigners as well.
- The Board of Directors of SDC formerly known as SIM No. 3/2016, held on March 29, 2016, approved Samart Multimedia Co., Ltd., a subsidiary with 99.99% holding, to acquire 30,000 ordinary shares with par value of Bath 100 per share, representing 100% of the issued and paid-up shares of Phoinikas Co., Ltd. from 3 individual persons, who had no conflict of interests, at the amount of not exceeding Bath 20 million.

Phoinikas Co., Ltd. Provides integrated services of Digital Marketing to cover all of the client marketing needs as well as services in other areas, from Data Analysis - Insight and strategic Planning & Development up to creative of digital & online media and production to achieve business goals. This investment will enhance the potential of the Company’s Multimedia Business and also create new business opportunities to this line of business. In addition, it can create opportunities to expand the Company’s customer base and acquire new business as well as cross-selling.

- On September 29, 2016, SDC formerly known as SIM had inform the dissolution of 3 inactive subsidiaries namely I-Mobile International Co., Ltd., a subsidiary with 99.99% directly held by the Company, Samart Interactive Media Co., Ltd. and The Nest Bangkok Co., Ltd., subsidiaries with 99.99% and 99.98% indirectly held by the Company’s subsidiary which does not affect the operation of the Company in any manner as they have no longer operated any business.
- The Board of Directors of SDC formerly known as SIM in its meeting No. 9/2016 on December 15, 2016 has approved the disposal of all investment in Mall (Thailand) Co., Ltd. (MT), a subsidiary with 51% shareholding, to People Media Group Co., Ltd., another shareholder of MT with 49% shareholding, at the investment cost of which approximate to net book value of MT at the transaction date of Bath 15.3 million in order to focus on SDC’s core business. After disposal of this investment, MT will cease to be SDC’s subsidiary.
- On December 28, 2016, SDC formerly known as SIM had inform the dissolution of 2 inactive subsidiaries namely Brain Source Co.,Ltd. and I-Mobile Direct Co., Ltd. subsidiaries with 99.88% directly and indirectly held by SDC, according to the resolution of the Extraordinary General Meeting of Shareholders of both subsidiaries on December 28, 2016. These 2 subsidiaries are now under legal and liquidation process which does not affect the operation of the Company in any manner as they no longer operated any business.



## 2015

- The Extraordinary General Meeting of Shareholders held on February 5, 2015 has been approved as follow:
  - Approved the issuance and allocation of the Company’s Warrants to purchase ordinary shares of Samart Corporation Public Company Limited No.1 (the “SAMART-W Warrants”) in the number of up to 201,300,782 units to be allocated to the existing shareholders of the Company pro rata to their respective shareholding, at no cost, at the allocation ratio of 5 existing ordinary shares to 1 unit of SAMART-W Warrants. SAMART-W Warrants will have the maturity of 3 years from the issuance date and the exercise price will be at Baht 45.00 per share. On February 13, 2015 will be fixed as the record date for determining the shareholders for entitled the received and February 16, 2015 as the share register book closing date.
  - Approved the increase of the Company’s registered capital from the current registered capital of Baht 1,007 million (1,006,503,910 of ordinary shares at the par value of Baht 1 per share) to the new registered capital of Baht 1,208 million (1,207,804,692 of ordinary shares at the par value of Baht 1 per share) by issuing 201,300,782 new ordinary shares at the par value of Baht 1 per share. The Company has registered the increased registered capital to the Ministry of Commerce on February 9, 2015.
- On March 16, 2015, TEDA Co., Ltd., a subsidiary with 94.35% (as of December 31, 2015) indirect holding by Samart U-Trans Co., Ltd. has signed contract with IRPC-CP for supply & construction of 230 kV Choeng Noen Substation. Total value of the contract is Baht 265,047,294.38 (calculated by the exchange rate as of Letter of Intent date). Revenue will be booked by prorated of construction. Completion of the construction will be within January 15, 2017.
- The Board of Directors of the Company in its meeting No.3/2015, held on March 18, 2015, approved Samart Waste2Power Co., Ltd., a subsidiary with 99.99% indirect holding by Samart U-Trans Co., Ltd. to invest for setting up a new joint venture company with Mlink Energy Co., Ltd. name Chiang Mai Waste2Power Co., Ltd. with Baht 20,000,000 of registered capital into 2,000,000 ordinary shares with par value of Baht 10 per share. While 50% held by Samart Waste2Power Co., Ltd. and 50% held by Mlink Energy Co., Ltd. to provide Municipal & Private sector Solid Waste and Landfill Waste management by collecting, separating, Refused Derived Fuel (RDF) producing and convert waste to be electricity and related business.
- On July 17, 2015 TEDA Co., Ltd., a subsidiary which 94.35% (as of December 31, 2015) indirect holding by U-Trans Co., Ltd., has signed contract with Metropolitan Electricity Authority (MEA) for supply & construction of 69 kV South Bangkok Terminal Station at Samut Prakarn Province. Total value of the contract is Baht 435,748,877.25 (calculated by the exchange rate as of Bid Opening date). Completion of the construction will be within December 7, 2016. Revenue will be booked by prorated of construction.
- On September 2015, Samart U-Trans Co., Ltd. (“SUT”) a subsidiary with 99.99% has invested in setting up 5 new joint venture companies with Power Solution Technologies Public Company Limited which is engaged in the distribution and installation of all types of power control system and power backup system and construction of power plant. The joint venture companies were Samart Solar To Power Co., Ltd. (Baht 25,000,000 of registered capital), Multi Solar Energy Co., Ltd. (Baht 10,000,000 of registered capital), Solar Power Plus Co., Ltd. (Baht 10,000,000 of registered capital), Power Plus Energy Co., Ltd. (Baht 10,000,000 of registered capital) and PS Solar Co., Ltd. (Baht 10,000,000 of registered capital) for Electricity Generation from solar and others alternative energy projects.

- Samart U-Trans Co., Ltd. (“SUT”) a subsidiary with 99.99% had set up Samart Solar To Power Co., Ltd. (“STP”), a joint venture company with Power Solution Technologies Public Company Limited under 80% and 20% shareholding structure respectively. STP registered on September 21, 2015. The Board of Directors of the Company in its meeting on November 12, 2015 has approved SUT, to sell total of SUT’s ordinary shares in STP amount of 1,999,700 shares or 79.99% of STP registered capital to Ferrum Energy Co., Ltd. total amount of Baht 7,998,800 at par value. Presently, STP has registered capital of Baht 25,000,000 divided into 2,500,000 ordinary shares with par value of Baht 10 per share and 40% paid-up capital. Due to alteration of project expecting to invest from 4 projects to 1 project on supporting public sector Solar Farm Navy projects in which the Company has not gain any Economics of Scale advantageous both in human resource and negotiation power with distributors as expected.

## Shareholding Structure

As of December 31, 2017, the Company has Baht 1,207,804,692 registered capital, with paid-up capital of Baht 1,006,503,910. Shareholding structure in subsidiaries is classified by “Business Structure (by shareholding)” and “Business Structure (by to management)”. More details are in topic of **“Business Structure”**, in page 050-051.

Moreover, since nature of business of the Company is the ‘Holding Company’ which mainly invests in its subsidiaries and such investment in all subsidiaries is regarded as core business and size of business that undertakes core business must be pursuant to criteria of the Notification of the Office of the Securities and Exchange Commission No. SorChor 20/2555 Re: Consideration on Size of Company Related to Approval for Company that Undertakes Business By Holding Shares in Other Companies (Holding Company) to offer for Sale of Newly Issued Shares, which can be summarized as follows:

1. Size of subsidiaries which undertake core business must be 99.75% of size of the listed company. The Company complies with such notification which specified that it must not less than 25% of size of the listed company.
2. Ratio of total size of all companies which undertakes core business when compared with size of the listed company must be 99.75% of the size of the listed company. Such notification specified that it must not less than 75% of size of the listed company.

However, such main company has different sizes. When considering from significance of business, there are 4 subsidiaries which its revenue represent over 10% of Group revenue are Samart Telcoms Pcl., Samart Comtech Co., Ltd., Samart Communication Services Co., Ltd., Cambodia Air Traffic Services Co., Ltd. However, Samart Digital Pcl., a Listed Subsidiary. The Company has disclosed the additional information of such company. More details on nature of business, shareholding proportion and income structure of such companies are in topic of **“Shareholding of Samart Corporation Pcl. in Subsidiaries”**, **“Business Structure”** and **“Revenue Structure”**, respectively.

## Nature of Business

Samart Corporation Public Company Limited has been established since March 7, 1989, formerly known as Samart Comtech Co., Ltd., with registered capital of Baht 5 million by Vilailuck Group for design, implement and install of telecommunication system business. The Company has converted into a Public Company and listed in the Stock Exchange of Thailand since 1993.

The business of Samart Group is divided into 5 groups as follows :

No.	Group of Business	Nature of Business <sup>(*)</sup>	Percentage of income <sup>(**)</sup> 2017
1	<b>ICT Solution and Service</b>	Provide solutions and services in information and communication technology including Network Solutions, Enhanced Technology in ICT and Business Application ranging from consulting, system design, installation and implementation, operation and maintenance as Total Solutions and Services for clients in government and private sectors.	51.1%
2	<b>Digital</b>	Provide integrated businesses in digital network, solution and content.	10.0%
3	<b>Call Center</b>	Provide Outsourced contact center and customer management services, and turnkey total solutions	6.1%
4	<b>Utilities and Transportations</b>	Provide air traffic control services in Cambodia, electricity generation supplied to Kampot Cement factory in Cambodia and also provide design and installation services of electrical power transmission systems.	26.4%
5	<b>Technology Related Services</b>	Manufacture and distribution of television and radio antennas and satellite dishes, Distribution, installation and maintenance of Communication and Security Systems.	6.4%

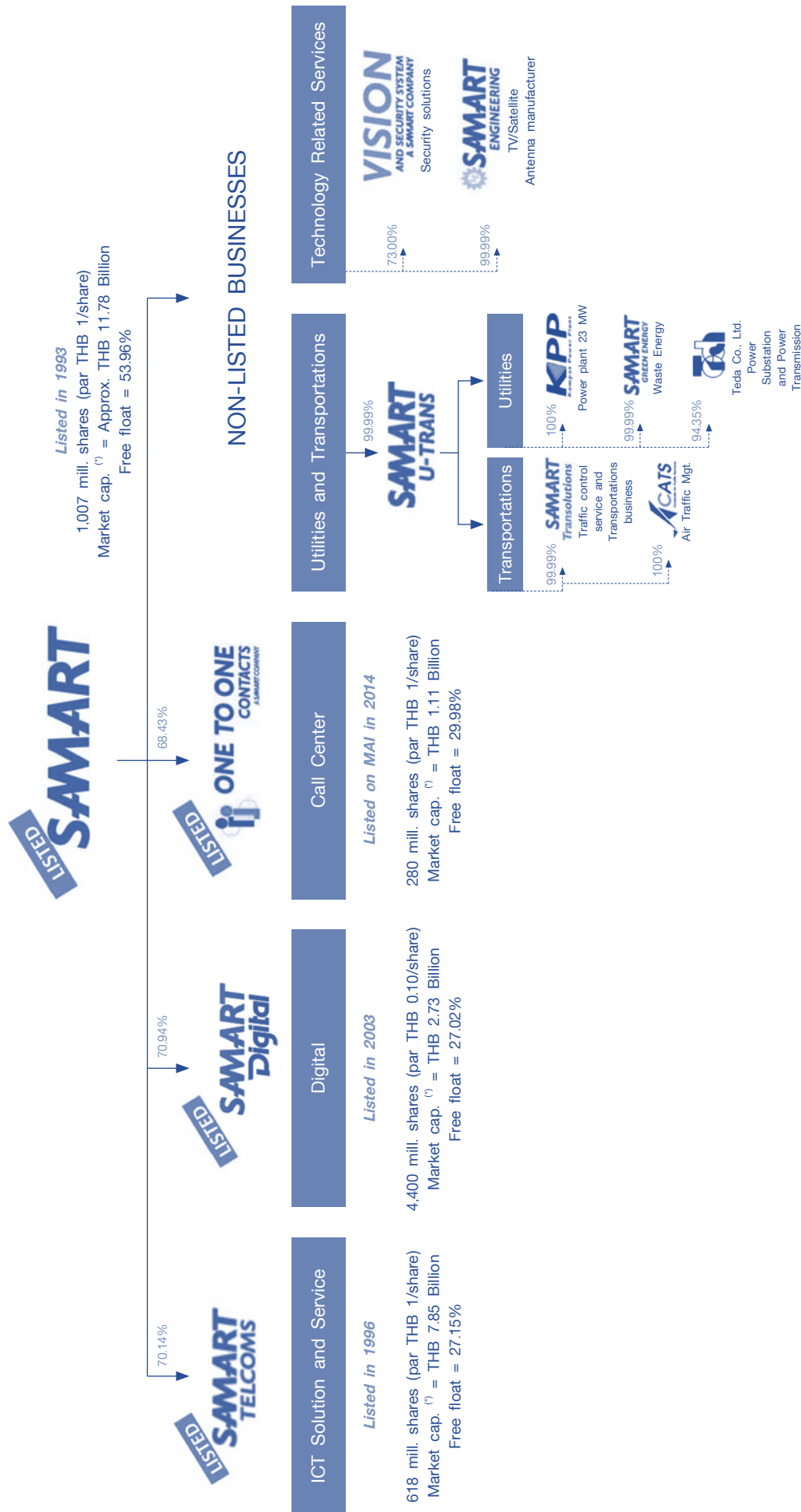
*Remarks : <sup>(\*)</sup> More information have been disclosed on Company's website ([www.samartcorp.com](http://www.samartcorp.com)) via Annual Information Disclosure of the Company (56-1 Form) and SEC's website ([www.sec.or.th](http://www.sec.or.th))*

*<sup>(\*\*)</sup> Percentage of 2017 consolidated revenue from sales, contract work and service.*

The Company and subsidiaries has revenue from sales, contract work and service in 2017 was Baht 13,023 million with gross profit of Baht 2,180 million equivalent to 16.74% of total sales. Selling, Admin and others expenses was Baht 3,600 million or 27.42% of total revenue, finance cost was Baht 486 million and income tax income of Baht 366 million of which resulted to the loss for the year (loss attributable to equity holders of the Company) of Baht 948 million.

In terms of revenue contribution by lines of business (LOB), ICT Solution and Service generated 51.1% of the Group revenue in 2017, while Digital was 10.0%, Call Center was 6.1%, Utilities and Transportations was 26.4% and Technology Related Services was 6.4%.

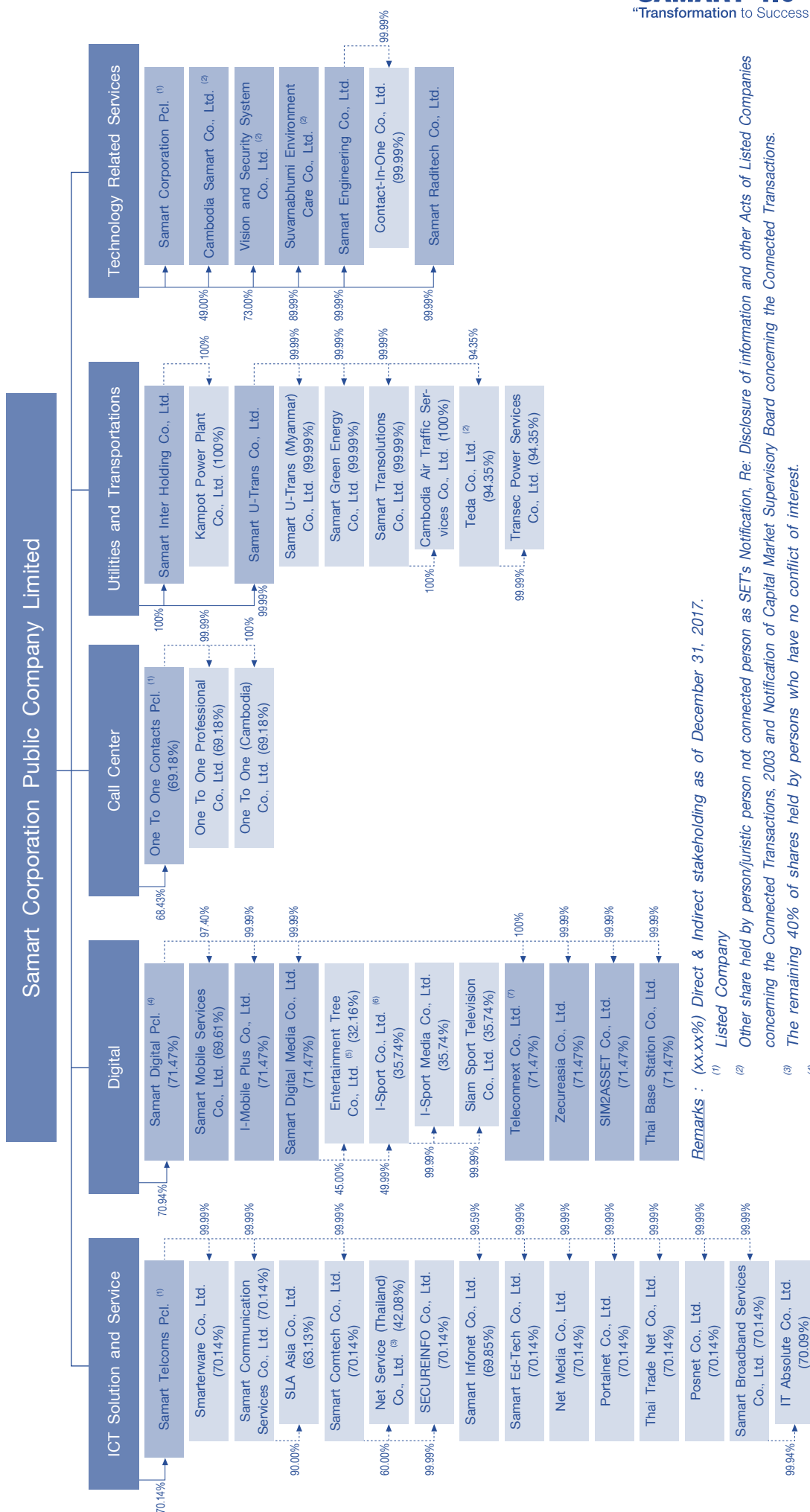
# Business Structure (by Management)



Remark : <sup>(1)</sup> Market cap. based on price of stocks as of December 29, 2017



# Business Structure (by Shareholding)



**Remarks :** (xx.xx%) Direct & Indirect stakeholding as of December 31, 2017.

(1) Listed Company

(2) Other share held by person/juristic person not connected person as SET's Notification, Re: Disclosure of information and other Acts of Listed Companies concerning the Connected Transactions, 2003 and Notification of Capital Market Supervisory Board concerning the Connected Transactions.

(3) The remaining 40% of shares held by persons who have no conflict of interest.

(4) Formerly known as Samart I-Mobile Public Company Limited, change the company name to Samart Digital Public Company Limited on October 6, 2017.

(5) The other 55% remaining portion held by 2 ordinary persons who have business expertise in such company.

(6) The other 37.50% and 12.51% remaining portion held by Siam Sport Syndicate Plc. and 9 ordinary persons respectively.

(7) In process of liquidation.

## Revenue Structure

(Unit : Million Baht)

Business Group	Operation by Company	% of Holding 2017 <sup>(1)</sup>	2015		2016		2017	
			Revenue <sup>(2)</sup>	%	Revenue <sup>(2)</sup>	%	Revenue <sup>(2)</sup>	%
1) ICT Solution and Service	Samart Comtech Co., Ltd.	70.14	2,164.9	11.8	2,470.7	18.1	2,677.8	20.6
	Samart Communication Services Co., Ltd.	70.14	1,200.2	6.5	802.5	5.9	1,405.4	10.8
	Samart Telcoms Pcl.	70.14	1,118.2	6.1	891.5	6.5	1,302.1	10.0
	Other subsidiaries	-	1,173.8	6.4	1,418.5	10.3	1,264.2	9.7
Sub Total			5,657.1	30.8	5,583.2	40.8	6,649.5	51.1
2) Digital	Samart Digital Pcl.	71.47	6,334.8	34.5	2,474.2	18.1	701.3	5.4
	Other subsidiaries	-	1,369.7	7.4	883.1	6.5	607.2	4.6
Sub Total			7,704.5	41.9	3,357.3	24.6	1,308.5	10.0
3) Call Center	One To One Contacts Pcl.	69.18	936.6	5.1	916.2	6.7	781.2	6.0
	Other subsidiaries	-	3.9	0.0	7.3	0.0	7.2	0.1
Sub Total			940.5	5.1	923.5	6.7	788.4	6.1
4) Utilities and Transportations	Cambodia Air Traffic Services Co., Ltd.	100	1,490.4	8.1	1,770.3	12.9	1,844.9	14.2
	Teda Co., Ltd.	94.35	814.9	4.5	1,073.5	7.9	1,280.4	9.8
	Other subsidiaries	-	275.0	1.5	338.9	2.5	315.0	2.4
Sub Total			2,580.3	14.1	3,182.7	23.3	3,440.3	26.4
5) Technology Related Services	Vision and Security System Co., Ltd.	73.00	60.5	0.3	102.5	0.7	708.6	5.4
	Other subsidiaries	-	1,423.2	7.8	526.3	3.9	127.5	1.0
Sub Total			1,483.7	8.1	628.8	4.6	836.1	6.4
Total Sales and Services income			18,366.1	100.0	13,675.5	100.0	13,022.8	100.0

Remark : <sup>(1)</sup> Direct & Indirect stake holding on December 31, 2017

<sup>(2)</sup> Sales and Services income after connected transactions.

## Changes during the year

In 2017, Samart Corporation Public Company Limited's total revenue was Baht 13,130 million. The total loss was Baht 948 million. The Company run under 5 main businesses:

- ICT Solution and Service
- Digital
- Call Center
- Utilities and Transportations
- Technology Related Services

### ICT Solution and Service Business

The ICT Solution and Service business, under Samart Telcoms Public Company Limited, is one of the country's biggest ICT Solution service providers. In 2017, Samart Telcoms Public Company Limited signed new project contracts of Baht 6,355 million in total, including the Government Housing Bank's Baht 1,400 million core banking system maintenance service procurement and loan origination system project, the Royal Thai Armed Forces Headquarters' Baht 941 million military telecommunication development project, CAT Telecom Public Company Limited's Baht 410 million Backhaul transmitter capacity amplifier between the central unit and underwater cable station. By the end of 2017, the company has a total of Baht 8,313 million of backlog.

### Digital Business

In the past year, there were changes in the organization structure and the business itself. “Samart i-mobile” has been changed to “Samart Digital” to enhance the services in accordance with the global trend and the government's digital Thailand strategic plan which focuses on building the foundation for the infrastructure and the people in order to move towards Thailand 4.0: Digital age for the economy and the society. The important digital business is the digital network business, which provides digital communication services. The company has signed a contract for DTRS: Digital Trunked Radio System installation project with CAT Telecom Public Company Limited to expand its capability in DTRS services and sufficiently serve the consumer needs in necessary areas. The main target group is public organizations that need secure telecommunication. In addition, there is another collaboration with CAT to install co-towers in national park areas. Both projects are expected to generate consistent income to the digital business in the future.

Digital content service business has changed towards digital platform. Popular contents such as EDT, apart from providing dining and travel information, also offers complete trip planning services and food delivery and discounts. In the future, it is also planned to provide contents for foreign customers. As for Horowold, the biggest center of astrologists - palm reading, Chinese physiognomy, number interpretation, etc. The main target group is Chinese customers who are interested in astrology and buying amulets.

iSport business is moving towards becoming a complete digital sports business, serving the digital age and the sports and health trend. Apart from winning a concession for broadcasting over 600 Thai Premier League matches per year, it also offers sports tours for sports fans who fancy traveling, sports event which organizes sports and entertainment activities, sports e-commerce which offers sports products through [www.isportmart.com](http://www.isportmart.com), and finally the talent management which provides complete benefit management services for athletes.

In addition, there is Zazzet, a startup offering online asset selling on consignment services through the Zazzet website. The main feature is asset-buyer matching service through an online matching system, which is already in service today.

## Call Center Business

In 2017, One To One Contacts Public Company Limited created several new innovations in terms of products and services, including web admin service for serving Facebook customers, chat bot service which provides automatic responses to customer messages through various channels, customer survey service through digital platforms, social monitoring service which tracks brand recognition on social media. The chat bot service is highly popular among existing and new customers.

The company has opened a new customer service center in Buriram to support the business continuity plan and enhance its capability in competing, manage the labor cost, and reduce the turnover rate of service staff.

The company was awarded the Top Innovative Organization in 2017 by the National Innovation Agency (public organization) for the company's innovative enhancement on the products and services. The company has been following the product and service quality control policy and has consistently been certified with international standards such as ISO 9001, ISO 20000, ISO 27001, and CMMI standard. The staff are certified as implementation leads according to the COPC standard, which is an internationally-recognized customer service standard. Moreover, the company has been awarded the 2017 Frost & Sullivan Thailand Excellence Awards: Outsourced Contact Center Service Provider of the Year as Thailand's leading contact center business for the 5th consecutive year.

## Utilities and Transportations Business

### **Samart U-Trans Company Limited ("SUT")**

Samart U-Trans Company Limited plans to expand its Utilities and Transportations business. In 2017, the company was preparing for the waste-to-energy power purchase bidding and considered the feasibility of other types of power plants in Thailand and neighboring countries, including coal power plant, hydroelectricity plant, along with power cable and transportation infrastructure to prepare for Utilities and Transportations business expansion.

### **Cambodia Air Traffic Services Company Limited ("CATS")**

Cambodia Air Traffic Services Company Limited, or "CATS", offers air traffic control system installation and services in Cambodia. In the past year, the company was granted a concession extension of 7 years to continue its business in Cambodia. The new concession term will end in 2040.

CATS is the company's major business that consistently generates income. In 2017, CATS served a total of 109,060 flights, which increased from the previous year by 13.94%. The company expects to see an increase in flights every year.

### **Teda Company Limited ("TEDA")**

Teda Company Limited is under Samart U-Trans Company Limited, the leader in electrical substation and cable design and construction. The main customers include 3 electricity authorities – the Metropolitan Electricity Authority, the Provincial Electricity Authority, and the Electricity Generating Authority of Thailand. In 2017, the company signed new project contracts of Baht 1,759 million in total, including Underground Transmission Rama III Road project, Surat Thani - Phuket Transmission Project and Samut Sakorn Transmission Project.

## Technology Related Service Business

### **Samart Engineering Company Limited ("SE")**

Samart Engineering Company Limited produces and distributes digital television antenna and receivers. In the past year, it has expanded its business to digital head-end services.



# Industry and Competition Overview

## Economic Overview

The big picture of the world economics in the first half of 2017 saw an improved growth compared to the previous year. The economic recovery started slow and steady since the 2<sup>nd</sup> half of 2016 and has been good in the first half of 2017 following the recovery of the overall world trade scene. Major economies like USA, Eurozone, Japan, and China see a promising growth. Things are also improving in emerging economies like India. The inflation level has slightly improved. Moreover, the concern on the economic recovery has been relieved. For example, France’s new leader does not seem to be set against the European Union, the bubble economy in the real estate industry and the capital outflow problem in China are in the controllable limit.

In the 2<sup>nd</sup> half of the year, the economy continues to grow. The supporting factors for the expansion include the consumption recovery and business confidence, the economic improvement in consumer goods exporters and economic and investment recovery in developed countries. The international financial situation is still good with low market fluctuation in 2017.

The overall Thai economy in the 1<sup>st</sup> half of 2017 can still grow from the improvement in exports, consumption due to the better purchasing power, and the tourism recovery. The overall expansion in Thai economy in the 1<sup>st</sup> half was 3.5%<sup>1</sup>

In the 2<sup>nd</sup> half of 2017, the Thai economy continuously grew. The annual expansion in Thai economy was 3.9% compared to 3.3%<sup>2</sup> in 2016 with the main factors being exports to important partner countries of which the economic expansion was continuously improving, and increasing number of tourists and apparent recovery of private investment in the 2<sup>nd</sup> half of the year. Moreover, the 5 years PPP (Public Private Partnerships) strategic plan draft was approved for 2017-2021. The plan includes 55 projects of 1.62 trillion baht. The average inflation rate was 0.7 and surplus current account of 10.8% of the GDP.<sup>2</sup>

## 2017 Industrial Situation

For the information communication & technology market in 2017, the Office of National Broadcasting and Telecommunications Commission (NBTC) estimated the total value of 632,120 million baht<sup>3</sup> for the communication market, a 9.5% growth from 2016. The market is divided into communication service and communication product markets. The service market has a value of 371,011 million baht, which is a 12.2% increase. And the product market has a value of 261,109 million baht, which is a 5.9% increase. The market has the network equipment and infrastructure cabling value of 75,459 million baht, wireline equipment 18,115 million baht, wireless equipment 47,565 million baht, and handset 119,970 million baht.<sup>3</sup>

The 2018 big picture will still be competitive. Kasikorn Bank Research Center estimates that the wireless telecommunication market will grow. The main support will be the business owners’ marketing activities and behaviors of Thai consumers on using mobile broadband internet. Therefore the communication service market is still anticipated to expand despite the slower growth rate due to high competition.<sup>4</sup>

In addition, in 2017, the Office of National Broadcasting and Telecommunications Commission (NBTC) will keep sharing knowledge related to digital TV antenna installation to support the change to the sharp, defined digital TV system that features various channels. The certified service provider must expand the network to cover at least 95% of the household within 4 years. 168 communication radio stations are expected to be installed (39 main stations and 129 auxiliary stations)<sup>5</sup> so that people are able to receive the signal from a ground system as well.

As for the Digital Economy, which is the main policy to improve the country's economy and society with digital technology, the Ministry of Digital Economy and Society has been founded. And the (draft) Thailand Digital Government Development Plan for 2017-2021 has been created with the objective of studying and completing the digital government development plan in all 26 capabilities. And this will be a guideline for public organizations in efficiently developing and applying the ICT technology in domestic administration and public services.

The government's policy and investment that will be a factor to push the overall expansion of the information communication and technology (ICT) market is the Thailand 4.0 policy which will encourage incorporating technology in innovation development across industries to support Digital Economy. The government will also invest in ICT to develop a Digital Government by using technology in the work process and develop the infrastructure to support public services and news & information in order to change into the year of public information. The digital infrastructure of which the government focuses on the efficiency and coverage includes nationwide high-speed internet, connection and information center, and digital platforms for basic public services. In addition, the private sector is encouraged to take part in the Smart City development, which will improve the country's infrastructure. The Eastern Economic Corridor project will also drive the public and private investment to 1.5 trillion baht within the next 5 years to improve the communication and transportation infrastructure such as airports, ports, dual-rail trains and high-speed trains, special intercity highways or motorways, and the development of the city itself and relevant infrastructures.

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# Risk Factors

Currently, Samart Corporation Public Company Limited operates in 5 major businesses: 1) ICT Solution and Service, 2) Digital, 3) Call Center, 4) Utilities and Transportations, and 5) Technology Related Services. Operation in all 5 major businesses has risk factors in different management comprising both internal and external factors which can cause impact on the financial position and performance of the Company. For this reason, the Company, therefore, has to have a risk management system. Moreover, it has appointed the risk management committee whose mission is to set the policy, prioritize risks, review and evaluate risks regularly. Risk factors can be classified as follows.

## 1. Operational Risks

### **Operational Risk in ICT Solution and Service**

ICT Solution and Service business operates turnkey ICT system installation and services. In the past, main customers were governmental agencies and state enterprises; hence, if the government has slowed down spending on information technology and communications budgets, it will significantly affect the performance of the Company. However, the Company has tried to reduce the risk by expanding its customer base to cover more ministries and agencies and state enterprises to reduce the risk of policy changes, the delay in bid tendering or the budget cutting of each agency. The Company has also expanded its customer base to more non-governmental organizations to reduce the risk due to too much dependence on government agencies. Besides, the Company plans to create more recurring revenues because the recurring revenues can reduce the risk of reduce revenue volatility of the Company. Moreover, another risk is that the Company must support services with diversified technologies; the employees may not be sufficiently knowledgeable in those technologies and cannot provide the right solution. In this regard, the Company has divided the working teams into specific expertise groups and provides training courses regularly. The Company also seeks business partners who are the leaders in technology to develop employees' knowledge, expertise, in order to success on the job.

### **Operational Risk in Digital Business**

- **Content Business**

Technology affects the lifestyle of consumers. The once-separated market competitions that approached consumers in different ways are not combined into one single market full of competitors. However, the market itself has also expanded. The company has acknowledged the change and therefore offers different content services through various platforms to serve the changing needs of users.

- **Digital Trunked Radio and Co-Tower Business**

The major risks of digital trunked radio and co-tower business include the system installation, network instrument, and the co-tower itself. However, with its expertise and experiences in system installation, the company believes that network installation will be smooth and punctual. Also the installation cost can be efficiently controlled under the plan.

## Operational Risk in Call Center Business

- **Call Center (Customers coordination service business)**

For the Call Center or customers coordination service business, personnel is a key factor in the operation. Therefore, the main risk of this business operation depends upon the personnel. Because the resignation rate of high rank personnel in such business may affect the operations of the Company, the Company has tried to find some guidelines to reduce its employees' resignation rate by providing the appropriate remuneration, welfares provision with training courses to enable them to understand their path of progress in this career. Besides, the Company has also prepared to cope with emergency situations such as fire, flood, etc. The Company has set up a data center and backup operation center for emergency situations. When these emergencies occur, the impact on the Company's operations can be reduced.

## Operational Risk in Utilities and Transportations Business

- **Air traffic Business**

The risk in air traffic business are mostly associated with various security operating systems, interactive communication system with pilots or computer systems must be all time maintained and cannot be crashed. The Company has installed equipment of dual backup systems to prevent such risk. Furthermore, we also have technicians who can operate around the clock and have to examine the readiness and completeness of equipment periodically every 3 months.

- **Power Substation and Transmission Line Construction Business**

For Power Substation and Transmission Line Construction Business, our main customers would likely be some government projects. The risk might occur from delays in the bidding process when there is political change; hence, the Company has a policy to secure more private projects which already approved to reduce this risk. Other risk is a highly competitive market from both domestic and international competitors. Some competitors are the material producers themselves. This caused us in disadvantage of pricing. In this regard, the Company reduced the risk by seeking to be alliance with potential producers in order to have a lower cost and stay competitive.

## Operational Risk in Technology Related Services Business

- **Business on Production and Distribution of Digital Television Receiving Equipment**

The risk of business on production and distribution of television receiving equipment in digital TV is the market competition because the products are slightly different when compared with those of competitors; hence, the Company has focused on improving the quality of the antenna. For instance, the Company plans to develop the antenna to be compact and the Company will focus on manufacturing and distributing the outdoor antennas in order to increase the Company's competitiveness.



## 2. Financial Risk

### **Foreign Exchange Rate Risk**

Some affairs operation of the Company can make money in foreign currency, such as air traffic business in Cambodia that contributes to the Company as the U.S. dollars or some business operations may generate the cost in foreign currency such as ICT Solution and Service which are paid for the equipment in foreign currency. The Company, therefore, realizes of the risk of exchange rate fluctuations in the past years and tried to execute the policy carefully to minimize the risk from such fluctuations. The Company has entered into the foreign exchange trading agreement and closely keeps abreast of the situation for exchange rate movements.

### **Interest Rate Risk**

The Company and its subsidiaries have borrowed loans from many financial institutions, both short term and long term loans. The fluctuations of interest rates may affect the financial cost of capital of the Company, however, most of loans are short term loans where the interest rate will change according to the money market conditions. Hence, the interest rate risk is relatively low. For long-term loans interest, the Company has received the interest rate for long-term loans with an interest rate for good clients (MLR-Minimum Loan Rate) whereby the advance agreeable margin would be deducted. While the loan in US dollars, the Company would receive interest rate at LIBOR plus the agreed margin. All agreed interest rates are floating. The Company, therefore, has closely monitored the interest rates situation. If there are signs of fluctuation, the Company will use financial hedging instruments to limit such risk.

### **Risks from Doubtful Accounts**

The company experiences the risks of the ability of different types of accounts receivable to repay debt. According to the consolidated financial statement as of 31 December 2017, the company has a total of 5,851.85 million baht of accounts receivable. The allowance for doubtful accounts is determined at 1,677.89 million baht. The company's management has considered the aforementioned allowance for doubtful accounts an appropriate value. The company's accounts receivable include public organizations and collaborating private companies or big private companies which are still working with the corporate and consistently paying the debts with no negative record despite long payment approval time. The company is following up on the debts and believes that eventually all the debts will be paid.

### **Holding Company Risk**

As one of the holding companies, the Company holds shares in other companies whereas the performance of the Company will also depend on the results of subsidiary companies' performance. The dividends of the Company will depend on the performance results and cash flows of those subsidiaries. If the performance of subsidiaries does not meet the target, it will affect to the dividend payment of the Company. The Company administers such risk by having the investment policy emphasizing on investment in businesses with high potential, high growth tendency, certain income, low risk and yield high rate of return to the Company. In addition, a group of subsidiary companies are determined by the Company to prepare business plans and propose the operation plans and annual budget which must be approved by the Board of Directors including the performance following of each business closely to prepare plan to handle risk timely.

Whereof, the dividends payment of subsidiaries and associated companies shall comply with the applicable laws and/or other restrictions including financial agreements in all respects.

## **Risk in Short-Term Investments in Securities**

From the financial statements on 31 December 2017, the Company had short-term investments in securities to amount of 17.11 million baht. Such securities are listed on the Stock Exchange of Thailand. The market volatility, political change, and economic effects will affect to the prices of securities held by the Company. The Company has monitored movements that will lead to such risks closely and the Company often holds the meeting to discuss about risks regularly to follow investment information to take action timely when necessary.

## **3. Social and Environmental Risk**

In order to maintain the continuity and sustainability of the Company's operation, the Company is owing to the support from both community and society. The Company's operation which results in negative impacts on society, community, and environment will damage the Company's image following by the poor performance of the Company in long term. The Company is well aware of the importance of social and environmental responsibility, the development of quality of life, and prosperity of the communities and Thai society; thus, the Company has set the policy and practical guideline regarding strengthen good relationship with the organizations both from public and private sectors, as well as community leaders so that the works for community development can be harmoniously coordinated on sustainable and concrete basis. For instance, the Company hosted Samart Innovation project, and provided Samart Scholarships, Support for improvement of library, playground to upcountry schools, donations of computers to a remote border school, and also training on necessary telecommunication-technology knowledge and work skills to produce the qualified professionals into Thai society. Besides, the Company conducts business by always taking into account the environmental conservation and using resources in the most meaningful way. The company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility. The Company has promoted environmental care among its employees via both internal communications and energy saving campaign project every year. The Company continuously follows its social and environmental policy in purpose to be with society in harmony and sustain business growth altogether.

# Shareholders

## 1. The Shareholders of the Company

The top ten major shareholders of the Company are :

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Vilailuck Group <sup>(1)</sup>	453,484,595	45.05
- Vilailuck International Holding Co., Ltd. <sup>(2)</sup>	177,852,200	17.67
- Mr. Watchai Vilailuck <sup>(3)</sup>	126,005,535	12.52
- Mr. Charoenrath Vilailuck <sup>(3)</sup>	112,734,960	11.20
- Mr. Thananan Vilailuck <sup>(3)</sup>	27,238,500	2.71
- Mrs. Siripen Vilailuck	5,960,250	0.59
- Mrs. Sukanya Vanichjakvong	2,043,150	0.20
- Ms. Srintip Vilailuck	1,650,000	0.16
2. Bualuang Long - Term Equity Fund	42,066,200	4.18
3. Mr. Sakchai Sakchaicharoenkul	21,000,000	2.09
4. Mr. Apisak Theppadungporn	17,659,800	1.75
5. THAI NVDR Co., Ltd.	15,439,013	1.53
6. Electricity Generating Authority of Thailand Registered Provident Fund by BBL Asset Management Ltd.	12,330,800	1.22
7. Bualuang Long - Term Equity Fund 75/25	11,343,700	1.13
8. HSBC (SINGAPORE) NOMINEE PTE LTD	11,043,832	1.10
9. Mr. Thaveechat Jurangkool	10,826,300	1.08
10. K Master Pooled Fund Registered Provident Fund	9,337,700	0.93
<b>Total of top ten Major Shareholders</b>	<b>604,531,940</b>	<b>60.06</b>
<b>Total of the Minority shareholders</b>	<b>401,971,970</b>	<b>39.94</b>
<b>Total paid up shares</b>	<b>1,006,503,910</b>	<b>100.00</b>

*Remark : Major Shareholders' report as of December 29, 2017 prepared by Thailand Securities Depository Co., Ltd.*

<sup>(1)</sup> Vilailuck International Holding Co., Ltd., Mr. Watchai Vilailuck, Mr. Chareonrath Vilailuck, Mr. Thananan Vilailuck, Mrs. Siripen Vilailuck, Mrs. Sukanya Vanichjakvong and Ms. Srintip Vilailuck as acting in concert regarding the determination of the relationship or Behavior as an act with another person and comply with Section 246 and 247;

<sup>(2)</sup> A holding company with 5 shareholders and stakeholding as follows :

- Mr. Chareonrath Vilailuck and Mr. Watchai Vilailuck have 24.22% each;
- Ms. Srintip Vilailuck, Mr. Thananan Vilailuck and Mrs. Sukanya Vanichjakvong have 17.19% each;

<sup>(3)</sup> Includes holding by spouse and minor children.

## 2. The Shareholders of major subsidiaries

### 2.1 The top ten major shareholders of Samart Digital Pcl. are :

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Vilailuck Group <sup>(1)</sup>	3,207,435,500	72.89
- Samart Corporation Public Company Limited <sup>(2)</sup>	3,121,579,000	70.94
- Vilailuck International Holding Co., Ltd.	30,535,100	0.69
- Samart Telcoms Public Company Limited	28,620,400	0.65
- Mrs. Sukanya Vanichjakvong <sup>(3)</sup>	14,900,000	0.34
- Mr. Watchai Vilailuck <sup>(3)</sup>	7,781,000	0.18
- Samart U-Trans Co., Ltd.	2,620,000	0.06
- One to One Contacts Public Company Limited	1,000,000	0.02
- Ms. Srintip Vilailuck	400,000	0.01
2. Mr. Nuttapol Jurangkool	198,085,100	4.50
3. Mr. Thaveechat Jurangkool	122,544,300	2.79
4. Mr. Rachot Poompanmoung	57,450,000	1.31
5. Provident Fund of Electricity Generating Authority of Thailand by BBL Asset Management Ltd.	38,548,700	0.88
6. Ms.Chomkamol Poompanmoung	29,001,800	0.66
7. Thai NVDR Co., Ltd.	24,829,650	0.56
8. Mr. Apisak Theppadungporn	15,602,400	0.36
9. Mr. Somruay Sae-Lim	15,400,900	0.35
10. EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES	14,993,100	0.34
<b>Total of top ten Major Shareholders</b>	<b>3,723,891,450</b>	<b>84.64</b>
<b>Total of the Minority shareholders</b>	<b>676,358,550</b>	<b>15.36</b>
<b>Total paid up shares</b>	<b>4,400,250,000</b>	<b>100.00</b>

**Remark :** Major Shareholders' report as of December 29, 2017 prepared by Thailand Securities Depository Co., Ltd.

<sup>(1)</sup> Samart Corporation Public Company Limited, Vilailuck International Holding Co., Ltd., Samart Telcoms Public Company Limited, Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Samart U-Trans Co., Ltd., One to One Contacts Public Company Limited and Ms. Srintip Vilailuck are acting in concert regarding the determination of the relationship or Behavior as an act with another person and comply with Section 246 and 247;

<sup>(2)</sup> A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 17.67% and 27.38% of the total shares respectively;

<sup>(3)</sup> Includes holding by spouse and minor children.



**2.2 The top ten major shareholders of Samart Telcoms Pcl. are :**

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Vilailuck Group <sup>(1)</sup>	446,973,500	72.33
- Samart Corporation Public Company Limited <sup>(2)</sup>	433,464,590	70.140
- Vilailuck International Holding Co., Ltd.	7,754,300	1.255
- Mrs. Sukanya Vanichjakvong <sup>(3)</sup>	1,150,000	0.186
- Mr. Watchai Vilailuck <sup>(3)</sup>	1,650,010	0.267
- Mr. Charoenrath Vilailuck <sup>(3)</sup>	2,854,600	0.462
- Mr. Thananan Vilailuck <sup>(3)</sup>	50,000	0.008
- Lobburi Industrial Estate Co., Ltd.	50,000	0.008
2. Bangkok Bank Public Company Limited	29,966,560	4.85
3. Bualuang Long-Term Equity Funds (LTF)	18,566,500	3.00
4. Thai NVDR Co., Ltd.	7,246,505	1.17
5. B Senior Citizen Mixed Fund (B-SENIOR)	6,368,500	1.03
6. Bualuang Infrastructure Retirement Mutual Funds	5,774,400	0.94
7. Bualuang Flexible Retirement Mutual Funds	5,278,800	0.85
8. Bualuang Equity Retirement Mutual Funds	3,700,500	0.60
9. Bualuang Long-Term Equity Fund 75/25	3,672,100	0.59
10. Miss Chomkamol Pumphuanmuang	3,396,700	0.55
<b>Total of top ten Major Shareholders</b>	<b>530,944,065</b>	<b>85.91</b>
<b>Total of the Minority Shareholders</b>	<b>87,055,935</b>	<b>14.09</b>
<b>Total paid up shares</b>	<b>618,000,000</b>	<b>100.00</b>

*Remark : Major Shareholders' report as of December 29, 2017 prepared by Thailand Securities Depository Co., Ltd.*

<sup>(1)</sup> Samart Corporation Public Company Limited, Vilailuck International Holding Co., Ltd., Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Mr. Charoenrath Vilailuck, Mr. Thananan Vilailuck and Lobburi Industrial Estate Co., Ltd. as acting in concert according to the determination of the relationship or Behavior as an act with another person and the compliance with Section 246 and Section 247;

<sup>(2)</sup> A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 17.67% and 27.38% of the total shares respectively;

<sup>(3)</sup> Includes holding by spouse and minor children.

## 2.3 The shareholders of Samart Comtech Co., Ltd. are :

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Samart Telcoms Public Company Limited <sup>(*)</sup>	2,249,995	99.9998
2. Mr. Charoenrath Vilailuck	2	0.00008
3. Mr. Watchai Vilailuck	2	0.00008
4. Mr. Thananan Vilailuck	1	0.00004
<b>Total of Shareholders</b>	<b>2,250,000</b>	<b>100.00</b>

*Remark : Shareholders' register book as of December 31, 2017.*

<sup>(\*)</sup> The Listed Company operating on design, implement and installation of telecommunication system business with its major shareholder as follows:

- Samart Corporation Public Company Limited has 70.14%;
- Bangkok Bank Public Company Limited has 4.85%;
- Bualuang Long - Term Equity Fund has 3.00%.

## 2.4 The shareholders of Samart Communication Services Co., Ltd. are :

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Samart Telcoms Public Company Limited <sup>(*)</sup>	4,999,994	99.99988
2. Mr. Charoenrath Vilailuck	2	0.00004
3. Mr. Watchai Vilailuck	2	0.00004
4. Mr. Thananan Vilailuck	2	0.00004
<b>Total of Shareholders</b>	<b>5,000,000</b>	<b>100.00</b>

*Remark : Shareholders' register book as of December 31, 2017.*

<sup>(\*)</sup> The Listed Company operating on design, implement and installation of telecommunication system business with its major shareholder as follows:

- Samart Corporation Public Company Limited has 70.14%;
- Bangkok Bank Public Company Limited has 4.85%;
- Bualuang Long - Term Equity Fund has 3.00%.

## 2.5 The shareholders of Cambodia Air Traffic Services Co., Ltd. are :

Name of shareholders	No. of shares held (Shares)	% of Total Shares
1. Samart Transolutions Co., Ltd. <sup>(*)</sup>	250,000	100.00
<b>Total of Shareholders</b>	<b>250,000</b>	<b>100.00</b>

*Remark : Shareholders' register book as of December 31, 2017.*

<sup>(\*)</sup> A Company provide all kinds of traffic control services and transportation businesses with Samart U-Trans Company Limited hold 99.99% as a major shareholder.

## Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders of no less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company’s Articles of Association and related laws, subject to need for future investment and business plan, future necessity and appropriation. The Company’s subsidiaries and associated companies have policy to pay dividend of no less than 50% of their net profit after deduction of all reserves as stated in the Company’s Articles of Association and related laws, and consideration of Company’s financial position.

### Details of dividend payment

Financial Ratio	2017 <sup>(1)</sup>	2016	2015
Earning Per Share (Baht)	(0.94)	0.07	0.80
Dividend Per Share (Baht)	0.10	0.19	0.50
Dividend payout ratio (%)	N/A	268.62	62.29

Remarks: <sup>(1)</sup>The Company has returned profit to its shareholders by way of dividend payment. Dividend for 2017 has been proposed for consideration of the shareholders at Baht 0.10 per share will be paid on May 2018 of which subject to the approval of the 2018 Annual General Meeting of the Shareholders.

# Shareholdings of Samart Corporation Pcl. in Subsidiaries

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
1.	<b>Samart Digital Pcl.</b> (Formerly known as Samart I-Mobile Pcl.) 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6900	Provide integrated businesses in digital network, solution and content.	990	4,400,250,000	3,121,579,000	70.94
2.	<b>Samart Mobile Services Co., Ltd.</b> 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee 12120 Tel. 0-2502-6000 Fax. 0-2502-6496	Provide wholesale and resale 3G mobile services including telecommunication services.	490	49,000,000	47,724,999 <sup>(1)</sup>	97.40
3.	<b>Samart Digital Media Co., Ltd.</b> (Formerly known as Samart Multimedia Co., Ltd.) 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide content services via fully integrated wire and wireless technologies both voice service via Audiotext and Call Center, and non voice services including content producer and developer.	200	2,000,000	1,999,997 <sup>(1)</sup>	99.99
4.	<b>I-Sport Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide a full range of sport businesses from sport information services via digital channel, event organizer, e-commerce of sport products and benefit management to sport player, sport club and association.	120	12,000,000	5,999,996 <sup>(2)</sup>	49.99
5.	<b>Teleconnext Co., Ltd.</b> 183 Hopewell Centre 23/F, Queen's Road East, Wanchai, Hong Kong Tel. 852-2980-1888 Fax. 852-2956-2192	In process of liquidation.	5,000,000 (HKD)	5,000,000	5,000,000 <sup>(1)</sup>	100.00
6.	<b>I-Mobile Plus Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Provide wholesale and resale 3G mobile services including telecommunication services.	100	10,000,000	9,999,997 <sup>(1)</sup>	99.99
7.	<b>ZECUREASIA Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Distribute mobile phones bundling with content services including security products and solution.	1.25	125,000	124,997 <sup>(1)</sup>	99.99

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
8.	<b>Entertainment Tree Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6103 Fax. 0-2502-6361	Produce, distribute and provide variety of entertainment media through television, telephone, internet, satellite and others including provide installation of equipment, network, facilities and other related services.	5	500,000	225,000 <sup>(2)</sup>	45.00
9.	<b>I-Sport Media Co., Ltd.</b> 99/12 Moo 4, Software Park, 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Operate business relating to sport advantages such as competition provider, live broadcasting, others activities and benefit management to sport player.	1	100,000	99,997 <sup>(3)</sup>	99.99
10.	<b>Siam Sport Television Co., Ltd.</b> 66/26 Ramintra Rd., Nuanchan, Buang-gum, Bangkok 10230 Tel. 0-2502-6000 Fax. 0-2502-8136	TV Program owner on digital TV, Sport Channels owner on True Visions and others. Production outsource, Live Broadcast and taped sporting events.	60	6,000,000	5,999,994 <sup>(3)</sup>	99.99
11.	<b>SIM2ASSET Co., Ltd.</b> 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide real estate agent services to match sellers and buyers (Matching), as well as provide consulting services.	5 (Paid-up capital of Baht 2.5 million)	500,000	499,997 <sup>(1)</sup>	99.99
12.	<b>Thai Base Station Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide space rental and services as well as distributes telecommunication equipment and system.	10	100,000	99,998 <sup>(1)</sup>	99.99
13.	<b>Samart Telcoms Pcl.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	1. Providing total solutions and services regarding advanced technologies in telecommunications and data communication networks. 2. Providing advanced solutions and services, which integrate and apply varieties of information technologies, including advanced, specialized technologies. 3. Providing solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for customers.	738	618,000,000	433,464,590	70.14
14.	<b>Samart Communication Services Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Telecommunication network services comprising procurement, service operations, maintenance and repair of telecommunication equipment.	500	5,000,000	4,999,994 <sup>(4)</sup>	99.99



No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
15.	<b>Samart Comtech Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing consulting, design, installation, operation management and maintenance services regarding information technology, communication system including advanced, specialized technologies.	225	2,250,000	2,249,995 <sup>(4)</sup>	99.99
16.	<b>Samart Broadband Services Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Data communication service over local broadband networks.	55.25	5,525,000	5,524,997 <sup>(4)</sup>	99.99
17.	<b>Thai Trade Net Co., Ltd.</b> 99/27 Moo 4, Software Park, 8 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Electronic Data Interchange (EDI) and total value added services.	53	5,300,000	5,299,993 <sup>(4)</sup>	99.99
18.	<b>Posnet Co., Ltd.</b> 99/4 Moo 4, Software Park, 32 <sup>nd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Total solution and service provider for electronic payment system. Total Smart card solutions provider and smart card application developer serving commercial banks in Thailand and other credit card issuers.	72	7,200,000	7,199,993 <sup>(4)</sup>	99.99
19.	<b>Samart Ed-Tech Co., Ltd.</b> 99/29 Moo 4, Software Park, 6 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing system rental services and development of Learning Management System, education institute management system, end-to-end education technology, including courseware, digital content, and mobile application development.	20	200,000	199,997 <sup>(4)</sup>	99.99
20.	<b>Samart Infonet Co., Ltd.</b> 99/12 Moo 4, Software Park, 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Internet Service.	62	6,200,000	6,174,694 <sup>(4)</sup>	99.59
21.	<b>Smarterware Co., Ltd.</b> 99/25 Moo 4, Software Park, 10 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Total services for software development with consulting services for software design including specialized services in software engineering.	10	100,000	99,993 <sup>(4)</sup>	99.99
22.	<b>Net Media Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing video compression services and communication link for satellite uplink.	10.32	103,200	103,198 <sup>(4)</sup>	99.99

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
23.	<b>IT Absolute Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Distributor of electronic and technology equipments.	225	22,500,001	22,485,593 <sup>(5)</sup>	99.94
24.	<b>Portalnet Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing design, implementation and outsourcing services for Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Human Capital Management (HCM) with best practices of Total Solutions for public sectors and private customers.	3,370	33,700,000	33,699,990 <sup>(4)</sup>	99.99
25.	<b>Net Service (Thailand) Co., Ltd.</b> 62 Thaniya Building, 10 <sup>th</sup> Fl., Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel. 0-2632-9396-9 Fax. 0-2632-9395	Services on development of IT system including software design and development for government and private sectors.	20	2,000,000	1,199,999 <sup>(6)</sup>	60.00
26.	<b>SLA Asia Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing services abroad regarding design and implementation of telecommunication and IT system including trading and maintenance of IT equipment in CLMV countries (Cambodia, Lao, Myanmar and Vietnam) in Southeast Asia.	30	300,000	270,000 <sup>(7)</sup>	90.00
27.	<b>Secureinfo Co., Ltd.</b> 99/17 Moo 4, Software Park, 19 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing total solutions and services of cyber securities.	5	50,000	49,997 <sup>(6)</sup>	99.99
28.	<b>One To One Contacts Pcl.</b> 99/19 Moo 4, Software Park, 17 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2685-0000 Fax. 0-2685-0050	Fully Outsourced Contact Center and Customer Management Services and Total Turnkey Solution.	280	280,000,000	191,600,000	68.43
29.	<b>One To One (Cambodia) Co., Ltd.</b> 18-E4, 4 <sup>th</sup> floor, The Icon Professional Building 216, Norodom Blvd., Tonle Bassac, Chamkarmorn, Phnom Penh, Kingdom of Cambodia Tel. (855) 23-932-222 Fax. (855) 23-932-223	Fully Outsourced Contact Center and Customer Management Services in Cambodia.	440,000 (USD)	88,000	88,000 <sup>(8)</sup>	100.00
30.	<b>One To One Professional Co., Ltd.</b> 99/19 Moo 4 Software Park, 17 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2685-0000 Fax. 0-2685-0050	Provide Consultancy Service on personal management, recruitment, Contact Center and Customer Management Services and Debt collection.	1	100,000	99,997 <sup>(8)</sup>	99.99

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samar's Holdings	
					Amount	%
31.	<b>Cambodia Air Traffic Services Co., Ltd.</b> CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd, Sangkat Kakab, Khan Posen Chey, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Provide air traffic control services in Cambodia.	2,500,000 (USD)	250,000	250,000 <sup>(9)</sup>	100.00
32.	<b>Kampot Power Plant Co., Ltd.</b> CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd, Sangkat Kakab, Khan Posen Chey, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Electric Generating supply to Kampot Cement factory in Cambodia, an affiliate of Siam cement.	5,000,000 (USD)	500,000	500,000 <sup>(10)</sup>	100.00
33.	<b>Cambodia Samart Co., Ltd.</b> CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd., Sangkat Kakab, Khan Posen Chey, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Distribute telecommunication equipment in Cambodia.	50,000,000 (Riel)	100	49	49.00
34.	<b>Samart U-Trans Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6176	System Integrator for Transportation, Energy and Utilities System.	500	100,000,000	99,999,994	99.99
35.	<b>Suvarnabhumi Environment Care Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6186 Fax. 0-2502-6191	Temporarily ceased its business (2016 : Provision of waste management services in vicinity of Suvarnabhumi Aripot)	50	5,000,000	4,499,994	89.99
36.	<b>Vision and Security System Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6999 Fax. 0-2502-6393	System Integration, Distribution and maintenance of Security and Communication Systems.	20	2,000,000	1,460,000	73.00
37.	<b>Samart Engineering Co., Ltd.</b> 59 Moo 2, Phaholyothin Rd., Klong Nuang, Klongluang, Pathumthanee 12120 Tel. 0-2516-1188 Fax. 0-2516-4589	Manufacture and distribution of television and radio antennas, satellite dishes, Broadcast Network Solution as well as produce metal work, metal sheet products and related products.	250	2,500,000	2,499,994	99.99
38.	<b>Contact-In-One Co., Ltd.</b> 99/3 Moo 4, Software Park, 33 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2516-1188 Fax. 0-2516-4589	Institution for satellite dishes installation training.	1	100,000	99,993 <sup>(11)</sup>	99.99

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
39.	<b>Samart Inter Holding Co., Ltd.</b> Level 54 Hopewell Centre, 183 Queen's Road East, Hong Kong Tel. 852-2980-1600 Fax. 852-2956-2192	A regional holding company for overseas infrastructure investment in Indo China.	20,000,000 (USD)	17,000,000	17,000,000	100.00
40.	<b>Samart Raditech Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6278 Fax. 0-2502-6584	Radiation technology business : Trading of radiation measurement equipments, radiation measurement service, and radiation project management.	80	8,000,000	7,999,993	99.99
41.	<b>Teda Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2582-8264	Be a Contractor for Engineering, Procurement, Construction and Maintenance services for Power Substation and Power Transmission.	407.5	40,750,000	38,448,707 <sup>(12)</sup>	94.35
42.	<b>Transec Power Services Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2582-8264	Be a Service Provider for Engineering, Construction, Installation & Commissioning and Maintenance services for Power Substation and any High Voltage system.	15	150,000	149,998 <sup>(13)</sup>	99.99
43	<b>Samart Green Energy Co., Ltd.</b> (Formerly known as Samart Waste2Power Co., Ltd.) 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6176	To provide Municipal Solid Waste and Landfill Waste management by collecting, separating, Refused Derived Fuel (RDF) producing and convert waste to be electricity.	50	5,000,000	4,999,800 <sup>(12)</sup>	99.99
44.	<b>Samart U-Trans (Myanmar) Co., Ltd.</b> No. 40, Baho Street, Sanchaung Township, Yangon, Myanmar Tel. (951) 657-792, 650-740 Fax. (951) 650-466	To provide services and consultations regarding trades in Myanmar including all related general proceedings.	50,000 (USD)	50,000	49,999 <sup>(12)</sup>	99.99
45.	<b>Samart Transolutions Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6302 Fax. 0-2502-6176	To provide all kinds of traffic control services and transportation businesses.	50	5,000,000	4,999,850 <sup>(12)</sup>	99.99

**Remarks :** <sup>(1)</sup> Held by Samart Digital Pcl.  
<sup>(2)</sup> Held by Samart Digital Media Co., Ltd.  
<sup>(3)</sup> Held by I-Sport Co., Ltd.  
<sup>(4)</sup> Held by Samart Telcoms Pcl.  
<sup>(5)</sup> Held by Samart Broadband Services Co., Ltd.  
<sup>(6)</sup> Held by Samart Comtech Co., Ltd.  
<sup>(7)</sup> Held by Samart Communication Services Co., Ltd.  
<sup>(8)</sup> Held by One To One Contacts Pcl.  
<sup>(9)</sup> Held by Samart Transolutions Co., Ltd.  
<sup>(10)</sup> Held by Samart Inter Holding Co., Ltd.  
<sup>(11)</sup> Held by Samart Engineering Co., Ltd.  
<sup>(12)</sup> Held by Samart U-Trans Co., Ltd.  
<sup>(13)</sup> Held by Teda Co., Ltd.

## Management Structure

### Board of Directors as of December 31, 2017

1. Dr. Tongchat Hongladaromp	Chairman / Independent Director / Audit Committee Member / Chairman of the Nominating & Compensation Committee
2. Mr. Pradang Prichayangkun	Independent Director / Chairman of the Audit Committee / Vice Chairman / Corporate Governance Committee Member / Nominating & Compensation Committee Member
3. Mr. Seri Suksathaporn	Independent Director / Audit Committee Member / Chairman of the Corporate Governance Committee / Nominating & Compensation Committee Member
4. Mr. Prinya Waiwatana	Independent Director / Corporate Governance Committee Member
5. Mrs. Siripen Vilailuck <sup>(1)</sup>	Director
6. Mr. Sirichai Rasameechan	Director / Corporate Governance Committee
7. Mr. Charoenrath Vilailuck	Executive Chairman / Executive Director / CEO / Chairman of the Risk Management Committee
8. Mr. Watchai Vilailuck	Executive Director / President / Chairman of the Sustainable Development Committee / Chief Operating Member of the Risk Management Committee
9. Mr. Thananan Vilailuck	Executive Director / Executive Vice Chairman - Corporate Strategy / Sustainable Development Committee Member / Risk Management Committee Member
10. Mr. Pracha Phathayakorn <sup>(2)</sup>	Executive Director / Sustainable Development Committee Member / Risk Management Committee Member

**Remark :** <sup>(1)</sup> Representative director from Vilailuck International Holding Co., Ltd., a major shareholder with 17.67% stake holding from total number of voting rights of the Company (as of December 31, 2017).

<sup>(2)</sup> Has been appointed as Director on April 25, 2017.

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 7 members, but not exceeding 15 members in total. No less than one half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law. Audit Committee members comprise of no less than 3 members, all of them have sufficient experience to review the Company's financial statement. Details of the Curriculum Vitae, Roles and Responsibilities of Audit Committee are provided under **"Directors, Managements and Company Secretary"** and **"Corporate Governance"**.

#### **Restriction of Power of the Directors**

"Mr. Charoenrath Vilailuck jointly sign with Mr. Watchai Vilailuck, totaling two persons and affix the Company's seal either Mr. Charoenrath Vilailuck or Mr. Watchai Vilailuck jointly sign with Mr. Pracha Phathayakorn or Mr. Thananan Vilailuck totaling two persons and affix the Company's seal."

#### **Qualifications of Director**

- Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand ("SET"), Securities and Exchange Commission ("SEC"), and Company's Articles of Association and any other related laws;
- Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders;
- Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders;
- Has various knowledge, experience, and specific skill that suitable for the Company business;
- Integrity;
- Having sufficient time for fully participated as a Director of the Company.



#### **Qualifications of Independent Director**

1. Holding not **more than 0.5 percent** of the total number of voting rights of the Company, parent company, subsidiaries, affiliates or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been Executive director, employee, staff or an adviser who receives a regular salary; or a controlling person of the Company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company or juristic person who may have conflicts of interest unless the foregoing status has ended no less than two years prior to the date of application filing with the office;
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries;
4. Neither being nor having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholder who is related to the Company's major shareholder;
8. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries;
9. Not having any characteristic which make him incapable of expressing independent opinions with regard to the Company's business affairs.

#### **Terms of positions**

Pursuant to the Public Company Act B.E. 2535, at the first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating & Compensation Committee. However the independent directors shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee due to his/her contribution to the Company and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and/or the Company's shareholders.

## **Roles and Responsibilities of Directors**

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting as well as disclosure sufficient information to the Shareholders;
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies and strategies with effectiveness and efficiency;
3. Review and approve the company's vision and mission annually;
4. Consider and approve the Company's investment and annual budget;
5. Appoint directors and Committee members to replace of those who will retire by rotation as well as consider the remuneration package for such directors and committee members, which are proposed by Nominating & Compensation Committee, prior to propose for further consideration of the shareholders;
6. Appoint committees to oversee administrative process and internal system to coincide with Company's policies, i.e. Executive Board, Risk Management Committee, Corporate Governance Committee, Nominating & Compensation Committee and Sustainable Development Committee etc. For the appointment of Audit Committee members, the Nominating & Compensation Committee will nominate appropriated candidates propose to the Board of Directors prior to propose for further consideration of the shareholders;
7. Appoint and consider remuneration package, proposed from the Nominating & Compensation Committee, for top executives of the Company, and Company Secretary;
8. Summarize Profit & Loss Statement and Statement of Financial Position of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration;
9. Nominate appropriated persons with remuneration for further consideration and approval of shareholders for the appointment of the Company's auditors;
10. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management;
11. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders;
12. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company.

The Company determines to make its directors and executives express their intentions on performing the Company's business operations with transparently and morality as well as perform their duties pursuant to the ethical standards on integrity, with carefulness and cautiously for benefits of all shareholders and the stakeholders. Hence, the ethics which shall be used as practical guidelines for the directors and the executives have been specified. The Company discloses the **ethics of the directors and the executives** in the Company's website ([www.samartcorp.com](http://www.samartcorp.com)).

## **Delegation of Authorities between the Board of Directors and the Management**

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company is now improving such policies and operating guidelines to make them more appropriated with the current situation. Therefore, the latest policies and operating guidelines on delegation of authorizes has been approved from the Executive Meeting No.12/2016 on December 22, 2016 effective on January 1, 2017 onwards.

#### **Delegation of Authorities of the Board of Directors**

1. Approve the annual budget and business plan of the Company;
2. Approve the undertaking of financial obligations of the Company, i.e. execution of loan agreement, loan guarantee;
3. Approve the investment project in large business;
4. Approve the establishment of new company;
5. Approve the purchase and disposal of the Company’s assets pursuant to the Capital Market Supervisory Board;
6. Approve the undertaking the related transaction of the Company pursuant to the Capital Market Supervisory Board;
7. Approve the policy on increase of annual remuneration and bonus;
8. Approve financial statement of the Company;
9. Approve the opening or closing accounts with the banks;
10. Approve the appointment of the Committee;
11. Approve the appointment of new director to replace the director who is retired by rotation.

The Board of Director also has duties to approve other transactions pursuant to the notification of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws.

**In addition, since nature of the Company is a Holding Company,** therefore, it has to disclose information of the directors of core business subsidiaries as of December 31, 2017 for 5 companies as follows:

#### **1) Board of Directors of Samart Digital Pcl. (“SDC”)**

- |  |  |
|--|--|
| 1. Mr. Piyapan Champasut                     | Chairman / Independent Director / Audit Committee Member   |
| 2. Dr. Chotivid Chayavadhanangkur            | Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member   |
| 3. Mr. Kunthit Aranyakanonda                 | Independent Director / Audit Committee Member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member  |
| 4. Mr. Charoenrath Vilailuck <sup>(1)</sup>  | Director / Risk Management Committee Member  |
| 5. Mr. Watchai Vilailuck <sup>(1)</sup>      | Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee   |
| 6. Mrs. Sukanya Vanichjakvong <sup>(1)</sup> | Authorized Director / President / Chairman of Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member |
| 7. Mr. Pracha Phathayakorn <sup>(1)</sup>    | Authorized Director / Executive Director / Risk Management Committee Member / Sustainable Development Committee Member   |

*Remark : <sup>(1)</sup> Representative directors from Samart Corporation Pcl., a major shareholder with 70.94 %.*

#### **2) Board of Directors of Samart Telcoms Pcl. (“SAMTEL”)**

- |  |  |
|--|--|
| 1. General Sumpun Boonyanun <sup>(1)</sup> | Chairman / Independent Director / Audit Committee Member / Chairman of the Nominating and Compensation Committee                                   |
| 2. Mr. Vichai Pokasamrit                   | Independent Director / Chairman of Audit Committee / Nominating and Compensation Committee Member / Chairman of the Corporate Governance Committee |

- |   |   |
|---|---|
| 3. Ms. Rapeepan Luangamrut                  | Independent Director / Audit Committee Member / Nominating and Compensation Committee Member / Corporate Governance Committee Member                          |
| 4. Mr. Kajornvut Tayanukorn <sup>(2)</sup>  | Director / Corporate Governance Committee Member  |
| 5. Mr. Sirichai Rasameechan <sup>(3)</sup>  | Director / Corporate Governance Committee Member  |
| 6. Mr. Charoenrath Vilailuck <sup>(3)</sup> | Executive Director / Risk Management Committee Member   |
| 7. Mr. Watchai Vilailuck <sup>(3)</sup>     | Executive Director / Chief Executive Officer & Executive Chairman / Chairman of the Risk Management Committee   |
| 8. Mr. Thananan Vilailuck <sup>(3)</sup>    | Executive Director / Risk Management Committee Member   |
| 9. Mr. Jong Diloksombat <sup>(3)</sup>      | Executive Director / President / Risk Management Committee Member / Corporate Governance Committee Member / Chairman of the Sustainable Development Committee |

*Remark : <sup>(1)</sup> Has been appointed as Chairman on December 1, 2017;*

*<sup>(2)</sup> Representative director from Bangkok Bank Pcl., a major shareholder with 4.85%;*

*<sup>(3)</sup> Representative director from Samart Corporation Pcl., a major shareholder with 70.14%.*

### 3) Board of Directors of Samart Comtech Co., Ltd. ("SCT")

- |                                |          |
|--------------------------------|----------|
| 1. Mr. Charoenrath Vilailuck   | Chairman |
| 2. Mr. Watchai Vilailuck       | Director |
| 3. Mr. Jong Diloksombat        | Director |
| 4. Mr. Pornchai Krivichian     | Director |
| 5. Ms. Chotika Kamloonwesaruch | Director |
| 6. Mr. Suchart Duangthawee     | Director |

### 4) Board of Directors of Samart Communication Services Co., Ltd. ("SCS")

- |                              |          |
|------------------------------|----------|
| 1. Mr. Charoenrath Vilailuck | Chairman |
| 2. Mr. Watchai Vilailuck     | Director |
| 3. Mr. Jong Diloksombat      | Director |
| 4. Mr. Pornchai Krivichian   | Director |

### 5) Board of Directors of Cambodia Air Traffic Services Co., Ltd. ("CATS")

- |                                 |          |
|---------------------------------|----------|
| 1. Mr. Charoenrath Vilailuck    | Chairman |
| 2. Mr. Watchai Vilailuck        | Director |
| 3. Mr. Teerachai Phongpanangam  | Director |
| 4. Mr. Theeraphat Kulkijkamjorn | Director |

**Report of Directors attendance of the Company and core business Subsidiaries in 2017**

Directors	Number of Attendance/Total Number of Meeting					
	Samart Corporation Pcl. (SAMART)	Samart Digital Pcl. (SDC)	Samart Telcoms Pcl. (SAMTEL)	Samart Comtech Co., Ltd. (SCT)	Samart Communication Services Co., Ltd. (SCS)	Cambodia Air Traffic Services Co., Ltd. (CATS)
1. Dr. Tongchat Hongladaromp	9/9	-	-	-	-	-
2. Mr. Pradang Prichayangkun	9/9	-	-	-	-	-
3. Mr. Seri Suksathaporn	9/9	-	-	-	-	-
4. Mr. Prinya Waiwatana	9/9	-	-	-	-	-
5. Mrs. Siripen Vilailuck	9/9	-	-	-	-	-
6. Mr. Sirichai Rasameechan	9/9	-	8/8	-	-	-
7. Mr. Charoenrath Vilailuck	9/9	9/9	8/8	2/2	1/1	5/5
8. Mr. Watchai Vilailuck	9/9	9/9	8/8	2/2	1/1	5/5
9. Mr. Piyapan Champasut	-	8/9 <sup>(1)</sup>	-	-	-	-
10. Dr. Chotivid Chayavadhanangkur	-	9/9	-	-	-	-
11. Mr. Kunthit Arunyanonda	-	9/9	-	-	-	-
12. Mr. Thananan Vilailuck	8/9 <sup>(1)</sup>	-	6/8 <sup>(1)</sup>	-	-	-
13. Mr. Jong Diloksombat	-	-	8/8	2/2	1/1	-
14. Mr. Pracha Phathayakorn	5/5 <sup>(2)</sup>	9/9	-	-	-	-
15. Mrs. Sukanya Vanichjakvong	-	9/9	-	-	-	-
16. General Sumpun Boonyanun	-	-	8/8	-	-	-
17. Mr. Vichai Pokasamrit	-	-	7/8 <sup>(1)</sup>	-	-	-
18. Ms. Rapeepan Luangaramrut	-	-	8/8	-	-	-
19. Mr. Kajornvut Tayanukorn	-	-	8/8	-	-	-
20. Mr. Pornchai Krivichian	-	-	-	2/2	1/1	-
21. Miss Chotika Kamloonwesaruch	-	-	-	2/2	-	-
22. Mr. Suchart Duangthawee	-	-	-	2/2	-	-
23. Mr. Teerachai Phongpanangam	-	-	-	-	-	5/5
24. Mr. Theeraphat Kulkijkamjorn	-	-	-	-	-	5/5

*Remark : <sup>(1)</sup> The Company overseas business engagement;*

*<sup>(2)</sup> Has been appointed as Director, effective on April 25, 2017.*

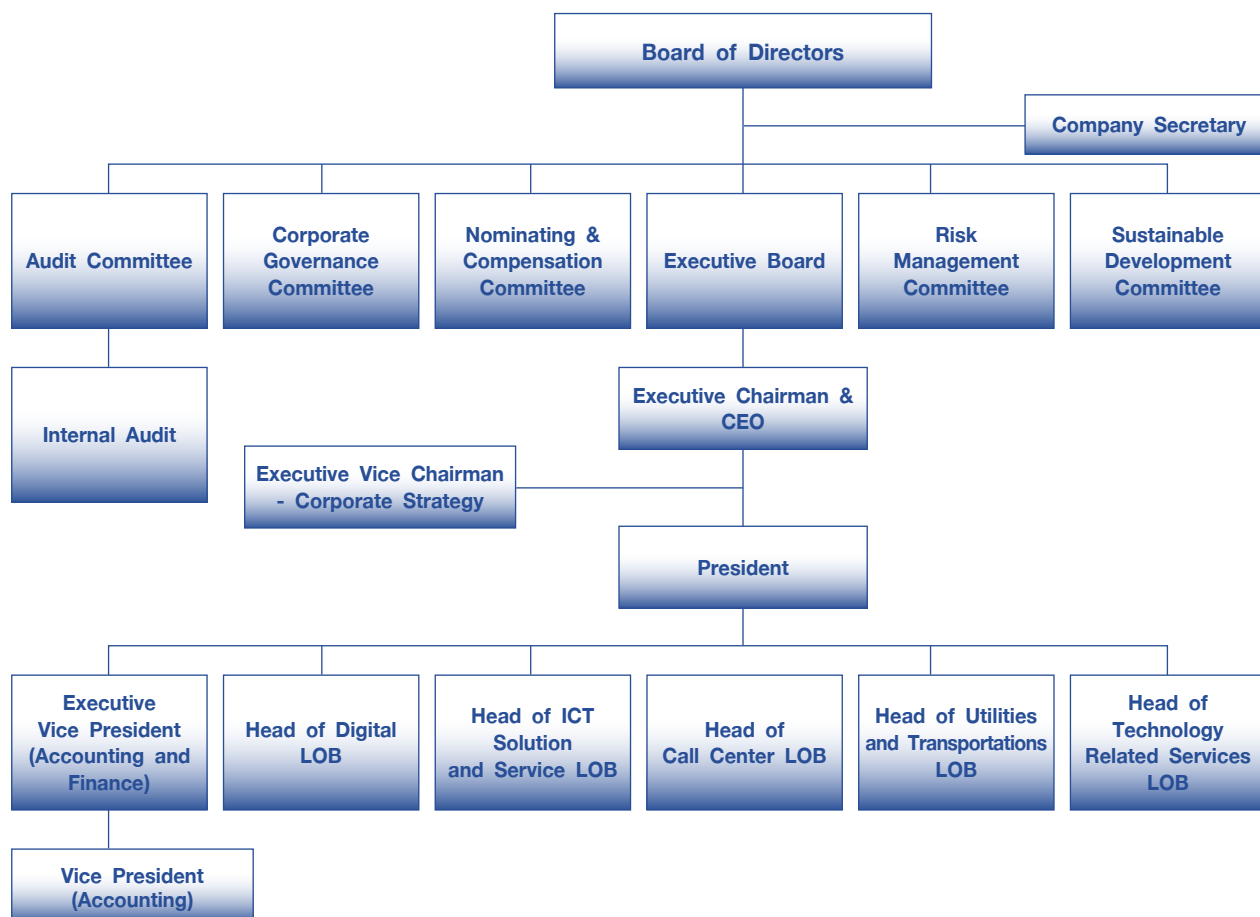
Detail of the Curriculum Vitae of Directors are provided under “**Directors, Managements and Company Secretary**” and “**Directors, Managements and Company Secretary of subsidiaries**” in page 245.



## Management

The Company's management structure comprised of 7 Committees; Board of Directors, Audit Committee, Corporate Governance Committee, Nominating & Compensation Committee, Executive Board, Risk Management Committee and Sustainable Development Committee. Corporate Structure and the Management of the Company and major subsidiaries which its revenue represent over 10% of Group revenue as of December 31, 2017 were as follows

### The Company's Corporate Structure



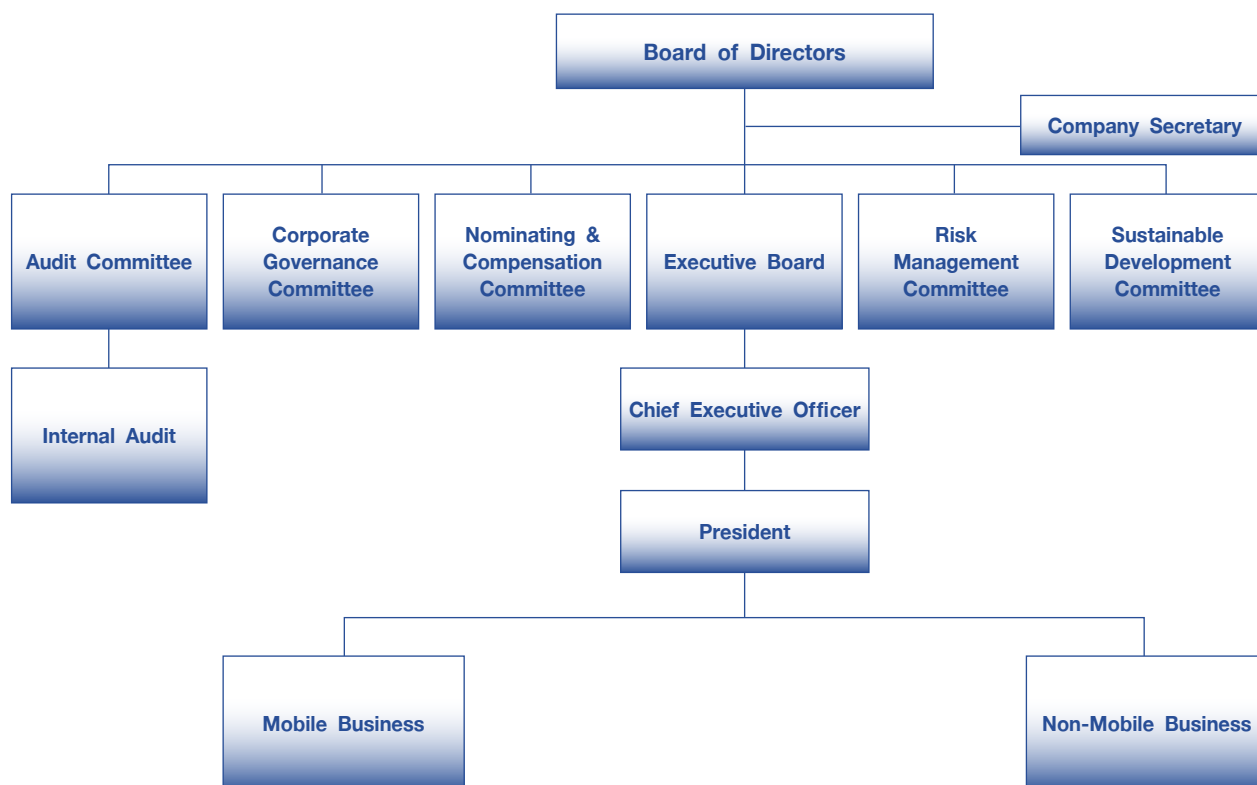
### Management of the Company

- |                              |   |
|------------------------------|---|
| 1. Mr. Charoenrath Vilailuck | Executive Chairman & CEO  |
| 2. Mr. Watchai Vilailuck     | President / Head of Digital LOB / Acting Chief Operating Officer of Call Center LOB / Acting Chief Operating Officer of Utilities and Transportations LOB / Acting Chief Operating Officer of Technology Related Services LOB |
| 3. Mr. Jong Diloksombat      | Executive Director / President of ICT Solution and Service LOB  |
| 4. Mr. Thananan Vilailuck    | Executive Vice Chairman - Corporate Strategy  |
| 5. Mr. Pracha Phathayakorn   | Executive Vice President (Accounting & Finance)   |

Corporate Structure and the Management of the Company and core business subsidiaries total of 5 companies were as follows:

1) Samart Digital Pcl.

Corporate Structure of Samart Digital Pcl.



*Remark : Corporate Accounting and Corporate Treasury are under Chief Executive Officer*

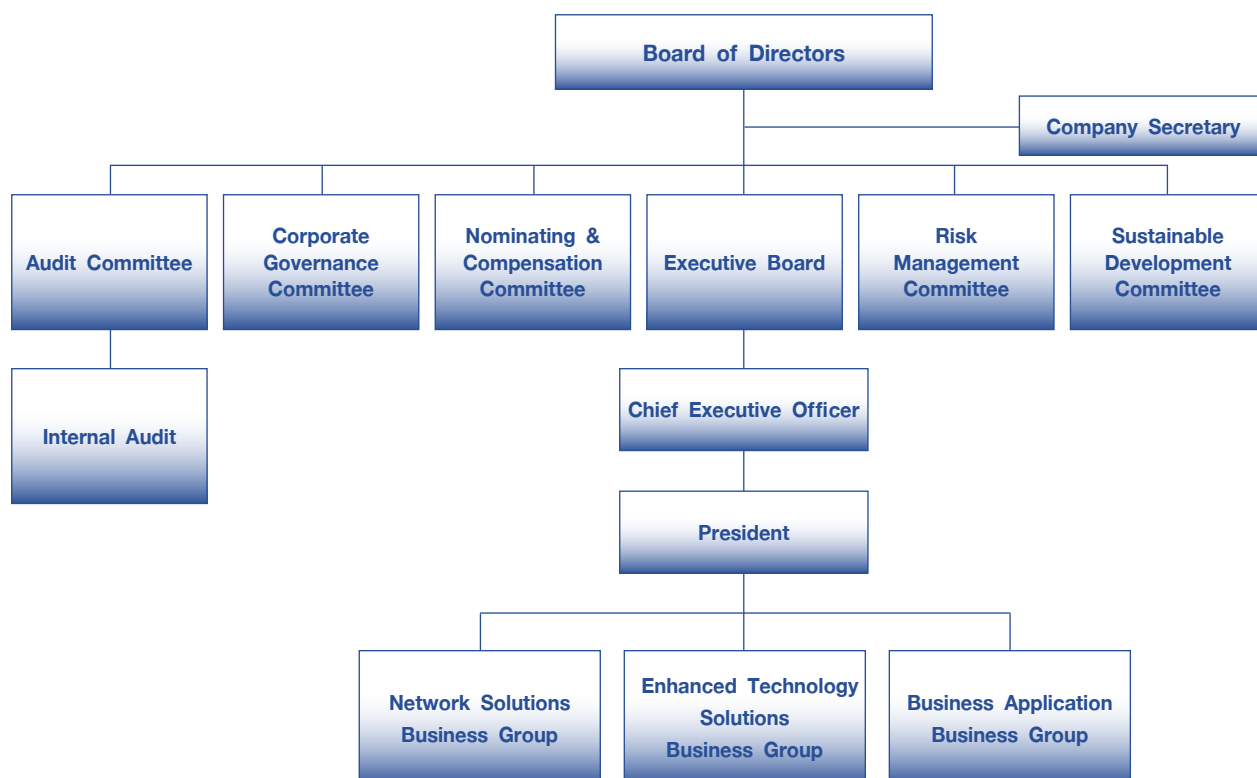
**Management of Samart Digital Pcl.**

- |   |  |
|---|--|
| 1. Mr. Watchai Vilailuck                | Chief Executive Officer and Acting Head of Mobile Business |
| 2. Mrs. Sukanya Vanichjakvong           | President and Acting Head of Non-Mobile Business           |
| 3. Mr. Suchat Satprasert <sup>(*)</sup> | Vice President - Network Communication                     |
| 4. Ms. Sirintra Saipavun <sup>(*)</sup> | Vice President - Digital Network                           |
| 5. Mrs. Sumonthip Srimek                | Vice President - Account                                   |
| 6. Mr. Hiran Phanbanlaem <sup>(*)</sup> | Acting Vice President - Finance                            |

*Remark : <sup>(\*)</sup> Become Company's managements as definition in the Notification of the SEC in July 2017.*

## 2) Samart Telcoms Pcl.

### Corporate Structure of Samart Telcoms Pcl.



*Remark : Corporate Accounting and Corporate Treasury are under President.*

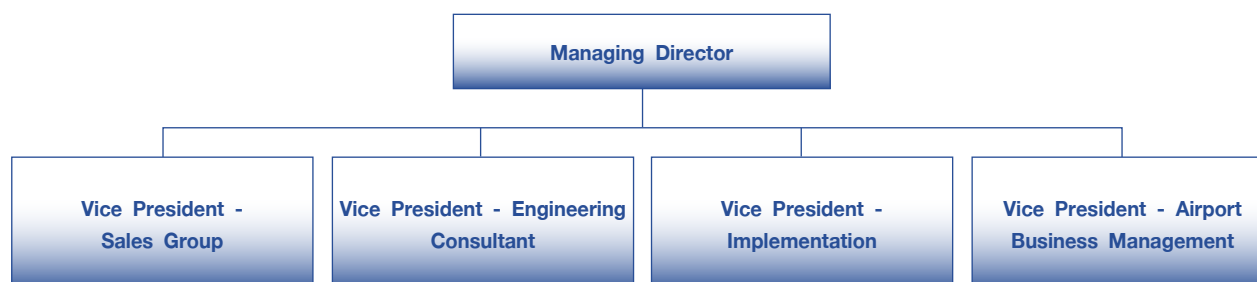
#### Management of Samart Telcoms Pcl.

- |   |   |
|---|---|
| 1. Mr. Watchai Vilailuck                  | Executive Chairman & Chief Executive Officer                          |
| 2. Mr. Jong Diloksombat                   | President   |
| 3. Mr. Pornchai Krivichian                | Executive Vice President Network Solutions Business Group             |
| 4. Miss Chotika Kamloonwesaruch           | Executive Vice President Enhanced Technology Solutions Business Group |
| 5. Mr. Suchart Duangthavee <sup>(*)</sup> | Executive Vice President Business Application Business Group          |
| 6. Mrs. Aroonluck Dilokwanich             | Vice President - Corporate Accounting                                 |
| 7. Mr. Dhilokpat Nisamaneevong            | Vice President - Finance & Investor Relations                         |

*Remark : <sup>(\*)</sup> Has been appointed Mr. Suchart Duangthavee as Executive Vice President Business Application Business Group effective on February 1, 2017.*

## 3) Samart Comtech Co., Ltd.

### Corporate Structure of Samart Comtech Co., Ltd.



**Management of Samart Comtech Co., Ltd.**

- |                                 |  |
|---------------------------------|--|
| 1. Miss Chotika Kamloonwesaruch | Managing Director and Vice President - Sales Group |
| 2. Mr. Danaisak Khonsue         | Vice President - Engineering Consultant            |
| 3. Korn Vajanapoom, Ph.D.       | Vice President - Implementation                    |
| 4. Mr. Suchart Duangthavee      | Vice President - Airport Business Management (ABM) |

**4) Samart Communication Services Co., Ltd.**

**Corporate Structure of Samart Communication Services Co., Ltd.**



**Management of Samart Communication Services**

- |                            |  |
|----------------------------|--|
| 1. Mr. Pornchai Krivichian | Managing Director and Acting Assistance Vice President Account Manager 1 |
| 2. Mr. Bordin Larbhongsang | Assistance Vice President - Account Manager 2                            |
| 3. Mr. Senee Somma         | Vice President - Service   |

**5) Cambodia Air Traffic Services Co., Ltd.**

**Corporate Structure of Cambodia Air Traffic Services Co., Ltd.**



**Management of Cambodia Air Traffic Services Co., Ltd.**

- |                                |                                 |
|--------------------------------|---------------------------------|
| 1. Mr. Teeraphat Kulkijkamjorn | Managing Director               |
| 2. Mr. Saichon Pinsakul        | ATS Operation Director          |
| 3. Mr. Krirkchai Thanon        | Engineering Director            |
| 4. Ms. Siriporn Jamnuch        | Accounting and Finance Director |
| 5. Ms. Kamonrat Chanmee        | Human Resource Director         |
| 6. Mr. Kamon Kongsang          | Administrative Director         |

## Company Secretary

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors to comply with the new Securities and Exchange Act. B.E. 2551 ("The Securities Act 4."). The Board of Directors' meeting of the Company No.9/2014 held on December 19, 2014 has appointed Mrs. Jirawan Rujisonthi as the Company Secretary, effective on December 19, 2014 onwards.

**Details of Company Secretary are provided under "Directors, Managements and Company Secretary" and "Company Secretary's Role and Responsibilities." in pages 257-258.**

## Remuneration of Directors and Management

### • Directors' Remuneration

Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

### • Non-executive Director's Remuneration

The remuneration for the directors comprises meeting allowance and bonus without other benefits. Meeting allowance shall be approved by the Shareholders' Meeting and it shall be paid to the directors who attended the meeting only. Members of the Board of Directors and the Audit Committee shall receive the meeting allowance at the same amount, however, the Chairman shall receive 2 times higher than other directors. The Chairman of the Nominating & Compensation Committee and the Chairman of the Corporate Governance Committee shall receive 33.33 percent higher than other members. The Executive Committee, the Risk Management Committee and the Sustainable Development Committee shall not receive any meeting allowance because they are the Company's executives. The provision of bonus to the directors shall be considered based on appropriateness in various aspects and by compared with other organizations in the same industry which have the same or similar size of business including business operations of the Company, performance and responsibility of the directors and overall business conditions.

The Shareholders in the Annual General Meeting 2017 approved remuneration for directors of the Company and Committees' members at the amount of not exceeding Bath 7.0 million. Details of remuneration are as follows:

#### Board of Directors and Audit Committee

- Chairman	Baht	30,000	per meeting
- Director	Baht	15,000	per meeting

#### Nominating & Compensation Committee and Corporate Governance Committee

- Chairman	Baht	20,000	per meeting
- Director	Baht	15,000	per meeting

### • Management's Remuneration

Remuneration of the top managements shall be in accordance with principles and policies specified by the Nominating & Compensation Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel.



Annual remuneration and bonus of the top managements shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval.

For the remuneration of Chief Executive Chairman, it will be determined by the above criteria. The Board of Directors also conducts the performance evaluation of Chief Executive Chairman annually by each director. The results will be used to consider the remuneration of Chief Executive Chairman.

**In 2017, the Company paid remuneration to directors and managements of the Company and core business subsidiaries as follows:**

**1. Cash & Non-Cash remuneration paid to directors and management in 2017 was as follows:**

**1.1) Cash & Non-Cash Remuneration for Directors and Committees' Members**

- **Remuneration for existing Directors and Committees' members of Samart Corporation Pcl.**

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance <sup>(1)</sup> (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	
	Board of Directors <sup>(2)</sup>	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Dr. Tongchat Hongladaromp Chairman / Independent Director	270,000	75,000	-	60,000	150,000	555,000	-
2. Mr. Pradang Prichayangkun Vice Chairman / Independent Director	135,000	150,000	45,000	45,000	100,000	475,000	-
3. Mr. Seri Suksathaporn Director / Independent Director	135,000	75,000	60,000	45,000	100,000	415,000	-
4. Mrs. Siripen Vilailuck Director	135,000	-	-	-	100,000	235,000	-
5. Mr. Charoenrath Vilailuck Director	135,000	-	-	-	100,000	235,000	-
6. Mr. Watchai Vilailuck Director	135,000	-	-	-	100,000	235,000	-
7. Mr. Sirichai Rasameechan Director	135,000	-	45,000	-	100,000	280,000	-
8. Mr. Prinya Waiwatana Director / Independent Director	135,000	-	45,000	-	100,000	280,000	-
9. Mr. Thananan Vilailuck Director	120,000 <sup>(3)</sup>	-	-	-	100,000	220,000	-
10. Mr. Pracha Phathayakorn Director	75,000 <sup>(4)</sup>	-	-	-	-	75,000	-
Total	1,410,000	300,000	195,000	150,000	950,000	3,005,000	-

**Remark :** <sup>(1)</sup> Meeting allowance shall not be paid to the Executive Committee, Risk Management Committee and Sustainable Development Committee because all members of such Committees are the executives who have remuneration as the executives already;

<sup>(2)</sup> The 2017 meeting allowance is for 9 meetings of the Board of Directors meeting;

<sup>(3)</sup> Different amount of meeting allowance for each director depended on number of participated meetings;

<sup>(4)</sup> Has been appointed as Director on April 25, 2017.

## 1.2) Cash & Non-Cash Remuneration of the Executive Board and Management

Remuneration	Number of Persons	Total Amount (Baht)
Salary <sup>(1)</sup>	7	34,062,000
Bonus <sup>(1)</sup>	7	4,157,500
Provident Fund <sup>(1) (2)</sup>	7	3,038,000

**Remark :** <sup>(1)</sup> The figures presented Salary, Bonus and Provident Fund for executives and management paid by the Company only. There were total of 5 executives and management in 2017 including Mr. Sirichai Rasameechan resigned from management on March 1, 2017 as well as another 1 executive who is not a management as definition in the Notification of SEC with payment paid by the Company while other 2 managements received from the Company and other listed subsidiaries as follows:

- Mr. Watchai Vilailuck received partial payment from the Company and Samart Telcoms Pcl.
- Mr. Jong Diloksombat received payment from other listed subsidiaries under other line of businesses;

<sup>(2)</sup> Provident fund to executive directors and managements have been provided by the Company at the rate of 3 - 10 percent of salary related to year of services;

## 2. Total Remuneration of core business subsidiaries in 2017 :

### 2.1) Cash & Non-Cash Remuneration for Directors and Committees' Members of Samart Digital Pcl.

- Remuneration for existing Directors and Committees' members of Samart Digital Pcl.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Mr. Piyapan Champasut Chairman / Independent Director	240,000	75,000	-	-	150,000	465,000	-
2. Dr. Chotivid Chayavadhanangkur Director / Independent Director	135,000	180,000	60,000	45,000	100,000	520,000	-
3. Mr. Kunthit Aranyakananda Director / Independent Director	135,000	90,000	45,000	60,000	100,000	430,000	-
4. Mr. Charoenrath Vilailuck Director	135,000	-	-	-	100,000	235,000	-
5. Mr. Watchai Vilailuck Director	135,000	-	-	-	100,000	235,000	-
6. Mrs. Sukanya Vanichjakvong Director	135,000	-	45,000	45,000	100,000	325,000	-
7. Mr. Pracha Phathayakorn Director	135,000	-	-	-	100,000	235,000	-
Total	1,050,000	345,000	150,000	150,000	750,000	2,445,000	-

- Cash & Non-Cash Remuneration of the Management of Samart Digital Pcl.

Remuneration <sup>(1)</sup>	Number of Persons	Total Amount (Baht)
Salary <sup>(1)</sup>	6	13,374,000
Bonus	6	1,041,500
Provident Fund <sup>(2)</sup>	6	1,099,800

**Remark :** <sup>(1)</sup> 3 of SDC's managements as definition in the Notification of the SEC since July 2017;

<sup>(2)</sup> Provident fund to managements have been provided by SDC at the rate of 3 - 10 percent of salary related to year of services.

**2.2) Cash & Non-Cash Remuneration for Directors and Committees’ Members of Samart Telcoms Pcl.**

- **Remuneration for existing Directors and Committees’ members of Samart Telcoms Pcl.**

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance <sup>(1)</sup> (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. General Sumpun Boonyanun <sup>(2)</sup> Director / Independent Director	150,000	135,000	30,000	60,000	100,000	475,000	-
2. Mr. Vichai Pokasamrit <sup>(3)</sup> Director / Independent Director	105,000	75,000	60,000	30,000	100,000	370,000	-
3. Ms. Rapeepan Luangaramrut <sup>(4)</sup> Director / Independent Director	120,000	75,000	15,000	45,000	100,000	355,000	-
4. Mr. Kajornvut Tayanukorn Director	120,000	-	45,000	-	100,000	265,000	-
5. Mr. Sirichai Rasameechan <sup>(5)</sup> Director	120,000	-	30,000	-	100,000	250,000	-
6. Mr. Charoenrath Vilailuck Director	120,000	-	-	-	100,000	220,000	-
7. Mr. Watchai Vilailuck Director	120,000	-	-	-	100,000	220,000	-
8. Mr. Thananan Vilailuck Director	90,000	-	-	-	100,000	190,000	-
9. Mr. Jong Diloksombat Director	120,000	-	45,000	-	100,000	265,000	-
10. Mr. Sombut Uthaisang <sup>(6)</sup> Chairman / Independent Director	180,000	-	-	-	150,000	330,000	-
Total	1,245,000	285,000	225,000	135,000	1,050,000	2,940,000	-

**Remark :** <sup>(1)</sup> Meeting allowance shall not be paid to the Executive Committee, Risk Management Committee and Sustainable Development Committee because all members of such Committees are the executives who have remuneration as the executives already.

<sup>(2)</sup> Has been appointed as Chairman and resigned from Chairman of the Audit Committee and the Corporate Governance Committee Member. However, he still remains the Audit Committee Member effective from December 1, 2017;

<sup>(3)</sup> Has been appointed as Chairman of the Audit Committee on December 1, 2017;

<sup>(4)</sup> Has been appointed as the Corporate Governance Committee Member on December 1, 2017;

<sup>(5)</sup> Has been appointed as the Corporate Governance Committee Member on May 9, 2017;

<sup>(6)</sup> Resigned from Chairman and Independent Director on November 28, 2017.

- **Cash & Non-Cash Remuneration of the Executive Board and Management of Samart Telcoms Pcl.**

Remuneration	Number of Persons	Total Amount (Baht)
Salary	5	22,416,000
Bonus	5	2,801,000
Provident Fund <sup>(1)</sup>	5	1,881,600

**Remark :** <sup>(1)</sup> Provident fund to executive directors and management have been provided by SAMTEL at the rate of 3 - 10 percent of salary related to year of services.

## 2.3) Cash & Non-Cash Remuneration for Directors of Samart Comtech Co., Ltd. ("SCT")

- Meeting allowance shall not be paid to the Directors because all members are the executives who have remuneration as the executives already.
- Cash & Non-Cash Remuneration of the Management of SCT

Remuneration	Number of Persons	Total Amount (Baht)
Salary <sup>(1)</sup>	4	9,207,600
Bonus <sup>(1)</sup>	4	1,270,250
Provident Fund <sup>(1)(2)</sup>	4	794,760

**Remark :** <sup>(1)</sup> The figure presented Salary, Bonus and Provident Fund of the executive directors and managements received from Samart Comtech Co., Ltd. only. During 2017 they were 3 executive directors and managements received the remuneration from Samart Comtech Co., Ltd. and Mr. Suchart Duangthavee, an executive director and management, has received the remuneration from Samart Telcoms Pcl.;

<sup>(2)</sup> Provident fund to executive directors and management have been provided by SCT at the rate of 3 - 10 percent of salary related to year of services.

## 2.4) Cash & Non-Cash Remuneration for Directors of Samart Communication Services Co., Ltd. ("SCS")

- Meeting allowance shall not be paid to the Directors because all members are the executives who have remuneration as the executives already.
- Cash & Non-Cash Remuneration of the Management of SCS

Remuneration	Number of Persons	Total Amount (Baht)
Salary	3	8,845,200
Bonus	3	1,012,100
Provident Fund <sup>(1)</sup>	3	809,964

**Remark :** <sup>(1)</sup> Provident fund to executive directors and managements have been provided by SCS at the rate of 3 - 10 percent of salary related to year of services.

## 2.5) Cash & Non-Cash Remuneration for Directors of Cambodia Air Traffic Services Co., Ltd. ("CATS")

- Meeting allowance shall not be paid to the Directors because all members are the executives who have remuneration as the executives already.
- Cash & Non-Cash Remuneration of the Management of CATS

Remuneration	Number of Persons	Total Amount (Baht)
Salary <sup>(1)</sup>	6	10,358,400
Bonus <sup>(1)</sup>	6	2,589,600
Provident Fund <sup>(1)(2)</sup>	6	758,652

**Remark :** <sup>(1)</sup> The figure presented Salary, Bonus and Provident Fund of managements received from Samart Corporation Pcl., the managements have been working at CATS. Moreover, these managements received partial remuneration from CATS in U.S. dollar total of 150,600 U.S. dollar or approximately Baht 4,819,200;

<sup>(2)</sup> Provident fund to executive directors and managements have been provided by CATS at the rate of 3 - 10 percent of salary related to year of services.

## Human Resource

Number of employees of the Company and its subsidiaries classified by line of business for the past 3 years are as follow:

Line of business	Number of Employees (persons)		
	2015	2016	2017
1. Digital	1,137	1,027	698 <sup>(*)</sup>
2. ICT Solution and Service	1,347	1,277	1,311
3. Call Center	2,090	2,343	1,861
4. Utilities and Transportations	542	537	579
5. Technology Related Services	379	322	379
<b>Total</b>	<b>5,495</b>	<b>5,506</b>	<b>4,828</b>

*Remark : <sup>(\*)</sup> The number of employees decrease from 2016 due to business restructuring and business operation of Digital LOB.*

**The remuneration of employees of the Company and the subsidiaries which comprises of salary, bonus, contribution to provident fund and other compensation during the past 3 years are as follows:**

(Unit : Million Bath)

Remuneration	Total Amount		
	2015	2016	2017
1. Salary <sup>(*)</sup>	1,556.43	1,560.79	1,519.41
2. Bonus <sup>(*)</sup>	130.96	120.94	119.76
3. Provident Fund <sup>(*)</sup>	56.84	57.81	60.35
4. Other remuneration (over time, special subsidy and commission)	122.69	108.00	112.29

*Remark : <sup>(\*)</sup> The remuneration were excluded the managements of the Company and core business subsidiaries i.e. SDC, SAMTEL, SCT, SCS and CATS, the remuneration were disclosed in the remuneration for Directors and Managements of such companies.*

### Human Resources Management and Development Policy

The Company always regards that our employees are the most valuable and crucial fundamental for the Company's sustainable success becoming a leading Telecommunication Technology and Digital platform related company in the competitive industry. Since the Company achievement depends on qualified and high caliber employees, SAMART group practically initiated corporate HRM & HRD policy emphasizing on analyzing proper manpower planning, increasing performance efficiency and improving working procedure to cope with business working environmental and technology change as well as performance management and potential assessment, developing individual capabilities at all levels progressively to prepare for business extension and competition, new company business and any changes. Indeed, these have to be compatible to SAMART group's business vision, missions, operation, and corporate culture simultaneously.



## 1. Human Resources Management Policy

For responding to Corporate HR Policy, Human Resources Management Policy has mainly been concentrated on:

### - **Manpower planning Policy**

To support all lines of business in SAMART group, The Company has applied a variety of HR indicators and statistic tools in optimizing manpower planning also balancing among functional workloads to increase HRM & HRD policy efficiencies. These would enhance organizational design and restructuring as well as enable HR manpower policy and costing most effective to company leading to success in new company business meet company's vision and mission at the first HR procedure sustainably.

### - **Recruitment & Selection Policy**

The Company continuously applies proactive approaches in recruiting capable people at all levels including of sourcing and attracting all levels of candidates by launching Campus Tour and Activities Programs in leading universities, coordinating with business recruitment agency and allied business network to build SAMART group's branding to all external candidates. In Selection Policy, the Company places importance on the selection process, focusing on the most appropriate knowledge, ability and attribute by which their virtues recruitment & selection combines cooperation among original affiliation, specialists in various careers and human resources to ensure that the process of recruitment & selection on good corporate governance. Furthermore, the Company has relevantly applied new digital technology connection and social media to support this process. These would be capable people at all levels and lead them to success their owned career at SAMART leading to be the Company's sustainable success.

### - **Performance Management and Development Policy:**

SAMART ensures an equitable and appropriate performance management system through applying KPIs approach cascading organization objectives through division to individual goals and corporate competencies methodologies aligning to business strategic planning at all levels throughout SAMART. In 2017, the Company has initially applied new global standard technology (SAP) to support Goal/KPIs and Performance Management i.e. closed monitoring, solution consulting and organizing arrange their owned and subordinators' Goal/KPIs, etc. at individual through top management level leading to be the Company's sustainable success efficiently and effectively in organizational strategic management.

### - **Human Resources Management and Development Technology Policy:**

The Company conducts informaionl technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, data accuracy, and decreasing operation cost by applying digital technology to HR Portal services including of employee recruitment and selection such candidate application online, E-Document Workflow application, and payroll services with E-Payslip systems. By the way, the Company has also applied for human resource development, such as knowledge management systems including of managing competency assessment systems and individual development plan (IDP) system. Furthermore, the Company would fully utilize hris data to support in HRM & HRD Policy decision making for sustainable organization achievement and preparing to Thailand 4.0 in the future.

### - **Compensation & Benefit Policy:**

The Company formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout SAMART. By the way, company essentially determines corporate compensation, benefit and welfare policy being compatible to organizational position including of skill, accountability, knowledge, and competence related to business operation and economic situation with comparative analysis among businesses in the same and diversified industry as well as strictly complying to labor law and compliance. These might ensure that our employees would receive appropriate and equitable compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.

- **Employee Relation & Engagement Policy:**

The Company places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee's innovative, improvement and other open-mind ideas to enhance SAMART business operations and other processes known as “Lunch & Learn Project” and “CEO suggestion box”.

Furthermore, the Company concentrates on the employee relation and engagement at all levels of employees throughout SAMART and also implants them into corporate value along with corporate culture by building synergy professional working-style (Team of Professionals). Hence, these initiate the best cooperation among individual level through corporate level. In 2017, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., Internal Survey Improvement Project and D-Club (CSR programs) etc.

**2. Human Resources Development Policy**

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees being appropriate to their owned position at all levels for leading them to success their owned career at SAMART and also achieving business's needs and preparing staff for domestic and oversea business expansion. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing a wide range of development tools for increasing their skill, knowledge, capability through corporate culture and code of conduct according with SAMART strategy and operation not only for present day but the future business as well.

- **Career Development Policy:**

The Company defines career development policy by which the Company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities. Particularly, competency approach has been applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential specified by both corporate and Line of business (LOB) levels to support sustainable growth and prepare for business expansion throughout SAMART.

- **Employee Training & Development Policy:**

The Company regards the employees as a key success factor and fundamental to success as “Learning & Growth Aspect” in order to achieve business strategies and goals, resulting in corporate sustainable growth and business competitive advantage. Hence, the Company has HRD policy to continuously develop all employees among qualifications, knowledge and ability in parallel with the human resources development system at all levels as summarized below;

**In-house Training**

To encourage and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training courses deemed necessary, as follows:

## For top and management executives:

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare SAMART to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Creating & Strategic Implementation Plan, Modern Supervisory, etc.

## For operational staffs:

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional capability related to operational responsibilities and increasing skill of employees for each career and division concerned such as Risk Management course, Project Management courses, Compliance and Law course, Financial and Accounting Standard courses, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO standard courses, Administrative Management and Training and Assessments for Building Electricians, etc.

## For all employees:

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, Effective communication, Courses for corporate culture, etc.

Furthermore, to accommodate business expansion, develop employee in English communication skill and achieve their competence continuously, the Company thus developed English communication skills both Classroom Training and E-Learning being used to support a large group of learner both new and current employees. This has enabled employee at all levels developing for this skill more conveniently at anywhere and anytime.

## **External Training**

In addition to In-house Training, SAMART supports all executives and employees to acquire external standard knowledge and skill from training certified courses conducted or instructed by external reputable institutes both local and international in order to enhance their expertise, knowledge, ability and also updating and exchanging new aspect with other organizations to apply some appropriate approach to organization relevantly.

### **- Knowledge Management :**

For human resources developing in long term and adding business value, the Company thus considers information technology as an important tool for improving staff management efficiency, Project "SAMART knowledge sharing" has been implemented, this promotes knowledge management throughout organization and responds to business' mission continuously and sustainably.

### **- Talent Management Policy and Succession Planning :**

The Company designed special HRM & HRD programs and tools to prepare excellent performance and high potential employee (talent) for their succession planning including of Job rotation, Job Enlargement & Enrichment, Job assignment, Talent monitoring, and fast-track program preparation. By encouraging them through employee engagement programs as well, these would motivate talent to full utilize their owned skill, knowledge, competence and potential to dedicate performing all missions to achieve SAMART's goals most efficiently.

Furthermore, the Company always recognizes the importance of having a succession plan, especially at the top management level, to ensure continuity when there is a vacancy or to support expansion of business.

The Company has provided the training continuously and systematically in order to promote opportunities for them to have knowledge, management skill, problem solving skill and making effective decision. In addition, the Company has arranged internal and external training course and has also been sending staff to training with following institutions.

**Summary of Training to management and employees of the Company and its subsidiaries in 2017**

Training	Frequency (Times)	Number of Participants (Persons)
In-House Training		
Managements	35	1,057
Employees	133	2,594
<b>Sub-Total</b>	<b>168</b>	<b>3,651</b>
External Training		
Managements	90	128
Employees	150	238
<b>Sub-Total</b>	<b>240</b>	<b>366</b>
<b>Total</b>	<b>408</b>	<b>4,017</b>

**Training Expenses in 2017**

In 2017, total expenses concerning the employees’ participation in the trainings domestically and abroad of the Company and its subsidiaries were Baht 9.8 million. Total employees’ training hours were 27,682 hours per year or averagely 6.89 hours/person/year which is more than the standard hours specified by the Department of Skill Development which equaled to 6 hours/person/year. Example of training courses internally, externally and abroad were as follows:

**Internal Training Courses**

- BuZan Mind Mapping Workshop
- Digital 4.0...
- Digital Marketing
- Habits Plus
- Agile Management
- Administrative and Contract Management
- Effective Communication Skill
- Enterprise Risk Management
- Effective E-Mail & Memo Writing for Business English
- Project Modern New Manager
- Supervisory Skill
- Effective Engagement Team
- Time Management & Build up First Thing First Skill
- Coaching for Goal
- Strategy to Government Market
- CMMI Appraisal Method for Process Improvement
- The Removing Equipment for Lot in Switchyard Skill
- Safety in Confined Areas
- Safety at work
- Safety in Electrical Work
- Safety Driving Techniques Prevent Accident
- Orientation Samart Group
- K2 Workflow Management System
- Applications for SAP Module–Project System, Sale Order
- Application for PR Workflow
- Application for Project Start up
- Application for Alfresco User & Admin
- Application for ISMS Awareness
- CMMI Training (Role : Project Manager, Sales, Presales, Human Resources / Learning & Development, Configuration Manager, Procurement)

## External and international Courses

- Aspect Unified IP Installation and Upgrade in Singapore
- Difference: How to Harness Business Creativity 6<sup>th</sup> edition
- Senior Executive Program for Nation-Building
- Leadership Succession Program
- Ultra Wealth Group
- Promotion of Peaceful Society 8<sup>th</sup> edition
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives Rationale 21<sup>st</sup> edition
- Digital Transformation
- Digital Economy for Management: DE4M 6<sup>th</sup> edition
- Cognitive Design and Innovation Reshape IT for the Future
- Internet of Thing for Business
- Digital Economy for Management
- Update Taxes and Accounts
- Labor laws for business owners, executives and HR
- Work Engagement
- Project Management Fundamental
- Thai-Cambodia Double Tax Agreement (DTA)
- Techniques and Presentation of Evidence in Money Laundering Cases
- New Harmonized Customs Tariff HS2017 with Impact on FTA, CO, Rules of Origin
- SD Forum 2/2017 : Sustainability Strategy : Key Blueprint for Business Growth from SET
- Guidelines for using electronic to report of changes in securities holding of Director, Executive and Auditor (Form 59-2) from SEC
- Enhancing Good Corporate Governance based on CGR Scorecard from Thai Listed Companies Association and SET
- Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) from Thai Institute of Directors
- Listed Companies Preparation for New Corporate Governance Code : CG Code from SET in association with Thai Listed Companies Association
- Qualification specification for Chief Financial Officer (CFO) and Accountant from SET
- AGM Checklist from Thai Investors Association
- Safety Committee



# Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Company has the Corporate Secretary Division which is the Compliance Unit to supervise and oversee the operations of the Company, the directors and the executives to ensure that they have been correctly complied with the regulations of SET, SEC and the Public Company Limited Act including other relevant laws as follows:

## 1. Corporate Governance Policy & Business Ethics

### 1.1 Corporate Governance Policy

The Board of Directors is aware of the importance of good Corporate Governance. Therefore, the written Policy of Corporate Governance both in Thai and English have been set and approved by the Board since 2005 to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Governance Policy had also been posted on the Company's website for information of the Company's employees and for public. Internal audit and internal control system have been emphasized to monitor the management to follow the Company's policy with more efficiency in order to increase long-term benefit to the shareholder under the law and Business Ethics. The Corporate Governance Committee will monitor and have the employees to strictly comply with such policy. The CG Policy will be annually reviewed and revised to comply with new regulations. The latest revision which complied with the Principles of Good Corporate Governance for Listed Companies 2012 of SET has been resolved by the Board of Directors of the Company on February 27, 2018. Moreover, the Corporate Committee has studied the 2017 Corporate Governance Code (CG Code) and prepared to further apply them that are suitable for the Company's business. The Corporate Governance Policy covers the following:

#### 1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; no matter such shareholder is a minority shareholder, a major shareholder, an institute investor or a foreigner. All rights that the Company's shareholders obtained in 2017 were as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**

Thailand Securities Depository Co., Ltd. (“TSD”) has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.

- **Rights to propose agenda and enquiries for the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting starting from 2009 Annual General Meeting of shareholders. The shareholders have been granted an opportunity to submit the enquiries for consideration prior the meeting since 2011 provided that they must comply with criteria on proposing of meeting agenda for shareholders' meeting as per specified by the Company's Board of Directors. In 2018 Annual General Meeting of Shareholders, the Company shall allow the minority shareholders to propose the matter for consideration as agenda and submit the enquiries at least 3 months in advance prior the ending date of the fiscal year since September 29, 2017 onward. For the meeting agenda proposal ended on January 31, 2018 and enquiries proposal ended prior to the meeting date of 2018 Annual General Meeting of the Shareholders. And explain the detailed procedures on proposing the matter for consideration as agenda including an advance submission of the enquiries in the Company's website ([www.samartcorp.com](http://www.samartcorp.com)) in the section of the “Investor Relations” under the title of “Enquiries submission prior to the Annual General Meeting of Shareholders 2018”.

- **Participation in the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholder. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting, the Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting. There was one meeting in 2017, the 2017 Annual General Meeting of Shareholders which held on April 25, 2017 at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok where is convenience for transportation and capability to cover with number of shareholders.

## **Before the Meeting Date**

In the 2017 Annual General Meeting of Shareholders, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 50 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website ([www.samartcorp.com](http://www.samartcorp.com)) in the section "Investor Relations" under the title of "the Annual General Meeting of Shareholders" 32 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company's registrar, within 25 days before the meeting date of which better than what has been required by law. The invitation letter contained fact, rationale, and opinions from the Board of Directors for each agenda, conditions and procedures of meeting, annual report, proxy form and any other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter has also been 3 days continually published on the newspaper 15 days prior to the meeting date to be in line with law.

For convenience on registration for attending the shareholders' meeting of the institutional investors, the Company shall coordinate on preparation of proxy for them prior the meeting date.

## **On the Meeting Date**

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipments are sufficient for registration reviewed on required documents more than one hour prior to commencement of the meeting by using barcode system to counting the vote for a prompt voting result. In the 2017 Annual General Meeting of Shareholders there were 9 directors attended. The Chairman of all Committees including the Chairman of the Audit Committee, the Company's Management, the Executive Vice President (Finance and Accounting), External Auditors as well as the Investor Relation also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members to the shareholders and declared to the meeting that there were 181 shareholders and proxies with voting rights attended for the 2017 Annual General Meeting of Shareholders. Moreover, for transparency on counting the vote in the meeting, the Company has invited representatives from Bangkok Bank Public Company Limited to be the vote inspector as well as requested for additional volunteers from the shareholders to be inspector. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders. Moreover, after the completion of the meeting, the Chairman has announced to the shareholders to return the voting card to the Company's staffs for keeping as the evidence.

#### **After the Shareholders' Meeting**

Resolutions of the meeting were disclosed to SET with voting details, approved, disapproved and abstain, of each agenda on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting in both Thai and English had been sent to SET and related parties within 14 days after the meeting date as well as posted on the Company's website (www.samartcorp.com) for verification.

- **Appointment / Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- (1) Each shareholder shall have one vote on each share;
- (2) In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person;
- (3) The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of no less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be no less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

In every Annual General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of committees was also delivered for shareholders' consideration.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posted all significant and updated information on the Company's website (www.samartcorp.com).

- **Getting profit**

The Company will return profit to its shareholders by way of dividend payment. (Details are provided under “**Dividend Policy**”)

**In addition, apart from such shareholders' rights, the Company does not prevent or obstruct any opportunities to allow the shareholders to communicate with each other.**

## 2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meeting, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. **In the shareholders' meeting, each shareholder shall have one vote on each share. All the Company's shares are the ordinary shares.** Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy including identify the document, evidence and proxy method in the meeting invitation which has been prepared in Thai and English for convenience of the shareholders. The 2017 Annual General Meeting of Shareholders held on April 25, 2017, were 118 proxies respectively to the Company's independent directors. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived. Moreover, the Company will inspect to insure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. (Details are provided under **"5. Inside Information"**)

## 3. Roles of Stakeholders

The Company is aware of the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession and realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics for directors, managements, and employees to perform and disclosed on the Company's website ([www.samartcorp.com](http://www.samartcorp.com)) as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company. (Details are provided under **"1.2 Ethic Business"**)

## 4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. The Company has a disclosure policy to disclose information of any significant and future business operation directions, so that the shareholders and the stakeholders to access information conveniently and speedily for

- To submit the financial report and the Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission Thailand ("SEC") within the specified timeframe. The financial report did not have any transactions where the auditor opined with qualified, the financial statement has also never been revised under the order of the SET and SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter, **MD&A has been quarterly provided via SET online and the Company website.**
- Criteria on provision of remuneration to the directors and the executives have been clearly disclosed. (Details are provided under **"Management Structure" in the topic of "the Remuneration of Directors and Managements"**)
- Shareholding information of the directors and the executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring the directors and the executives to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transfered or accepted transfer. The Company Secretary's unit shall coordinate on submission of such report to SET and SEC. Moreover, it is also specified that any change of such securities holding of the directors and the executives shall be reported to the Board of Directors' meeting every time.

**The 2017 securities holding information of the directors and the executives**

**Number of shares held in Company (shares)**

Directors / Executives	Before acquisition / disposition	Acquisition in 2017 Buy via SET	Disposition in 2017	31 Dec. 2017	Variance
1. Dr. Tongchat Hongladaromp <i>Spouse and minor children</i>	- -	- -	- -	- -	- -
2. Mr. Pradang Prichayangkun <i>Spouse and minor children</i>	500,000 -	- -	- -	500,000 -	- -
3. Mr. Seri Suksathaporn <i>Spouse and minor children</i>	927,750 -	- -	- -	927,750 -	- -
4. Mrs. Siripen Vilailuck <i>Spouse and minor children</i>	5,960,250 -	- -	- -	5,960,250 -	- -
5. Mr. Charoenrath Vilailuck <i>Spouse and minor children</i>	112,704,960 30,000	- -	- -	112,704,960 30,000	- -
6. Mr. Watchai Vilailuck <i>Spouse and minor children</i>	125,977,160 28,375	- -	- -	125,977,160 28,375	- -
7. Mr. Sirichai Rasameechan <i>Spouse and minor children</i>	- -	- -	- -	- -	- -
8. Mr. Prinya Waiwatana <i>Spouse and minor children</i>	140,000 -	- -	140,000 -	- -	(140,000) -
9. Mr. Thananan Vilailuck <i>Spouse and minor children</i>	28,802,100 1,210,000	- -	2,773,600 -	26,028,500 1,210,000	(2,773,600) -
10. Mr. Jong Diloksombat <i>Spouse and minor children</i>	- -	- -	- -	- -	- -
11. Mr. Pracha Phathayakorn <i>Spouse and minor children</i>	310,000 -	- -	- -	310,000 -	- -
12. Ms. Namthip Burapapongsanon <i>Spouse and minor children</i>	- -	- -	- -	- -	- -

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest. (Details are provided under **“Connected Transactions”**)

Furthermore, the Company also has a policy on the report of transaction which has conflict of interest of the directors and the executives as follows:

- 1) The director and the executive shall submit the first report on transaction with interest within 30 days from the date he/she is appointed to be the director or the executive pursuant to the specified report form.
- 2) The Director and the executive shall report a change of transaction with interest within 30 days from the date of such change pursuant to the specified report form.
- 3) Report on transaction with interest shall be kept at the Company Secretary and the Company secretary shall arrange to submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date the Company received such report.

The Company were disclosed to shareholders, investors and any related parties via SET’s Communication system, Company’s website (www.samartcorp.com), press release and Company’s Annual Report and Form 56-1 as well as participated in the “Opportunity Day” which arranged by SET.



The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Company has never been notified any offense by SEC/SET on such matter. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information apart from SET's Communication system**

## Annual Report and Form 56-1

The Board of Directors has to ensure that Annual Report / Form 56-1 contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

## Company's website

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the Company's Annual Report but also on the Company's website ([www.samartcorp.com](http://www.samartcorp.com)) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report and the Annual Disclosure Information form (Form 56-1), etc.

## Investor Relations

The Company has also set up an Investors Relations section to provide Company's information and activities for investors, shareholders, analysts and general public via Company's website, Road Shows, analysts meetings and conference calls etc. The Company's Investor Relations could be contacted at phone number 0-2502-6583 or via [www.samartcorp.com](http://www.samartcorp.com) or the e-mail address at Pongthep.V@samartcorp.com. The investor relations ethics prescribed by the Company are as follows:

### **The investor relations ethics**

1. Conduct duties with integrity;
2. Disclose necessary information completely and fairly to all relevant groups equally;
3. Allow all relevant groups to access and enquire the information;
4. Perform duties by mainly adhering to benefits of the shareholders and the stakeholders;
5. Preserve confidential information of the Company and must not use inside information for personal gain;
6. Perform duties at his/her best and professionally;
7. Keep on studying to develop efficiency of the work;
8. Observe the principle on not accepting the appointment during the period close to financial statement announcement and the practical guidelines on securities trading specified by the Company.

In addition to above, the announcements on the Company's financial performance have been arranged for public, investors and analysts by quarterly basis with participation of the executives.

Meetings with investors and analysts in 2017 were summarized as follows:

- One on One Meeting with Analyst, Investors and Road Show 30 Times
- Announcement of SAMART Group of Company's Performance 6 Times

- **Disclosure of Information of the Board of Directors and Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee;

- Directors and Management’s Remunerations: Policy of Directors’ Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The remuneration of the Board of Directors has been disclosed in the Company’s Annual Report and the Annual Information Disclosure form (Form 56-1). (Details are provided under **“Management Structure”** in the topic of **“the Remuneration of Directors and Managements”**).

- **Accountability to the Financial Statements**

The Board of Directors is responsible for the Company’s consolidated financial statements and any financial information which been disclosed in the Company’s Annual Report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company’s internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company’s assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the Annual Report. Moreover, Report of the Board of Directors’ responsibility on the Company’s Financial Statements was also attached in the Company’s Annual Report.

## **5. Roles and Responsibilities of the Board**

For best benefit of the strike a balance of power within the Company, the Company has a policy to put emphasis on responsibilities of the Committee members with regards to their components, qualifications including roles & duties as the following:

### **5.1) Directors’ Qualifications**

The Company’s Board of Directors comprises of the members who are knowledgeable, skillful and have transparent work experiences, good moral, and responsibility. The Board must comprise of members of various professions and experiences which are beneficial to business operations of the Company, i.e. accounting/finance, management, strategic planning, legal and corporate governance without having any gender discrimination and achieve its objectives. The Company has 10 directors who complied with the qualification that been described in the Company’s **“Management Structure”**. All of the Directors have contributed their best to the Company which may concern from their participation in the meeting. (Details are provided under **“5.5.4 Board of Directors and Committees’ Meeting”**).

### **5.2) The Independent of the Board of Directors**

- **Separation of CEO and Chairman**

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and CEO must not be attained by the same person. The Company’s Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with SET’s notification and has no business relation with any management of the Company. Chairman of the Board and CEO have Roles and Responsibilities as follows:

## **Roles and responsibilities of the Chairman of the Board**

1. To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Executive Board and other Committees to make them achieve the objectives pursuant to the specified plan;
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting;
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.

## **Roles and Responsibilities of Chief Executive Officer**

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company and/or shareholders' meeting to be complied to regulations of SET/ SEC or any related laws and regulations.

### • **Balance of Power**

More than half of the members of the Board of Directors are not a part of management team. Within this half, one-third of the directors and at least 3 members are independent and has no business relations or personal with the Company's Management. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder. To strike a balance of power within the Company, the positions of Chairman of Board of Directors and CEO must not be attained by the same person. The Chairman of Board of Directors should be an independent member.

The Board of Directors of the Company comprised of 10 members with various qualifications, skills, experience and expertise. Composition of the members is as follow:

- 4 Independent Directors (40.00% of the Board of Directors)
- 4 Executive Directors
- 2 Non-Executive Directors (1 Representative from major shareholders)

**The 2 Independent Directors namely Dr. Tongchat Hongladaromp and Mr. Pradang Prichayangkul have working experience relating to the Company's business.**

The shareholders could have confidence that the directors as representatives of the shareholders could perform their duty without any influence or control by management of the Company by the above structure.

### • **Separate Roles and Responsibilities of the Board of Directors and CEO**

The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics to ensure all Company's businesses are

run under Company’s objectives, Articles of Association, laws and regulations of SEC/SET and other related laws. At the same time, CEO who is the management’s leader will focus on general management of the Company.

### **5.3) Being Director in other Listed Companies**

- **Policy for directors on being director in other listed companies**

For efficiency of being the director, the Board of Directors of the Company has set the “Policy” for all directors to be the director in any listed companies not exceeding 5 companies. However, there is not any of the existing directors of the Company is being the director in listed companies over than 5 companies and also could participate and contribute to the Company with efficiency.

- **Policy for executives management on being director in other listed companies**

Moreover, the management of the Company will also be obtained approval from the Executive Board prior to be a director in any companies of which are not have either similar business or being the Company’s competitors.

### **5.4) Transparency of Nomination**

The Board ensures the Company to provide transparency process of nomination of directors and management of the Company of which the details are provided under the topic of **“3. Nomination and appointment of the Directors and Management”**.

### **5.5) Board of Directors’ Activities in 2017**

#### **5.5.1) Set Policy and Business Direction**

The Board of Directors has clearly established the Company’s Vision & Mission are which details are provided under **“Policy and Overview on business Operation”** in the topic of **“Corporate Vision, Mission, Goals and Strategies”**.

#### **Monitoring on Business Ethics**

The Company conveyed business ethics practices via various channels and the Company also specified that all directors, executives and employees have responsibility to acknowledge and comply with the Company’s policies and regulations. The supervisors or the superior officers at all level have to monitor the compliance with the business ethics as well as to give recommendation and advise in case there is a problem on making decision or performing the works concerning the business ethics which have not been specified elsewhere. However, such recommendation must be based on the legal rules and it must not against the policy or business ethics of the Company, must not have negative impact to the Company’s image including must not cause negative effect to the Company’s stakeholders. The Company shall revise and improve its business ethics policy continually to make it always appropriate and up-to-date.

In the event that it is found that there is a violation of the business ethics, the supervisor shall undertake the necessary measures to solve or make good of such action or may issue a warning notice, as the case may be. The wrongdoer shall be subject to disciplinary penalty and may also be faced with legal penalty, if such action is against the law.

Moreover, the Company also has one more channel to receive the misconduct information or complaint or opinion on violation of law or ethics including on the behavior which may lead to the corruption or inequality treatment, the details on procedures and methods on informing such information, as well as the protection of the informant can be found in **“1.2 Business Ethics”** in the Subject of **Procedures and methods on “Notifying the information on misconduct and the protection of the informant”**.

Moreover, to comply with the principle of the sufficient internal control assessment and accordance with good corporate governance of Samart group of companies. The Company issued the business ethic assessment for executive's self-assessment to follow the business ethic of Samart group which has already been stated. The assessment covers the following area:

1. Conflict of interest
2. Accountability to shareholders
3. Employee policies
4. Employee ethics
5. Customer policies
6. Trade partner policies
7. Creditors policies
8. Counterpart/Competitor policies
9. Anti-Corruption policy
10. Money Laundering policy
11. Tax policy
12. Sustainable Development policy
13. Responsibility to societies
14. Responsibility to communities
15. Responsibility to environment
16. Non-violation of human rights policy

From the above assessment covering 16 areas have an **excellent** evaluation obtaining average score **99.84%**

#### **5.5.2) Leadership and Vision**

The Board of Directors involved and agreed on set out the Company's vision, mission, strategies, business plan and budget as well as to govern the management to follow such business plan and budget with efficiency and profitability for economic value to the Company and the best stability to the shareholders. In addition to the above, the Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, Notifications of SEC/SET and other related laws and regulations.

Internal Control system, internal audit as well as efficiency risk management had been set by the Board of Directors. Monitoring and evaluation were made by the Audit Committee and regularly reported to the Board of Directors.

#### **5.5.3) Set up of Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following committees to help the Board for consideration in significant matters.

- Audit Committee
- Executive Board
- Corporate Governance Committee
- Nominating & Compensation Committee
- Risk Management Committee
- Sustainable Development Committee

Roles and responsibilities of each committee are provided under “2. Committees”. In addition, Committees’ Charters have also been set and disclosed on the Company’s website ([www.samartcorp.com](http://www.samartcorp.com)).

#### 5.5.4) Board & Committees’ Meeting

##### 1) Board of Directors’ Meeting

The Board of Directors’ Meeting schedule has been set at least 7 times a year with certain agenda. The annual meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. However, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. The average length of the meeting is approximately 2 hours. **In addition, the Board of Directors set its quorum of the meeting to be at least 2/3 of all directors attending in the meeting.**

Details of directors’ attendance for 2017 with total 9 meetings were as follows:

Directors	Directorship in the Company	Term of Directorship (Year-month)	Number of Attendance /Total Number of Meeting	Summary of consideration
1. Dr. Tongchat Hongladaromp	Apr. 2008	9-8	9/9	<ul style="list-style-type: none"> <li>- Considered the Company Operating Performance and Financial Statements for 2016 as well as quarterly performance of 2017;</li> <li>- Considered the sufficiency of the Company’s Internal Control System;</li> <li>- Acknowledged the 2016 Committees’ activities;</li> <li>- Acknowledged Assessment Result on Quality on Arrangement of AGM of Shareholders for 2017, Assessment Result on Corporate Governance of Thai Listed Companies for 2017;</li> <li>- Acknowledged the 2016 Board Self-Assessment, CEO and Company Secretary Assessment Result as well as consider the criteria of the Board Self Assessment, CEO, Committees and Company Secretary Assessment Form for 2017;</li> <li>- Considered the dividend payment for year 2016;</li> <li>- Considered matters concerning to 2017 AGM agenda and provide opinions to shareholders for consideration;</li> <li>- Considered the appointment of Committees’ members;</li> <li>- Considered Annual Salary increase for 2018, 2017 Bonus and 2018 Bonus Payment Policy;</li> <li>- Considered the Directors &amp; Officer Liabilities and Corporate Reimbursement Insurance;</li> <li>- Reviewed and revised the Company’s Corporate Governance Policy, Business Ethics and Committee Charter;</li> <li>- Considered and approved vision, mission and the Company’s 2018 business plan;</li> <li>- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM;</li> <li>- Acknowledged the securities holding report of the Company’s directors and the executives which has been changed from the previous meeting;</li> </ul>
2. Mr. Pradang Prichayangkun	Apr. 2008	9-8	9/9	
3. Mr. Seri Suksathaporn	Feb. 1999	18-11	9/9	
4. Mrs. Siripen Vilailuck	Feb. 1993	24-10	9/9	
5. Mr. Charoenrath Vilailuck	Feb. 1993	24-10	9/9	
6. Mr. Watchai Vilailuck	Feb. 1993	24-10	9/9	
7. Mr. Sirichai Rasameechan	Feb. 1996	21-10	9/9	
8. Mr. Prinya Waiwatana	Apr. 2010	7-8	9/9	
9. Mr. Thananan Vilailuck	Apr. 2016	1-8	8/9 <sup>(1)</sup>	
10. Mr. Pracha Phathayakorn	Apr. 2017	0-8	4/4 <sup>(2)</sup>	



Directors	Directorship in the Company	Term of Directorship (Year-month)	Number of Attendance /Total Number of Meeting	Summary of consideration
				<ul style="list-style-type: none"> <li>- Considered and approved on the establishment of the Company subsidiary and management appointment of its subsidiary;</li> <li>- Considered the Acquisition of Assets of the Company subsidiary;</li> <li>- Considered the investment restructuring of the Utilities &amp; Transportations LOB;</li> <li>- Considered and approved the subsidiary to increased the registered capital;</li> <li>- Acknowledged the schedule for the Exercise of SAMART-W warrants;</li> <li>- Acknowledged the update information regarding to the Law and the announcements;</li> <li>- Considered and revised the connected transactions rules between the Company or subsidiary with the executive directors or connected person in case of ordinary business support transactions under general commercial conditions.</li> </ul>

**Remark :** <sup>(1)</sup> The Company overseas business engagement;

<sup>(2)</sup> Has been appointed as Director on April 25, 2017.

The minutes for all meetings had been taken, kept and been ready for verification by the directors or any related parties.

## 2) Audit Committee

In 2017, the committee conducted 5 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Pradang Prichayangkun 2. Dr. Tongchat Hongladaromp 3. Mr. Seri Suksathaporn	5/5 5/5 5/5	<ul style="list-style-type: none"> <li>- Reviewed the quarterly and annual financial statements and consolidated financial statements of the Company and its subsidiaries for 2017 by reviewing the materiality issues as well as the correct and complete disclosure of information to ensure that the preparation of the financial statements have complied with the provisions of the laws and generally accepted accounting standards;</li> <li>- Reviewed and provided opinions on the connected transactions or transactions which may have conflict of interests with the Company with regards to reasonableness, transparency and disclosure of information to ascertain that they have been correctly and completely disclosed as per specified by the regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET);</li> <li>- Reviewed the operations to ensure that they are compliance with the regulations relevant to the Company's business as well as assigned the management to monitor the essence of any amendment or revision of the Securities and Exchange Act and the relevant announcement constantly;</li> <li>- Reviewed adequacy of the internal control system by considering from the audit result reports in 2017 of the Internal Audit Unit and the auditor on continued basis to order to acknowledge the cause of damage or defects of the operations as well as to provide beneficial recommendations on improvement and revision of the Company's internal control system to make it becomes more efficiency;</li> </ul>

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
		<ul style="list-style-type: none"> <li>- Reviewed and approved the internal audit plan which has been prepared based on business risk factors and acknowledged performance of the Internal Audit Unit as well as provided recommendation on development of auditing operations so that the audit system will be appropriately and efficiently;</li> <li>- Considered the selection and proposal for appointment of the Company's auditor and the auditing fee for 2017, by assessment their past year auditing performance, consider the appropriateness of auditing fee and recommendation provided with regards to the accounting standards;</li> <li>- Assessment on performance of the Audit Committee for 2017 by stipulated that the self-assessment shall be performed every year to ascertain that the Audit Committee has completely performed duties as per assigned and has provided recommendations and suggestions which are equally beneficial to all stakeholders.</li> </ul>

### 3) Executive Board

In 2017, the committee conducted 12 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Charoenrath Vilailuck	12/12	<ul style="list-style-type: none"> <li>- Quarterly considered business operation plan and solutions of each LOB;</li> <li>- Monthly reviewed and monitor business operations to be in line with the plan;</li> <li>- Considered the followings prior to submit for further approval from the Board of Directors: <ul style="list-style-type: none"> <li>• Investments/Dispose of investments;</li> <li>• The Company's 2017 Strategic Implementation Plan;</li> </ul> </li> <li>- Considered Annual Salary increase for 2018, 2017 Bonus and 2018 Bonus Payment Policy for the employees and the management of the Company proposed for further consideration to the Nominating &amp; Compensation Committee;</li> <li>- Considered new hire and promotion of manpower.</li> </ul>
2. Mr. Watchai Vilailuck	9/12 <sup>(1)</sup>	
3. Mr. Sirichai Rasameechan	2/2 <sup>(2)</sup>	
4. Mr. Jong Diloksombat	12/12	
5. Mr. Thananan Vilailuck	8/12 <sup>(1)</sup>	
6. Mr. Teerachai Phongpanangam	12/12	
7. Mr. Pracha Phathayakorn	6/8 <sup>(3)</sup>	

**Remark :** <sup>(1)</sup> The Company overseas business engagement;

<sup>(2)</sup> Resigned from the Executive Director effective on March 1, 2017;

<sup>(3)</sup> Has been appointed as Executive Director on May 11, 2017.

### 4) Corporate Governance Committee

In 2017, the committee conducted 3 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Seri Suksathaporn	3/3	<ul style="list-style-type: none"> <li>- Acknowledged to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2017;</li> <li>- Acknowledged the Board Self-Assessment, CEO and Company Secretary Assessment Result for 2016;</li> <li>- Reviewed and revised the amendment of Company's Corporate Governance Policy, Business Ethics and Committee Charter in line with the international corporate governance criteria;</li> <li>- Considered the 2016 Corporate Governance Committees' activities;</li> <li>- Considered Corporate Governance Report to disclosed in the Annual Report 2016;</li> </ul>
2. Mr. Pradang Prichayangkun	3/3	
3. Mr. Sirichai Rasameechan	3/3	
4. Mr. Prinya Waiwattana	3/3	

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
		<ul style="list-style-type: none"> <li>- Considered the criteria of Corporate Governance evaluation for 2017;</li> <li>- Considered the Board and Committees Self Assessment Form for 2017;</li> <li>- Considered the criteria of CEO and Company Secretary Assessment for 2017;</li> <li>- Arranged the meetings between the Company's Non-Executive Directors without the participation of the Company's Management to discuss the management problems of the Company;</li> <li>- Acknowledged the update information regarding to the Law and the announcements.</li> </ul>

#### 5) Nominating & Compensation Committee

In 2017, the committee conducted 3 meetings, were as follow:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Dr. Tongchat Hongladaromp	3/3	<ul style="list-style-type: none"> <li>- Selected, and nominated appropriate candidates to be the Directors for replacement;</li> <li>- Selected, and nominated appropriate candidates to be the Committee Member;</li> <li>- Considered remuneration of Board members and Committees' members;</li> <li>- Considered Annual Salary increase for 2018, 2017 Bonus and 2018 Bonus Payment Policy;</li> <li>- Considered the 2016 Nominating &amp; Compensation Committees' activities.</li> </ul>
2. Mr. Pradang Prichayangkun	3/3	
3. Mr. Seri Suksathaporn	3/3	

#### 6) Risk Management Committee

In 2017, the committee conducted 3 meetings, were as follow:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Charoenrath Vilailuck	3/3	<ul style="list-style-type: none"> <li>- Acknowledged material risks of each business group as well as give advice and recommendation on risk management to the management of the Group of Companies;</li> <li>- Specified preventive and corrective measures and propose to the meeting of the Risk Management Committee to be used as guidelines for risk assessment and management;</li> <li>- Rank priority of risks and give suggestion concerning risk management as well as follow up the correction results continually;</li> <li>- The Risk Management Committee has summarized risk management results in 2017 to the Audit Committee and the Board of Directors for their acknowledgement.</li> </ul>
2. Mr. Watchai Vilailuck	3/3	
3. Mr. Sirichai Rasameechan	3/3	
4. Mr. Thananan Vilailuck	3/3	

## 7) Sustainable Development Committee

In 2017, the committee conducted 2 meetings, were as follow:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Watchai Vilailuck	2/2	- Acknowledged the Sustainable Development Committee self-assessment for 2016;
2. Mr. Sirichai Rasameechan	-( <sup>(1)</sup> )	- Reviewed the Company's social responsibility policy and responsibility of the Sustainability Development Committee;
3. Mr. Jong Diloksombat	2/2	- Enhanced the Company's arrangement of the activities to cultivate the employees' consciousness on having volunteer spirit, sacrificing for the benefit of the society;
4. Mr. Thananan Vilailuck	2/2	- Conducted the Sustainable Development Committee self-assessment for 2017 and the assessment results including the recommendations shall be used for improving with aims for the efficiency of the operations;
5. Mrs. Sukanya Vanichjakvong	2/2	- Monitored operational results on social responsibility activities of the Company in 2017;
6. Mr. Pracha Phathayakorn	2/2	- Considered the report of the Sustainable Development Committee to disclose in the annual report 2017.
7. Mr. Teerachai Phongpanangam	2/2	
8. Mrs. Phongsri Saluckpetch	2/2	
9. Ms. Kanokwan Chanswangpuvana	2/2	

*Remark : <sup>(1)</sup> Resigned from the Sustainable Development Committee effective on March 1, 2017.*

All the Committees have regular meetings and reported to the Board of Directors of the Company for consideration.

### Meeting among members of Non-Executive Directors

In 2017, the Company has arranged the meeting among only members of the Non-Executive Directors of the Company prior or after to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

## 5.6) Conflict of Interest

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees (Details are provided under “1.2 Business Ethics”).

## 5.7) Internal Control System and Internal Audit

(Details are provided under “Internal Control System, Risk Management and Anti-Corruption”)

## 5.8) Risk Management

(Details are provided under “Internal Control System, Risk Management and Anti-Corruption”)

## 5.9) Board, Committees, CEO and Company Secretary Assessment

### 5.9.1 Board Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Board members to review and evaluate their performance for 2017 as a whole. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 was sent to all directors for assessment. The questionnaire covers the following area:

- Board Composition and Qualification
- Role & Responsibilities
- Board Meeting
- Board performance
- Relationship with the executives
- Self-Development and management development

From the assessment which been completed by the Board members, total number of directors (10) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score **95.26%**.

#### 5.9.2 Directors Self-Assessment

For improvement and more efficiency of the meeting Corporate Governance Committee has all directors to evaluate themselves by individual through the Board self Assessment form for 2017. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 was sent to all directors for assessment. The questionnaire covers the following area:

- Board Composition & Qualification
- Board Meeting
- Role & Responsibilities
- Self-Development

From the assessment which been completed by the Board members individually, total number of directors (10) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score **98.33%**.

#### 5.9.3 Audit Committee Self-Assessment

In order to make the Audit Committee to be able to evaluate its own performance during the previous year with regards to the compliance with prudent practices and the effectiveness, so the evaluation which covered the following topics has been conducted. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 was sent to all Audit Committee Members for assessment. The questionnaire covers the following area:

- Board Composition & Qualification
- Meeting
- Role & Responsibilities
- Training & Development
- Activities of the Audit Committee
- Relationship with the Director of Internal Audit Department, the auditor and the executives

From the assessment which been completed by 3 Audit Committee Members, the members agreed that the Audit Committee has an **excellent** evaluation by obtaining average score **99.27%**.

#### 5.9.4 Committee Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Committee members to review and evaluate their performance for 2017 were as follows: Executive Board Member, Nominating & Compensation Committee, Corporate Governance Committee, Risk Management Committee and Sustainable Development Committee. Results of the self-assessment of each sub-committee will use to develop working performance of them for more efficiency and to be in line with the responsibilities assigned from the Board of Directors. The Company has applied SET's assessment form in appropriate to the Company. The Committee assessment form, which has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 was sent to all directors for assessment. The questionnaire covers the following area:

- Board Structure & Qualification
- Board Meeting
- Role & Responsibilities
- Training & Development

From the assessment which been completed were as follows:

1. Executive Board Member has an **excellent** evaluation by obtaining average score **97.15%**;
2. Corporate Governance Committee has an **excellent** evaluation by obtaining average score **100.00%**;
3. Nominating & Compensation Committee has an **excellent** evaluation by obtaining average score **97.50%**;
4. Risk Management Committee has an **excellent** evaluation by obtaining average score **99.11%**.
5. Sustainable Development Committee has a **very good** evaluation by obtaining average score **88.28%**.

#### **5.9.5 CEO Assessment**

The Corporate Governance Committee has initiated the Assessment for CEO. The form has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Leadership
- Formulation and compliance with the strategic plan
- Planning and the financial performance
- Board Relations
- Risk Management and Internal Control
- Administration and relationship with the personnel
- Succession of the position
- Knowledge on products and services
- Good Corporate Governance and Code of Business Conduct

From the assessment which been completed by 9 directors, the directors agreed that the CEO has an **excellent** evaluation by obtaining average score **98.61%**.

#### **5.9.6 Company Secretary Assessment**

In order to develop the working efficiency of the Company Secretary, the Company has also been assessed by using the assessment form which has been approved by the Board of Directors in its meeting No. 9/2017 on December 18, 2017 and sent to all directors for assessment. The questionnaire covers the following area:

- Skill, Knowledge and Capacity of Company Secretary
- Compliance
- Contact and Coordination
- Documentation
- Meeting Arrangement
- Corporate Governance

From the assessment which been completed by 10 directors, the directors agreed that the Company Secretary has an **excellent** evaluation by obtaining average score **98.93%**.

#### **5.10) Development of Directors and Management**

##### **Development of Directors**

The Company specified that whenever there is a change of director, there shall be an orientation for a new director every time so that he/she can adequately acknowledge essential information before performing duties. In addition, director's manual, document and useful information which shall be beneficial to the duty operation of the new director shall be provided, in order that such new director can be ready to conduct his/her duty. The Company Secretary shall be a coordinator for the orientation with following matters:



- Matters that should be known: Nature of business, business structure, directors' structure, scope of power and duty, related laws as well as policies and practical guidelines for supervising the Company's business;
- General knowledge of the business: Business operation guidelines to enhance knowledge and understanding on business and various operations of the Company;
- Arrange to have a meeting with the Chairman and the Executive Chairman/CEO to enquire in-depth information about business operation of the Company.

In 2017, the Company has appointed Mr. Pracha Phathayakorn as member of the Board of Directors, the Company has arranged the orientation for new director according to the Company policy.

In addition, to support and increase knowledgeable of the directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD). Five of the existing directors had joined DCP program, three directors joined DAP program and another two directors joined both DCP and DAP program. Each year, the Company shall submit the training courses arranged by various institutes to the Committee members for their consideration on attendance pursuant to their needs. In 2017, the directors have attended the additional training courses as follows:

Directors	Courses
1. Mr. Charoenrath Vilailuck	- Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA).
2. Mr. Watchai Vilailuck	- Academy of Business Creativity (ABC) (Class 6), Sripatum University.
3. Mr. Thananan Vilailuck	- The Joint State - Private Sector Course in Public Order Administration Police College Police Education Bureau (Class 4).
4. Mr. Pracha Phathayakorn	- Leadership Succession Program (LSP) (Class 8), Institute of Research and Development for Public Enterprises.

## **Development of Management**

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare SAMART to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work.

(Detail of the Development of Management are provided in **"Management Structure"** under topic **"Human Resource"**)

## **1.2 Business Ethics**

The Company is conducting the business with great awareness in ethical and moral issues. The handbook concerning business ethics for all members of the Board of Directors, managerial team and our employees has been provided in both Thai and English since 2005 as a guideline to continue his/her duty with honesty, integrity, morality, and, of course, highest quality. It also reminds the Company to bring fair treatment in accordance with legal restrictions, to maximize shareholder value, and to prevent plausible conflicts of interest. The Business Ethics had also been posted on the Company's website for information of the Company's employees and for public acknowledgement. The Business Ethics will be annually revised. The latest revision has been reviewed by the Board of Directors of the Company on February 27, 2018. Business Ethics covers the following area:

- **Conflicts of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees as follows:

1. Avoid all actions that may cause conflicts of interest with the Company;
2. In case that directors or employees commit any transaction related to the Company, the particular director and employee will be treated like an outsider, and will play no part in decision-making process;
3. Refuse to use Company’s information obtained in their posts for an opportunity to derive personal benefits by creating rivalry with the Company or involving in related businesses;
4. Refuse to use Company’s information for securities purchase for personal benefits or to leak Company’s information to outsiders for their benefits;
5. Refuse to reveal Company’s classified information (e.g. electronic information, financial situation, work’s plans, business information and Company’s future plans) during and after their posts.

On any conflict of interest transaction, before entering into the transaction, the Company specified that the Board of directors, Managements, Employees and relevant parties must disclose the transactions with interest to the Audit Committee to consider the appropriateness of such transactions. The Audit Committee will carefully review prior to submit with opinion either on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with SET’s regulations, information of the transaction i.e. value of transaction, party involved and necessity etc., has been disclosed in the Company’s Annual Report, Form 56-1 and the auditor’s note in the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting both in the Board of Director’s and the Shareholders’ Meeting. Details of the transactions which may have any conflict of interest are provided under “**Connected Transactions**”.

- **Accountability to shareholder**

The Company aware of its role to protect and due care for the interests of all major and minor shareholders by granting rights to every shareholders to attend, vote and have comments in the shareholders’ meeting, to share in profits, to propose agenda and enquiries for the Shareholder’s meeting, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders’ rights are provided under “**Rights of Shareholders**”.

- **Employee policies**

The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company’s policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare i.e. There is always be the nurse(s) stationed in the infirmary everyday at the Company’s office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2017, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to Baht 3.95 Million. Moreover, the Company also has group health insurance (in case of in-patient) for the Company’s employees which is made with the Allianz Ayudhya Assurance Pcl. as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security under the name of “The Registered Samart Group Provident Fund”. The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees, in case of death of the employee or his/her immediate family member, the funeral allowance shall be provided, in case the employee is sick or gives birth, a visiting in hospital shall be arranged and fitness center and special discount for Company’s products, including development programs, both internal and

external training courses, are continually provided for all levels of employees. (Details about [the employees](#) are provided under “**Management Structure**” in the topic of “**Human Resource**”). In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. In 2017, the Company has awarded 1 scholarship at master degree levels to the employees in Computer Science and Information System, National Institute of Development Administration (NIDA).

- **Employee life and health safety policies**

1. The Company is committed to developing and creating safety and health of employees in accordance with the requirements of the law.
2. Company has implemented all kinds of safety operations for the sake of safety of life and health of the employees.
3. Company has issued to control and prevent loss due to accident, fire and occupational illness. Security equipments and fire drill as well as promoting and raising awareness of health care workers.
4. The Company will support adequate and appropriate resources in accordance with the requirements of the law and commit to develop human resources with knowledge and awareness of safety and health of employees.
5. The Company is aware that a safety and health of employees is very important, it was the duties and responsibilities of executive, supervisors at all levels and employee to comply with the rules and the requirements of the law.

Furthermore, the Company also followed such practical guidelines concretely as follows:

1. To appoint the safety officers and the relevant persons in all levels to take responsibility, supervise and monitor the strictly compliance with safety, occupational health and working environmental policy.
2. To fortify the employees at all levels with knowledge, consciousness and joint responsibility, for instance, to arrange for the training and cultivate consciousness on safety, occupational health and working environment for the employees, as well as to arrange for the training on health by arranging the Healthy Week and the Safety Week and etc.
3. To conduct the annual evacuation drill in case of fire as well as to designate the assembly points of all offices.
4. To use the fingerprint scanning system so only the eligible persons can enter and exit the office building for safety of life and properties of the employees and the Company.
5. To provide the medical treatment, modern medicine provision service and basic medical service in all offices.
6. To arrange for the medical checkup every year.
7. To arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.

**Record on 2017 accident at work of Samart's Group**

LOB	Lost Time Accidents in 2017 (Time)
1. ICT Solution and Service	1
2. Digital	-None-
3. Call Center	-None-
4. Utilities and Transportations	3
5. Technology Related Services	-None-

The Company trained and informed the prudent operating guidelines standards with regards to good manner and ethics of the employees via the orientation of the new employees, Employee Manual and HR website ([www.samarthre.com](http://www.samarthre.com)). Such ethics have been written in the working regulations of the Company for the employee's adherence. The Company has posted [Ethics of the Employees](#) on the Company's website ([www.samartcorp.com](http://www.samartcorp.com)).

- **Customer policies**

The Company has a policy to put emphasis on creation of satisfaction and confidence values to our customer, the Company’s benefactor, on continued basis and such practices have been disclosed in the Company’s business ethics. The Company’s valued customers by determining to procure, develop and manufacture the qualified and modern products and services at the reasonable prices to respond to their needs as well as to procure the products and equipment which have been manufactured from the factories which have been certified by the international standards, new products and services have been developed by the subsidiaries and also having control and inspection of product’s quality prior release for satisfaction in goods and services of customers;

- Samart Digital Public Company Limited provides service centers to offer repair services with technicians to oversee the repair works, upgrade software and other services. In addition, the company provides training course to our employees who work at service centers continuously in order to give more understanding of products and services and expertise to answer questions and solve problem of customers in a timely manner and Drop Points to service customers. Moreover, the call center responsible for receiving customers’ complaints provides for our customers to the highest satisfaction in the company’s products and services.
- Samart Telcoms Public Company Limited provides services as complete integration for whole supply chain of business in order to serve end customers. The company established 30 customer service centers nationwide under supervision of Samart Communication Services Co., Ltd. to provide flexibility, convenience and speed for ICT solutions and services to customers, along with services from Network Operation Center (NOC) for receiving calls and diagnosis incidents for customers 24 hours a day.
- Samart Communication Services Co., Ltd. has been certified for ISO 20000, the standard for quality and efficiency of IT service management, in order that the system provided could gain more confidence from customers. In addition, the company has maintained and elevated services compliant to ISO 9001 : 2015 standard for customers to receive quality services leading to satisfaction.
- Samart Comtech Co., Ltd. by Airport Operation Management department has been certified for ISO 20000 for quality IT service management to elevate services quality for services such as Airport Passenger Processing System (APPS) Services for Airport of Thailand PCL. and such quality could result in increasing confidence and satisfaction for customers.
- Samart Infonet Co., Ltd. has increased customer satisfaction by improvement and development of customer service through CRM system and elevated engineers’ skills and expertise through international certification.
- Net Service (Thailand) Co., Ltd. has focused more on development and improvement of specialized information system for core products e.g. Human Resource Management and Website Management and the company also provided training programs to transfer knowledge and information technology to enhance staffs’ capabilities in operations support and system quality improvement for core products, system and services delivered to customers.
- Samart Ed-Tech Co., Ltd. has developed digital content and media noticeable in multimedia presentation and also developed e-courseware for employee development and training programs for leading enterprises. The company has enhanced knowledge and capabilities of human resources especially Instructional Designer and therefore the content and e-courseware designed can be more efficient. The company has also maintained CMMI Level 3, standards for process of quality software development, resulting in quality of work and services satisfying customers.

- Posnet Co., Ltd. has developed Electronic Signature Capture system helping banks to reduce costs for sales slip paper and helping merchant to lower costs in storing sales slip and to facilitate searching.
- Portalnet Co., Ltd. has extended its staffs' knowledge to cover SAP Test Management and Run SAP Like a Factory and also sent staffs to have necessary training programs regularly until they are certified by SAP which ensure ability of employees to provide services compliant to international standards.
- One To One Contacts Public Company Limited has planned to develop a "Social One" project to integrate CRM with Social Monitoring to collect customers' data in the same place that will help the company to accurately analyze the customer's behavior thoroughly in 360 degrees and create individual marketing plan more precisely. Moreover, the company has developed Chatbot program to introduce the products' information at any time. This is the easy interactive program that will satisfy the customers with its quick response. The main targets are the businesses that emphasize to provide prompt and convenient information service such as insurance, travel, airlines, hospitals and utilities.

- **Trade partners policies**

The Company has the policy to equitably and fairly treat its trade partners by taking into consideration of the Company's interest and on mutual benefits basis and such practices have been disclosed in the Company's Business Ethics. The Company has clearly defined in evaluation and selection of trade partners as well as developing and maintaining good relationship between all partners with trust and confidence. The Company regularly visits partners to exchange opinions and they must trust with each other. It will not take personal benefits from business partner or partner of contract and it will not publicize a false advertisement to mislead business partner including avoid purchasing product and/or service with business partner which violates human rights or intellectual property and monitor the news to check whether any partner violates human rights or intellectual property rights. If it found that any partner has such behavior, the Company shall avoid purchasing the product and/or service from such partner who is deemed to have an illegal behavior.

Moreover, the Company has strictly complied with the business partner treatment policy by selecting the qualified business partner to enter into the Approved Vendor List and prices have been compared before the purchase order has been made. The business partner has been evaluated by using the auditable standard criteria pursuant to the international standards of ISO 9001 and CMMI. The Company also has the policy not to corrupt, extort, embezzle or not tolerate such action. The business partner must not propose or take bribery or any illegal reward from the Company and the business partner must not give the reward or propose personal benefit in whatsoever form to the employee as a result of business undertaking. Such policy has been inspected by the management under the document and the supporting particulars and it also has been audited by the neutral auditor both from the inside and outside the organization.

- **Creditor policies**

The Company is conforming to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly complied with terms and conditions agreed upon in the agreements i.e. repayment of debt, loan, interest and other guarantee in time and specific conditions. In the event that any covenanted condition could not be met, the Company will prior inform the Creditors and seeking mutual accepted solution.

- **Counterpart/Competitor policies**

The Company has the policy on treatment with business competitor under rules and fair competitions to encourage trading such practice have been disclosure in the Company's Business Ethics without fraudulently or inappropriately seeking confidential information of its competitors, or damage competitor's reputation by abusive accusation. Refuse to violate intellectual property rights of business' counterparts / competitor and not intervene or have a secret transaction that give negative impact to competitor and give benefit to the Company.

- **Anti-Corruption policies**

The Company operates business by adhering to good corporate governance principle. Anti-corruption policy has been specified as fraudulent act might occur from operation and transaction with the stakeholders, where the directors, the executives and the employees of the Company, the subsidiaries and the affiliated companies shall strictly comply with. The Company has disclosed in the Company’s code of Business Ethics, so that the employees shall use it as the practical guidelines. In addition, details on anti-corruption policy, practical guidelines on anti-corruption and operating results on compliance with such policy have been disclosed in **“Internal Control, Risk Management and Anti-Corruption”**.

- **Money Laundering Policy**

The Company realizes the importance of and adherence to criteria and laws relating to anti-money laundering. The Company will strictly adhere to the laws and regulations and Anti-Money Laundering Act B.E. 2542 including its amendments.

- **Tax Policy**

The Company’s tax practices shall be fully and correctly pursuant to the laws as follows:

1. Tax planning and management by paying tax correctly and completely as per specified by the laws.
2. Remit tax within the period of time specified by the law.
3. Conduct risk assessment which may impact to tax payment correctively.

- **Sustainable Development Policy**

The Company realizes the importance on sustainable development that shall lead to sustainable growth of the business, so it has to be developed together with the social responsibility, environment and corporate governance as well as specified the Sustainable Development Policy as follows:

1. To conduct business based on governance principles and environmental and social responsibility including for sustainable development by taking into consideration the best interests of all stakeholders.
2. To build corporate culture which could cultivate the employees’ consciousness on operations and volunteer spirit, devotion of personal time and effort for benefits of the whole community.
3. To promote and educate the employees at all levels on joint guidelines for sustainable development and environmental and social responsibility throughout the organization.
4. To promote the social and environmental projects or activities and works related to sustainable development

Moreover, the Company specified that there should be the corporate social responsibility report in place. At first, this report may be a part of the annual report and after that if the Company has more readiness, then such CSR report may be considered to be separated from the annual report.

- **Responsibility to Societies and Communities**

The Company recognizes that it can survive and grow in a society that is vigorous Communities and prosperous. Therefore to bring about societal progress the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreted development of the communities. In 2017, Samart Group has also specified the guidelines on promoting the “Qualified People and Virtue Society” campaign via many projects and activities which were beneficial to the societies. Details are provided under **“Corporate Social Responsibilities Report”**.



- **Responsibility to environment**

The Company conducts business with recognition of environmental conservation and standard management of safety. It is also the Company's policy to become a responsible corporate citizen to comply with all relevant laws and regulations and be responsible for utilizing natural resources in prudent manners. The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility when they perform their work by arranging campaign to cultivate conscious mind on environment and natural resources through employee participation activities as well as disseminating news and information on environment in order to build up good understanding on environmental management of the Company. For motivation of the employees to continually conform to the Company's policy, announcement via Company's PR boards, e-mail and internal radio are provided. In 2017, the Company has developed products and services with conservation and environmental safety as our priority. We offer environmentally-concerned telecommunication services and encourage energy conservation among public organizations and state enterprises with the same vision. For example, the Provincial Electricity Authority's AMR project and waste management through separation and fuel-generation. The Company organized the environment energy saving campaign for employees under campaigns, "Reducing (Lod) Refraining (La) Stopping (Lak)" every year. In 2017, the activities were adjusted to match with the current situation. Employees were encouraged to save money and optimize resources to make the most of them. The concept was "SAMART Smart Saving". Employees could participate by selling various goods-both new and second handed. Conferences about saving methods and safe investment, both short and long term, were held by banks like the Government Housing Bank, Bank of Ayudhya, Krung Thai Bank, and Thanachart Bank, along with Sim2Asset Company Limited, an online real estate service provider, part of Samart Group. In addition, the Company also cultivates and orderly habits to the employees under Clean & Clear project, a campaign on separating garbage, rubbish and recyclable waste for the maximum use of resources. Details are provided under **"Corporate Social Responsibilities Report"**.

- **Non-violation of human rights policy**

The Company has specified Non-violation of human rights policy by the Company deems that human rights principles are practices that must be jointly observed. All employees are strictly prohibited to perform any acts which shall cause or encourage for violation of human rights. These practical policies have been specified in the Code of Business Ethics Manual of the Company. The Company shall keep all personal information of the employees confidential and shall not disclose or distribute personal information, i.e. personal health record, working experiences and etc. to any unrelated persons. Disclosure or distribution of such information can be done after it has been consent from the employee who is the owner of the information only. Moreover, the Company shall treat all employees equally without any discrimination with regards to race, nationality, language, religion, gender, age and education. The Company shall provide opportunity to the employees to allow them to express their potential at fullest extent. The remuneration shall be provided as appropriated pursuant to regulations of the Company. The employees shall also be provided opportunity to further their education, both at the university level and short-term or long-term training courses. Consideration on work performance shall be made fairly and appropriately and any expression of opinion or others which may lead to conflict shall be avoided.

Furthermore, the Company shall communicate such policies via the Company HR's website ([www.samarthre.com](http://www.samarthre.com)) for the employees' acknowledgement and compliance. In case any employee deemed that he/she has not been treated fairly in any matter, such employee is allowed to submit complaint, recommendation on right violation including any other problems to the Company. The Company shall solve such problem by taking into account maximum benefits of all parties and good relationship of team work.

- **Operating policy on non-infringement of intellectual property or copyright**

The Company has an operating policy on non-infringement of intellectual property or copyright. The method employed by the Company regarding this matter is that all employees are required to sign their names in memorandum of understanding to not commit any computer crime and to not infringe any intellectual property. The Company has specified the policy on usage of information technology system of Samart Group of Companies and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

- **Opinion or suggestion**

In addition, the Board of Directors are respect the importance of all stakeholders in participation of the Company's success, thus feed back channels for all stakeholders to return their complaints, comments or recommendations are provided for improvement. Those channels consist of direct mail to the following address, via Company's website at [www.samartcorp.com](http://www.samartcorp.com) under “Contact Us”.

Mailing Address : Secretary to the Audit Committee  
Samart Corporation Public Company Limited  
99/1 Moo 4, Software Park, 35<sup>th</sup> Fl., Chaengwattana Rd.,  
Klong Gluar, Park-kred, Nontaburi 11120.

The Audit Committee Secretary will collect the information, and proposes the Audit Committee to consider and summarize for further report to the Board of Directors. In addition, the Company has the policy to defend the appellant by keeping appellants' information as secret.

- **Procedures and methods on “Notifying the information on misconduct and the protection of the informant”**

The Company adheres to good corporate governance principles and encourages its employees to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws or any action which might cause damages to the Company including rights violation. If such action is found, the employee can notify the clue on misconduct behavior to the Company by sending document and/or evidence to Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service, however name and surname of the sender must also be notified for convenience on enquiry and/or contact for more information.

Chairman of the Audit Committee shall then investigate and analyze such matter and if it is found that it has factual basis, it shall be sent to the Company's Audit Committee for further consideration.

The Company shall protect the employee who notifies such information (the informant or whistle blower) by not disclosing the name of the informant to any person. Only Chairman of the Audit Committee and the Audit Committee shall know such information. (If the name has not been identified, this matter shall not be considered).

The employee can find the method on informing the clue and the protection of the informant at the public relations media of the Company, i.e. the Company's website ([www.samartcorp.com](http://www.samartcorp.com)) and HR's website ([www.samarthre.com](http://www.samarthre.com)) and etc.

In addition, the Company has publicized vision, mission and policy on good corporate governance including business ethics on website of the Company ([www.samartcorp.com](http://www.samartcorp.com)). Corporate governance policy and business ethics has been delivered to the management and the employees via e-mail and in the form of weekly corporate governance tips as well as in a poster posted at the public relations board of the Company. Moreover, the Company also assigns the Corporate Governance Committee to oversee the directors, the management and the employees to ensure that they strictly adhere to this principle.

## 2. Committees

The Company's management structure comprised of 6 Committees; the Audit Committee, the Executive Board, the Corporate Governance Committee, the Nominating & Compensation Committee, the Risk Management Committee and the Sustainable Development Committee.

### 1) **Audit Committee members<sup>(\*)</sup>** as of December 31, 2017

- |                              |  |
|------------------------------|--|
| 1. Mr. Pradang Prichayangkun | Chairman of the Audit Committee (Independent Director) |
| 2. Dr. Tongchat Hongladaromp | Member (Independent Director)                          |
| 3. Mr. Seri Suksathaporn     | Member (Independent Director)                          |
| Miss Nantana Khangui         | Secretary of the Audit Committee                       |

*Remarks : <sup>(\*)</sup> Audit Committee members comprise of no less than 3 members, all of them have sufficient experience to review the Company's financial statement. Curriculum Vitae of Audit Committee are provided on page 245-246.*

### **Qualifications of Audit Committee**

- Has been appointed from the Board of Directors and/or the shareholders;
- The Members of the Audit Committee have to be the Independent directors qualification from the SEC;
- Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiaries or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company;
- Not being a director in Parent Company, Subsidiaries and any same-Level of Subsidiaries which is a listed Company;
- Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members;
- At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 and 56-2 Form. In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

### **Terms of positions**

Term of the Audit Committee members is three years. All members shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and/or the Company's shareholders.

### **Roles and Responsibilities of the Audit Committee**

- Review the Company's financial statement to ensure its accuracy and adequacy;
- Ensure that the Company has an appropriate and efficiency internal control, internal audit system, and consider the independence of the internal audit as well as to propose the appointment, rotation or dismissal chief of internal audit of the Company or any other related function who takes responsibilities to internal audit;
- Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
- Propose for consideration and approval of the Board of Directors and Shareholders on the appointment, termination of the external auditors including propose their remuneration for further consideration;
- Arrange meeting with auditors without the management of the Company at least once a year;
- Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company;
- Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC;
- Consider any other activities assigned by the Board of Directors.

**2) Executive Board members** as of December 31, 2017

- |   |  |
|---|--|
| 1. Mr. Charoenrath Vilailuck              | Executive Chairman / Chief Executive Officer |
| 2. Mr. Watchai Vilailuck                  | Member                                       |
| 3. Mr. Jong Diloksombat                   | Member                                       |
| 4. Mr. Thananan Vilailuck                 | Member                                       |
| 5. Mr. Teerachai Phongpanangam            | Member                                       |
| 6. Mr. Pracha Phathayakorn <sup>(*)</sup> | Member                                       |

*Remark : <sup>(\*)</sup> Has been appointed as Executive Board member on May 11, 2017.*

**Terms of positions**

Term of the Executive Board members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and the managements proposes for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. CEO of the Company will be the Chairman of the Committee.

**Roles and Responsibilities of the Executive Board**

1. Consider business plan, direction and structure as well as the Company’s strategies, and delegation of authorities for further approval of the Board of Directors;
2. Monitor, audit and set the management policies for efficiency and productivities as well as to conform with the instruction of the Board of Directors;
3. Consider and approve the Company’s investment and annual budget prior to further approval of the Board of Directors;
4. Consider remuneration policy and salary structure propose to the Nominating & Compensation Committee for consideration prior to further consideration of the Board of Directors;
5. Consider entering into any transactions binding the Company within its authorities under the Company’s Delegation of Authorities;
6. Consider any other activities according to the assignment from the Board of Directors.

The delegation authorities of the Executive Board should not be delegated or further assigned that authorize the Executive Board or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC’s notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company. The connected transaction has to be considered and approved either by the Company’s Board of Directors or shareholders’ meeting to be complied with regulations of SET/SEC or any related laws and regulations.

**Roles and Responsibilities of Chief Executive Officer**

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Entering into any transaction binding the Company conforming to the Company’s Delegation of Authorities;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC’s notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company and/or the shareholders’ meeting to be complied to regulations of SET/SEC or any related laws and regulations.

### 3) **Corporate Governance Committee members** as of December 31, 2017

- |                              |  |
|------------------------------|--|
| 1. Mr. Seri Suksathaporn     | Chairman of the Corporate Governance Committee<br>(Independent Director) |
| 2. Mr. Pradang Prichayangkun | Member (Independent Director)  |
| 3. Mr. Prinya Waiwatana      | Member (Independent Director)  |
| 4. Mr. Sirichai Rasameechan  | Member   |

#### **Terms of positions**

Term of the Corporate Governance Committee members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. In addition, the Chairman of the Committee has to be nominated from the Company's Independent Director.

#### **Roles and Responsibilities of the Corporate Governance Committee**

1. Responsible for governing and monitoring business operation and committees' activities as well as managements and employees of the Company to strictly comply with law and related regulations;
2. Ensure that good corporate governance is being conducted at all level in accordance to legal requirements, Company's policies and other related authorities;
3. Formulate and review the Company's rules concerning good corporate governance;
4. Provide suggestions relevant to ethical practices to the directors, managements and employees of the Company;
5. Yield continuity and appropriate regulations in carry out good corporate governance;
6. Report to the Board the recommendations for improvement on the Corporate Governance of the Company as appropriate.

### 4) **Nominating & Compensation Committee members** as of December 31, 2017

- |                              |   |
|------------------------------|---|
| 1. Dr. Tongchat Hongladaromp | Chairman of the Nominating & Compensation Committee<br>(Independent Director) |
| 2. Mr. Pradang Prichayangkun | Member (Independent Director)   |
| 3. Mr. Seri Suksathaporn     | Member (Independent Director)   |

#### **Terms of positions**

In every subsequent year, one-third of the Nominating & Compensation Committee's members, who have been longest in office, shall retire. The retired members are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating & Compensation Committee will consider an appropriate person for the replacement and propose to the Board of Directors for further consideration.

#### **Roles and Responsibilities of the Nominating & Compensation Committee**

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Boards and Board members proposed to consideration of Board of Directors and/or further approval of the shareholders when those positions are vacant due to termination of terms or other reasons;
2. Recruit, select, and nominate appropriate candidates for members of the committee, CEO, top management and Company Secretary proposed for consideration of the Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan;
3. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the Boards, committee, CEO and executives of which must be complimented to their duties, conform to Company's operating performance and market's atmosphere;

4. Evaluate Company’s performance for consideration of the annual bonus and merit increase;
5. Review the Company’s salary structure and any other remuneration;
6. Screen and verify the list of the candidates proposed to the director with the relevant agencies to ensure that they are not blacklisted or have been revoked from the list of such agencies;
7. In case the director who is retired on rotation is proposed to be re-elected to resume the position, his/her contribution and track record on attendance of the Board of Directors’ meeting and the Shareholders’ meeting must also be taken into consideration.

**5) Risk Management Committee members** as of December 31, 2017

- |   |   |
|---|---|
| 1. Mr. Charoenrath Vilailuck              | Chairman of the Risk Management Committee |
| 2. Mr. Watchai Vilailuck                  | Chief Operating Member                    |
| 3. Mr. Thananan Vilailuck                 | Member                                    |
| 4. Mr. Pracha Phathayakorn <sup>(*)</sup> | Member                                    |

*Remark : <sup>(\*)</sup> Has been appointed as Risk Management Committee member on May 11, 2017.*

**Risk Management Working Group**

- |                               |                           |
|-------------------------------|---------------------------|
| 1. Mr. Jong Diloksombat       | Head of the working group |
| 2. Mrs. Sukanya Vanichjakvong | Member                    |
| 3. Mr. Sommai Damnoenkiat     | Member                    |

**Terms of positions**

Term of members of the Risk Management Committee is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

**Roles and Responsibilities of the Risk Management Committee**

1. Establish clear business objectives, identify, analyze, assess significant risks and formulate risk strategies;
2. Develop risk management standards and practices in the areas for which they are accountable;
3. Ensure that the above standards and practices are fully communicated to and have active support of all employees;
4. Ensure that the management has regularly, continually and systematically identify and analyze risk exposures, which may have, to cover all processes of the business;
5. Support and develop to have the managements and all employees to continually aware of risk management as well as to ensure the Company’s Risk Management Policy is complied with the international standard.

**6) Sustainable Development Committee members** as of December 31, 2017

- |                                 |   |
|---------------------------------|---|
| 1. Mr. Watchai Vilailuck        | Chairman of the Sustainable Development Committee |
| 2. Mr. Jong Diloksombat         | Member  |
| 3. Mr. Thananan Vilailuck       | Member  |
| 4. Mrs. Sukanya Vanichjakvong   | Member  |
| 5. Mr. Pracha Phathayakorn      | Member  |
| 6. Mr. Teerachai Phongpanangam  | Member  |
| 7. Mrs. Phongsri Saluckpetch    | Member  |
| 8. Ms. Kanokwan Chanswangpuvana | Member  |



## Terms of positions

Term of members of the Sustainable Development Committee is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

## Roles and Responsibilities of the Sustainable Development Committee

1. Establish policy, strategy including operation plans for sustainable development which is consistent with the Company's business operations with regards to economic, social and environmental aspects.
2. Promote and support the Company's activities in order to make them achieve the targets pursuant to the sustainable development policy.
3. Supervise, review, follow-up progress of operations and evaluate efficiency on performance of the sustainable development policy.
4. Report the operating result to the Committee

**In addition, the Committees have regularly arranged the meetings and the written minutes of meeting have been taken. For more details on summary of essence of the meetings and number of meeting attended during the past year, details are provided under "Board & Committees' Meeting".**

## 3. Nomination and appointments of the Directors and Managements

- **Nomination of Independent Directors, Directors and Management**

### Nomination of Directors

The Nominating & Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Board, members of the Board and other committees, CEO, other executives and Company Secretary as well as consider the appropriate remuneration for such directors and managements. Whenever the position of directors are vacant, **the Nominating and Compensation Committee shall search and select personnel to hold the director position by using Director Pool Database of the Thai Institute of Directors as well as recruit the personnel who have qualifications as per specified by the law and the specified criteria, i.e. qualifications, experiences, knowledge and capability beneficial to the Company including necessary skills which the Company's Board of Directors is still lack at that moment for such position by concerning on the Director's structure diversity and necessary professional skills that is still lack** to ensure that it conforms to the Company's business operation strategies. In case of vacancy by rotation or appointing of new director, the Nominating and Compensation Committee and Independent Directors will propose the appropriate candidate to the Board of Directors for approval and for further approval of the shareholder. The elected directors should obtain majority vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. **In addition, the Company also allows the shareholders to vote for the individual director where the Company shall propose the name of each nominated director, so that the eligible shareholders can truly elect their preferred director.** For election of independent directors, the Nominating & Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed other committees to help the Board on its business either audit or consideration any significant matters. Such Committees are Executive Board, Audit Committee, Risk Management Committee, Corporate Governance Committee, Nominating & Compensation Committee and Sustainable Development Committee. The nomination of members of the committee will be selected and nominated by the Nominating & Compensation Committee prior to propose for consideration of the Board of Directors and/or shareholders of the Company.

- **Nomination of Managements**

The Nomination and Compensation Committee has select personnel both from the inside and outside of the Company with leadership skill, ability to manage the organization and well knowledgeable of the Company's products and services in order to present to the Board of Director appointment consideration.

- **Executive Succession Plan**

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The appropriate and potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

#### 4. Supervision on Operation of the Subsidiaries and Affiliated Companies

Before establishment of any new company, the responsible managing department shall propose such matter to the meeting of the Board of Directors for consideration and approval before the registration of the new company is arranged. The Board of Directors shall consider on appointment of the executives who shall hold positions of director and management of such subsidiaries and affiliated companies including scope of authority and responsibility of the directors and the management who shall be the Company's representatives in such company. The management of the subsidiaries and affiliated companies shall report business performance of the company they are responsible to the Executive Committee every month. Any investments or substantial operations as per specified in the delegation of authorities must be performed pursuant to the specified policies and they must be presented to the meeting of the Executive Committee as well. The management of the subsidiaries and affiliated companies must present the annual business plan to the meeting of Executive Committee and the Board of Directors for consideration and approval every year. If performance of any company has not achieved as per the targeted plan, the management must clarify to the meeting of Executive Committee. In case business operation encountered a lot of problems, the management is required to clarify to the Executive Committee as the watch list so that precaution and corrective measures can be closely monitored and taken.

The subsidiaries and affiliated companies must have the internal control system or measure that the Company's Internal Audit Department can audit and report to the Audit Committee and the Executive Committee. If internal control system of any company is defective which may likely cause risks and damage to the Company, the Executive Committee shall order such company to make good and rectify defects in such internal control system immediately. In addition, if the subsidiary has to conduct any transaction which is required to comply with the regulations of the Company or of the relevant laws and which is required to be approved from the shareholders' meeting of such subsidiary, i.e. capital increase, capital decrease or dissolution of subsidiary and etc., such transaction shall be proposed for the Executive Committee's consideration and approval on voting guideline during the shareholders' meeting of such subsidiary.

In the event where the subsidiary performs any transaction about acquisition or disposal of assets, the Company shall treat the same way as criteria on acquisition and disposal of assets of its own which must be pursuant to criteria on undertaking the significant transaction on asset acquisition or disposal as per specified by the Capital Market Supervisory Board. In case the subsidiary has performed any transaction with its related persons, the Company shall not involve in such matter, except the subsidiary has performed any transaction with the related person of the Company, then the Company shall comply with the criteria on related transaction announced by the Capital Market Supervisory Board.

## 5. Inside Information

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. In addition, the Company sets as policy that all employees shall acknowledge and sign the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property. New employee shall sign this agreement together with employment contract, including directors, managements and employees of the Company to refuse using Company's inside information for personal benefits. It was also set forth in the Company's Corporate Governance Policy to **refuse directors, managements and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited** and to ensure that such policy has been acknowledged and complied, the Company has prepared the notice informing the securities trading prohibited period for the whole year before disclosing the financial statement to the directors and the management in advance. **The Company shall also send such notice to the directors and the managements for their acknowledgement once again every quarter. However during the past year, the Company did not encounter the case where its directors or executives traded their securities by using inside information.** Such matter has been disseminated to the Company's employees via e-mail in the means of corporate governance tips and poster has also been posted at the public relations board of the Company. Moreover, the Directors and Executive managements of the Company had been informed on their duties and punishment regarding to report on securities and derivatives holdings of themselves, spouse, cohabiting couple and any minor children as well as juristic person holding shares in an amount of exceeding 30% of the total number of voting right of such person, including the securities and derivatives held by spouse or cohabiting couple and minor children to SEC within 3 business days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities and derivatives holdings, such directors and Executive managements have to report the Company Secretary for coordination and preparing report submit to SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and Executive managements in every meeting of the Board of Directors. **However, in case there is any mistake and the executive violates such rules, the Company shall issue a warning notice to prevent reoccurrence of such incident.**

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. **The director who has conflict of interests shall not present in the meeting to consider and vote, both in the Board of Directors' meeting and the Shareholders' meeting.** Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under **"The Connected Transactions"**.

General practices for conflicts of interest protection have been set not only in the Company's Business Ethics but also disclosed in **"1.2 Business Ethics" under the topic of "Conflicts of Interest"**. Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

Moreover, the Corporate Governance Committee has been established to ensure that good corporate governance is being conducted continuity at all levels in accordance to legal requirement and the Company's Articles of Associations.

## 6. Compliance with other good corporate governance principles

The Company has performed business pursuant to the Principles of Good Corporate Governance for Listed Companies 2012 of SET and consistent with the prudent practices in international and ASEAN levels pursuant to ASEAN CG Scorecard criteria. For the operations which have not yet been complied with such principles, the Company has applied such criteria as guidelines then adjusted to make them suitable with the Company’s business, with details as follows:

### **Section II: Equitable Treatment of Shareholders**

1. The Company has not yet allowed the minority shareholders to nominate candidates for directorships. However, the Board has appointed the Nomination and Compensation Committee (NC Committee) to nominate and propose the candidate to be the member of the Board by taking into consideration the information in the Director Pool Database of the Thai Institute of Directors. Other duties of the NC Committee are to recruit and select the appropriated candidates for directorships as per specified by the laws and the criteria, by considering from their qualifications, experiences, knowledge and expertise which are useful to the Company as well as necessary skills that the current member of the Board still lacks and then to further propose for the Board’s consideration and for the shareholders’ approval.
2. The Company has not yet specified the cumulative voting process for the director but the shareholder is entitled to vote on individual nominee where the Company shall nominate director’s name and allow the shareholder to vote individually. One share of each shareholder shall have one vote pursuant to the Company’s articles of association. By this way the shareholders shall truly select their desired director.
3. The Company has not yet established the procedure which specified that the directors and the top executives shall notify their trading activity of the Company’s securities at least 1 day in advance before trading to the Board or the person appointed by the Board. However, even though the Company does not have such policy, the Company has a policy that the directors and the top executives shall report a change of their ownership of the Company’s securities during the Board’s meeting every time.

### **Section V: Responsibilities of the Board**

1. The Company did not establish a policy to set a limit that an individual executive director can hold director position in not more than 2 others listed companies and outside business group, but the Company has established a policy which specified that an individual director shall not hold director position in more than 5 listed companies. In addition, the Company has established the policy which stated that before any top executive holds the director position in other company, he/she shall notify the Executive Board for consideration and approval. In addition, he/she shall not be the director in the Company which engages in the same business with the Company or the Company which has competitive nature against the Company. The Nomination and Compensation Committee shall consider on appointment of the nominee for the directorship of the Company by taking into account the knowledge, capability and adequate time such person can devote to perform responsibilities for the Company.
2. None of the Company’s Independent Director who is a member of the Board is a woman. However, one of the Company’s Non-Executive Directors is a woman. Nonetheless, the Company does not have a policy on sexual discrimination in employment at all.
3. Ratio of the Company’s Independent Directors who are the members of the Board is 40.0%, which is less than the number of more than 50% as per specified in the Principles of Good Corporate Governance. At the same time, ratio of the Non-Executive Directors who are the members of the Board is 60.0% which is less than the number of 66% as per specified in the Principles of Good Corporate Governance. In 2017, the Company’s has appointed 1 additional Executive Director therefore, the Company comprised of 10 members which are 4 Executive Directors, 4 Independent Directors and 2 Non-Executive Director.

4. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition Anti-Corruption Scheme (CAC). However, in 2015, the Company has joined the Partnership Against Corruption for Thailand (PACT) to attend the training courses and gather recommendation on anti-corruption procedures. In 2017, the Company directors and executives have attended the Anti-Corruption training as well as studied the operating procedures on participation with CAC. Currently, the Company is now considering on appropriateness and readiness on becoming the member of the CAC. In 2017, the management and the officers of Samart Group whose works related to corporate governance visited the **"Anti-Corruption Museum"**, a museum under supervision of the Office of the National Anti-Corruption Commission (NACC), to study basic knowledge about corruption prevention and suppression and to promote positive behaviors against corruption or dishonest behaviors in the organization. This activity was in line with the Company's policy to promote and encourage everyone in the organization to have conscious mind on honesty and morality.

# Internal Control, Risk Management and Anti-Corruption

## 1. Internal Control

### 1.1 Opinions of the Board of Directors

The Company has established the corporate governance guidelines with effective internal control system for the achievement of the specified objectives or missions. The Company has applied the principles and guidelines of the Committee of Sponsoring Organization of the Treadway Commission (COSO) and Enterprise Risk Management (ERM) Framework with its internal control and risk management in all of its operating procedures. Such standard comprises of 8 components, as follows:

#### 1) Control Environment

The Company specified that there must be good control environment in place so clear organizational structure and line of command which are in line with the Company's business plans have been established. In addition, business targets and Key Performance Indicators (KPI) have also been specified.

The Company has corporate governance policy by specifying that criteria and operation plans shall be considered by taking into account fairness for all parties concerned and stakeholders.

#### 2) Objective Setting

The Company clearly specified objectives or targets in each level which are corresponding to strategic goals in the Company's annual business plans and they have been clarified and communicated to employees during the management meeting twice a year.

#### 3) Event Identification

The Company has identified all types of risks which may affect the Company's business operations, such as at organizational, functional process and departmental levels, and the management at all levels will take part in risk management.

The Company's risks have been reported to the Risk Management Committee's Meeting. In 2017, the Risk Management Committee held 3 meetings to assess both internal risks and external risks in each operating procedures, therefore risk factors could be completely identified.

#### 4) Risk Assessment

The Company evaluated its internal controls system by referring to the internal controls adequacy evaluation form of the Office of the Securities and Exchange Commission (SEC) as well as conducted risk analysis and risk management which are appropriated with the current situations of the Company.

The Company specified that the meeting to evaluate business risks must be arranged on continued basis and risk situations must be monitored in order to be able to find the measures to prevent or reduce such risks.

#### 5) Risk Response

The Company's measures on internal controls are to segregate duties and operations for purposes of checks and balances. The Company also has continued and systematic risk management process, for instance, risk response strategy in each level has been specified, such as avoidance, reduction, sharing and acceptance the risk, so that it could be confident that the alternative strategy the Company considered is the most worthy one and can yield maximum efficiency.



## 6) Control Activities

The Company has specified scope of authority and credit limit approval authority for operations of the management in each level clearly as well as prepared manual/operating procedures which are suitable with the organizational structure. The Company also established the Internal Audit Unit whose duties are to audit operations of the relevant personnel to prevent and correct erroneous on operations.

## 7) Information and Communication

The Company places importance on comprehensively internal information and communication between the management and the officers within the Company to support the efficient operations.

The Company has a written policy on information technology security system, for instance control entrance-exit to the computer center, backup of data and work systems in computer so that they can be used in case of emergency and specify accessing rights to information technology in the work systems.

## 8) Monitoring Activities

The Internal Audit Unit has been assigned to constantly audit, monitor and evaluate performance of the functional units within the Company. Results from such works and suggestions shall be reported to the management for operation and rectification, so that the Company shall have good internal control system in place. The Internal Audit Unit can perform the works independently under supervision of the Audit Committee.

The Company arranged the management meeting every month to monitor performance and compare them with the specified targets as well as jointly find the corrective measures in case the target has not been achieved as per specified.

## 1.2 Internal Auditing

The Audit Committee shall supervise and ensure that the Internal Audit Unit can perform the works independently and can reinforce preventive work systems by developing the defects found from audit operations into suitable system to prevent risks from such mistake to reoccur.

The Internal Audit Unit has duties to review to make sure that the operating procedures of functional units are compliance with the policies and operations methods specified by the organization as well as to protect the Company's assets by being able to verify the existence of such assets.

The Internal Audit Unit shall perform self-evaluation every year in order to improve and develop its works so that they can be correct and conform to the international standards of the internal audit professions.

## 1.3 Head of Internal Audit Unit and Head of Compliance

The Audit Committee shall supervise to ensure that the Head of Internal Audit Unit has appropriated and adequate qualifications, educational background, experiences and trainings to perform such duties.

The Audit Committee is of opinion that the Head of Internal Audit Unit, Miss Nantana Khangui, has performed duties effectively and during 2017 the Head of Internal Audit has performed the following duties:

1. Give recommendation to the units which have been audited so that their operations can be efficiently, effectively and under good governance principles.
2. Set up procedures, operating guidelines and auditing method of the Internal Audit Unit.
3. Coordinate and monitor the control activities of the Company, such as risk management and compliance.
4. Report material issues found from auditing works as well as find preventive measure to prevent future mistake.
5. Perform other works which are relevant to internal audit as per assigned by the Audit Committee.

In addition, the consideration on appointment, dismissal and transfer of the Head of Internal Audit Unit shall always require to have an approval from the Audit Committee. Please see more details on qualifications of the head of internal auditors under topic **“Curriculum Vitae of Head of Internal Audit”** in page 300.

Moreover, the Company does not have a separate Compliance Division but the Company compliance operations are taken care by the Company Secretary Division to ensure that the Company has correctly complied with regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand including other relevant laws under supervision of the Company Secretary. Please see more details of the Company Secretary in page 257-258.

## 2. Risk Management

The Internal Audit Unit is responsible for audit and evaluation of internal control system, risk management of the Company by identifying risks in the annual audit plan which has been approved from the Audit Committee.

The Company has appointed the Risk Management Committee, which comprised of the chairman who is the Company’s Executive Chairman & CEO and 4 directors as the committee members. In addition, 3 top management who are qualified, knowledgeable and have experiences beneficial for managing risks of the Group of the Companies has also been appointed as the working group. In 2017, the Risk Management Committee held 3 meetings to assess and review risks from various business units, as well as review and propose policies related to risk management.

The Risk Management Committee has assessed overall business situations and analyzed risks both internally and externally, likelihood of risks which may impact to the Company in order to specify risk reduction measure to keep such risk in the appropriated level. In addition, risks shall also been assessed by the Internal Audit Unit who will present the results to the Audit Committee and the management to jointly find guidelines to prevent such potential risk as well as to monitor and review the assessment results continually.

The Company has specified risk management policy that can respond to the changes in economic and political situations as well as impacts from the world’s financial crisis. Such risk management policy included risk preventive and corrective measures. The Risk Management Committee has supervised and monitored risks pursuant to the plans by cooperating and coordinating with various business units as follows:

1. Specify risk management plan of each business unit within the Company pursuant to the Company’s master plan and business risks which may occur, so that risk management plans shall be corresponding to the work plans and business operation objectives.
2. Manage risks pursuant to the above risk management plan. Each responsible unit shall prioritize risks based on their likelihood and impacts towards the organization then specify measures to handle such risks as appropriated. The Internal Audit Unit shall coordinate and participate in risks reviewing pursuant to risk mitigation measures.
3. The above risk management measures shall be monitored and reviewed by the Risk Management Committee which comprise of the management from the relevant business units. The meeting shall be held to monitor and review results from such risk management. The Internal Audit Unit shall monitor and audit the risk management works of each company or business unit in order to make them achieve the objectives specified by the Company.

Apart from risk management mentioned above, the Company has also arranged the training, and seminar including specified that risk management measure shall be a part of employee's assessment criteria, both at operating level and management level, in order to cultivate consciousness. Such training shall emphasize on concept and practices on organizational risk management which shall lead to achievement of the organization's objectives and returns to the shareholders.

### 3. Anti-Corruption

The Company operates business by placing importance on anti-corruption and adherence to integrity, ethics, transparent and auditable management as well as accountability to all stakeholders. The Company prescribed suitable code of conduct guidelines for the Board of Directors, the executives and the employees with regards to business ethics and employee ethics. Compliance with the policy has been reviewed continually.

#### **Duties and Responsibilities**

- The Board of Directors is responsible for specifying the anti-corruption policy.
- The Audit Committee is responsible to audit the accounting and financial report, internal control and internal audit including risk management system to ensure that they are compliance with the international standards, concisely and effectively.
- The management team is responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

#### **Anti-corruption Policy**

The Company operates business by always adherence to good corporate governance and anti-corruption policy which may occur from operation and transaction with the stakeholders. The directors, the executives and the employees of the Company, its subsidiaries and associated companies shall strictly comply with the following principles:

#### **1. Political impartiality and Political Assistance**

The Company has the policy to conduct business with political impartially and compliance with the laws as well as democratic form of government with the King as Head of State. The directors, the executives and the employees shall have political rights and liberty pursuant to the law, however, they shall not perform any act which can make the Company lose impartiality or damage from involvement in the political activities as well as usage of any resources of the Company for such act.

#### **2. Donation for Charity and Supporting Fund**

The Company supports for community and social development for better quality of life including enhancement of economy of the community and society through business processes or donation for charity of which the proceed shall be used for public charity only as well as supports for the Company's business with clear evidences and in line with the Company's regulations.

#### **3. Receiving and Giving Present, Property or Other Benefits**

Receiving or giving any benefits as tradition and morality to express gratitude or maintaining business relation as usual should be done with appropriateness. The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits with the following practices :

- 1) Receiving and giving property or other benefits that could improperly influence decision making:
  - The employee of company shall not receive or give money, property, merchandise or any benefits involving anyone whose intention is to persuade the employee to commit or omit anything contrary to duty.
  - Receiving present or property shall be compliance with morals, and shall not be illegal as well as such gift or property shall not be illegal.

- Paying for business expenses such as meals and other forms of hospitality that are directly connected to performance of business commitments is acceptable, but such expenses must be reasonable.
  - Giving present, property or other benefits to government officer in Thailand and other countries must be sure that it shall not against the law and local tradition.
- 2) Receiving or giving present and the memento:
- Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company’s regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.
  - Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one’s duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
  - Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
  - If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.
- 3) Transactions with the government sector:
- Conduct properly and honestly when in contact with government officials or agencies.
  - Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
  - Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

## **General Operating Guidelines**

### **1. The process of Risk assessment and Risk management**

The Company has an Internal Audit Department to audit operations which may tend to have risks of all departments of each company, including risks from corruption to ensure that all departments have appropriated internal control system in place, both on preventive control and detective control. If it is found that any department does not have adequate internal control system or there is a corruption case, such matter shall be reported to the Audit Committee and the high level executives. Preventive guidelines must have also been reported in order to improve the internal control system.

### **2. Prevention**

To ensure that the remuneration provided to the employees is adequate, focused on creation of consciousness and it must not be the source for corruption. The Human Resource Department shall compile the survey results report on wage adjustment in each year from the well-known institutes, both domestically and internationally as well as exchange information with the Human Resource Department of other companies in the telecommunication and computer businesses. The information gained shall be used for consideration on provision of remuneration to the employees.

### **3. Training and communication**

To encourage operations pursuant to anti-corruption policies by providing training to the employees to promote honesty, integrity and operating guidelines for standard on good conduct and ethics for the employees including code of business ethics of the Company during the orientation of the new employees. All employees can access to such information via HR Website ([www.samarthre.com](http://www.samarthre.com)).

#### **4. Reporting and reporting channels**

To supervise on compliance with anti-corruption policies. The Company urges the employees and the stakeholders to report about any policy violations as well as unfair practices or any misconduct, i.e. against good governance principles, code of business ethics, rules & regulations of the Company or the laws, such matter can be reported to the Chairman of the Audit Committee via postal services at the designated address provided in the Company's website or it can be submitted by person. The Chairman of the Audit Committee shall proceed pursuant to procedures and then forward to the members of the Audit Committee for further consideration. The Company shall protect the whistle blower by not disclosing name of such whistle blower to any person.

#### **5. Governance and monitoring of the policy compliance**

The Internal Audit Department shall summarize the audit result only about the corruption issues of each department during the previous year and report to the Audit Committee every year as well as to provide recommendations for solving the problems.

During the past year, the Company did not find any employees' misconducts, only the case where the employee failed to comply with the Company's rules and regulations, and the Company has explained the correct rules and regulations to such employee already.

The Company did not find any directors and executives' misconducts nor any resignation due to breach of the corporate governance principles as well as any case which may damage the Company from performing duty within the Company.

# Connected Transactions

## 1. Related transactions which might have conflicts of interest in 2017

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
1. Vilailuck International Holdings Co., Ltd. (VIH) The major shareholder of Samart Corporation PCL. (SC) with 17.67% stake owner.  <u>Related Directors</u> 1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck	SC rented office space at Software Park Building via 30-years lease agreement for 11,926 sq. meters from VIH : The building owner. - Rental, Services charge for public utilities and property tax. <b>Remarks</b> : The rate of Service Fee will be increased 5% annually in accordance with the service conditions in the Services Agreement.	37.029	Such transaction was complied with the Rental and Services Agreement dated May 1, 1999 (The lease agreement was approved by the Company's shareholders in the meeting no. 1/1997 on August 24, 1997). The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
	- Rental, Service charge for public utilities and property tax (11 <sup>th</sup> - 12 <sup>th</sup> floor, area 1,614 sq. meters) for SC	11.789	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
	- Rental, Service charge for public utilities and property tax (mezzanine floor, area 481.78 sq. meters) for SC	3.519	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
	- Rental, Service charge for public utilities and property tax (HOF, area 127.98 sq. meters) for SC (Total outstanding as of December 31, 2017 was Baht 782,644)	0.935	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
	- Revenue for telephone preventive maintenance (Total outstanding as of December 31, 2017 was Baht 4,774)	0.005	It was the actual revenue for normal business, which was the same rate charged to other customers.
	- Advanced payment by SC for telephone expenses and medical fee to VIH (Total outstanding as of December 31, 2017 was Baht 6,067)	-	Advance payment was the actual expenses for normal business transaction.
	- Miscellaneous expenses paid for entertain, parking lots, electricity and water supply to VIH by SC (Total outstanding as of December 31, 2017 was Baht 97,776)	1.038	It was the actual payment for normal business transaction.



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<p>Rental, service charge for public utilities and actual miscellaneous payments i.e. electricity, water supply, overtime air condition and parking lots of SC and its subsidiaries paid to VIH during January - December 2017 were as follows;</p> <ul style="list-style-type: none"> <li>- One to One Contacts PCL. (SC is a major shareholder) 10.092</li> <li>- Vision and Security System Co., Ltd. (Subsidiary of SC) 0.113</li> <li>- Samart U-Trans Co., Ltd. (Subsidiary of SC) 0.120</li> <li>- Teda Co., Ltd. (Subsidiary of SC) 0.099</li> <li>- Transec Power Service Co., Ltd. (Subsidiary of SC) 0.026</li> <li>- Samart Telcoms PCL. (STC) 5.426 (SC is a major shareholder)</li> <li>- Samart Communication Services Co., Ltd. (Subsidiary of STC) 5.741</li> <li>- Posnet Co., Ltd. (Subsidiary of STC) 0.755</li> <li>- Thai Trade Net Co., Ltd. (Subsidiary of STC) 0.050</li> <li>- Samart Infonet Co., Ltd. (Subsidiary of STC) 0.095</li> <li>- Samart Comtech Co., Ltd. (Subsidiary of STC) 11.138</li> <li>- Smarterware Co., Ltd. (Subsidiary of STC) 0.045</li> <li>- IT Absolute Co., Ltd. (Subsidiary of STC) 0.007</li> <li>- Samart Ed-Tech Co., Ltd. (Subsidiary of STC) 0.033</li> <li>- Portalnet Co., Ltd. (Subsidiary of STC) 0.009</li> <li>- Samart Digital PCL. (SDC) 2.739 (SC is a Major shareholder)</li> <li>- Samart Multimedia Co., Ltd. (Subsidiary of SDC) 0.089</li> <li>- I-Sport Co., Ltd. (Subsidiary of SDC) 1.342</li> <li>- Entertainment Tree Co., Ltd. (Subsidiary of SDC) 0.004</li> <li>- Sim 2 Asset Co., Ltd. (Subsidiary of SDC) 0.008</li> <li>- I-Mobile Plus Co., Ltd. (Subsidiary of SDC) 0.018</li> <li>- Thai Base Station Co., Ltd. (Subsidiary of SDC) 0.001</li> </ul> <p>(Total outstanding as of December 31, 2017 was Baht 3,978,160)</p>		The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters. And it was the actual payment for normal business transaction.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> <li>- Samart Digital PCL. (SDC) (SC is a Major shareholder) sold the mobile phone and sim card service (SIM OPEN) to VIH</li> <li>- Samart Corporation PCL. sold fixed assets i.e. office desk, chair and computer desk to VIH</li> <li>- Samart Comtech Co., Ltd. (Subsidiary of STC) sold fixed assets i.e. office desk, chair and computer desk to VIH</li> </ul>	<p>0.087</p> <p>0.009</p> <p>0.019</p>	<p>It was a normal business transaction for sale and purchase of goods, according to the market price and general trade conditions.</p> <p>It was a normal business transaction for sale and purchase of used assets at the market price.</p> <p>It was a normal business transaction for sale and purchase of used assets at the market price.</p>
<p>2. Vilailuck Property Co., Ltd. (VPP) whose major shareholder of 12.50% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.</p> <p><u>Related Directors</u></p> <p>1. Mrs. Siripen Vilailuck</p>	<ul style="list-style-type: none"> <li>- Advance payments by SC for miscellaneous expenses i.e. telephone, copy and training to VPP (Total outstanding as of December 31, 2017 was Baht 336,794)</li> <li>- Samart Engineering Co., Ltd. (Subsidiary of SC) sold DTH satellite dish to VPP (Total outstanding as of December 31, 2017 was Baht 24,663)</li> <li>- Samart Engineering Co., Ltd. (Subsidiary of SC) advanced payment by SE for officer's salary working to VPP (Total outstanding as of December 31, 2017 was Baht 470,044)</li> <li>- Samart Digital PCL. (SDC) (SC is the major shareholder) sold mobile phone to VPP (Total outstanding as of December 31, 2017 was Baht 38,570)</li> </ul>	<p>0.003</p> <p>-</p> <p>-</p> <p>-</p>	<p>Advance payment was the actual expenses for normal business transaction.</p> <p>It was a normal business transaction for sale and purchase of goods according to the market price and general trade conditions.</p> <p>Advance payment was the actual expenses for normal business transaction.</p> <p>It was a normal business transaction for sale and purchase of goods according to the market price and general trade conditions.</p>

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
3. Vilailuck Development Co., Ltd. (VLX) whose major shareholder of 42.38% is Vilailuck International Holding Co., Ltd. and VIH is the major shareholder of SC.  <u>Related Directors</u> 1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck 4. Mr. Thananan Vilailuck	- Samart Corporation PCL. (SC) advanced payment by SC for telephone expenses and medical fee to VLX (Total outstanding as of December 31, 2017 was Baht 2,928)	-	Advance payment was the actual expenses for normal business transaction.
	- Samart Corporation PCL. (SC) miscellaneous expenses paid for house cleaning and gardening to VLX	0.071	It was the actual expenses for normal business transaction.
	- Samart Telcoms PCL. (STC) (SC is a major shareholder) miscellaneous expenses paid for house cleaning and gardening to VLX	0.071	It was the actual expenses for normal business transaction.
	- Smarterware Co., Ltd. (Subsidiary of STC) provided system development service to VLX (Total outstanding as of December 31, 2017 was Baht 100,537)	-	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
4. Phupa Tara Co., Ltd. whose indirect shareholder of 42.38% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.  <u>Related Directors</u> 1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck 4. Mr. Thananan Vilailuck	- Samart Corporation PCL. (SC) paid for hotel rooms and meal for training, seminar and entertain customer to Pupha Tara Co., Ltd.	0.975	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
	- Samart Telcoms PCL. (STC) (SC is a major shareholder) paid for hotel rooms and meal for training, seminar and entertain customer to Pupha Tara Co., Ltd.	0.078	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
	- Samart Infonet Co., Ltd. (Subsidiary of STC) provided internet service to Phupha Tara Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 328,736)	1.843	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) sold CCTV and installation service to Phupha Tara Co., Ltd.	0.123	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
5. Le Votel Khaoyai Co., Ltd. whose indirect shareholder of 21.19% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.	- Samart Infonet Co., Ltd. (Subsidiary of STC) provided internet service to Le Votel Khaoyai Co., Ltd.  (Total outstanding as of December 31, 2017 was Baht 535,877)	0.610	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
<u>Related Directors</u> 1. Mr. Watchai Vilailuck	- Samart Telcoms PCL. (STC) (SC is a major shareholder) paid for hotel rooms for organize workshop to Le Votel Khoayai Co., Ltd.	0.511	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
6. CSV Asset Co., Ltd. (CSV) whose major shareholder of 99.99% is Vilailuck International Holding Co., Ltd. and VIH is the major shareholder of SC.	- Space rental, service charge for public utilities, and property tax of SC paid to CSV (lease agreement for the period during December 22, 2015- December 31, 2017, area 1,127.30 sq. meters.)	6.366	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
<u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	- Miscellaneous transactions of SC paid to CSV during January - December 2017. Actual miscellaneous payments i.e. electricity and water supply. (Total outstanding as of December 31, 2017 was Baht 71,005)	0.973	It was the actual payment for normal business transaction and according to general trade conditions.
	- Rental, services charge for public utilities, property tax and actual miscellaneous payments i.e. electricity and water supply by subsidiaries of SC paid to CSV during January - December 2017 were as follows;	-	
	- Teda Co., Ltd. (Subsidiary of SC)	3.979	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters. And it was the actual payment for normal business transaction.
	- Transec Power Service Co., Ltd. (Subsidiary of SC)	1.678	
	- Samart Communication Services Co., Ltd. (Subsidiary of STC)	2.054	
	- Posnet Co., Ltd. (Subsidiary of STC)	0.264	
	- Samart Digital PCL. (SDC) (SC is the major shareholder) (Total outstanding as of December 31, 2017 was Baht 269,240)	3.726	

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
7. I.Q. Wine Co., Ltd. has Executive Director of SC is a related person.	Sale and purchase of wine of SC and its subsidiaries paid to I.Q. Wine Co., Ltd. during January - December 2017. Actual payments were as follows;		
<u>Related Directors</u>	- Samart Corporation PCL. (SC)	0.279	
1. Mr. Thananan Vilailuck	- Samart Telcoms PCL. (STC) (SC is a major shareholder)	1.103	It was a normal business transaction for sale and purchase of goods according to the market price and general trade conditions.
	- Samart Communication Services Co., Ltd. (Subsidiary of STC)	0.032	
	- Samart Comtech Co., Ltd. (Subsidiary of STC)	0.042	
	- Samart Ed-Tech Co., Ltd. (Subsidiary of STC)	0.002	
	- Samart Infonet Co., Ltd. (Subsidiary of STC) (Total outstanding as of December 31, 2017 was Baht 205,614)	0.001	
	- I.Q. Wine Co., Ltd. paid for space rental for warehouse (area 530 sq. meters) and actual miscellaneous expenses i.e. electricity to Samart Engineering Co., Ltd. (Subsidiary of SC) (Total outstanding as of December 31, 2017 was Baht 227,584)	1.313	The rental was reasonable compared to market price in nearby area and the same price compared with other renters.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) provided maintenance service for CCTV to I.Q. Wine Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 963)	0.008	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
	- Samart Infonet Co., Ltd. (Subsidiary of STC) provided internet service to I.Q. Wine Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 24,610)	0.140	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
	- Samart Digital PCL. (SDC) (SC is the major shareholder) sold mobile phone to I.Q. Wine Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 29,900)	0.441	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
8. Wine Gallery (Samui) Co., Ltd. has Executive Director of SC is a related person.  <u>Related Directors</u> 1. Mr. Thananan Vilailuck	- Vision and Security System Co., Ltd. (Subsidiary of SC) provided maintenance service for CCTV to Wine Gallery (Samui) Co., Ltd.	0.001	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
9. Wine Gallery (Phuket) Co., Ltd. has Executive Director of SC is a related person.  <u>Related Directors</u> 1. Mr. Thananan Vilailuck	- Vision and Security System Co., Ltd. (Subsidiary of SC) Provided maintenance service for CCTV to Wine Gallery (Phuket) Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 1,605)	0.003	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
10. Win Performance Co., Ltd. has Executive Director of SC is a related person.  <u>Related Directors</u> 1. Mr. Watchai Vilailuck	- Samart Corporation PCL. provided backup site for computer service center to Win Performance Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 535,000)  - One to One Contacts PCL. (SC is a major shareholder) provided maintenance service for Call Center System and provided software system to Win Performance Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 1,995,550)  - Samart Digital PCL. (SC is a major shareholder) provided all the network peripheral maintenance services to Win Performance Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 428,000)  - I-Mobile Plus Co., Ltd. provided for bulk SMS to Win Performance Co., Ltd.  - Samart Multimedia Co., Ltd. (Subsidiary of SDC) provided for bulk SMS to Win Performance Co., Ltd.	3.600   15.630   3.100   4.288   1.500	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.   It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.   It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.   It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
11. The Museum Co., Ltd. (In Cambodia) whose major shareholder of 74.26% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.  <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	- Vision and Security System Co., Ltd. (Subsidiary of SC) provided maintenance service for CCTV system to The Museum Co., Ltd.	0.389	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.
12. Thai Ticket Pro Co., Ltd. has Executive Director of SC is a related person.  <u>Related Directors</u> 1. Mr. Watchai Vilailuck	Samart Coporation PCL. and it's subsidiaries bought for flight ticket from Thai Ticket Pro Co., Ltd. as follows; - Samart Corporation PCL. - Samart Comtech Co., Ltd. (Subsidiary of STC) - Samart Communication Services Co., Ltd. (Subsidiary of STC) - Samart Digital PCL. (SDC) (SC is a major shareholder) - Samart Multimedia Co., Ltd. (Subsidiary of SDC) - Thai Base Station Co., Ltd. (Subsidiary of SDC)  (Total outstanding as of December 31, 2017 was Baht 19,130)	0.044 0.441 0.090 0.063 0.065 0.016	It was a normal business transaction for sale and purchase of services according to the market price and general trade conditions.

## 2. Summary of guidelines for considering on the related transactions which might have conflicts of interest.

### 2.1 Necessity and Rationale of transactions

The Audit Committee had the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. The conditions were set according to the general trade conditions.

### 2.2 Measures and Steps of Approval for Connected Transactions

The connected transactions were verified by the Audit Committee to protect and avoid conflict of interest then proposed for consideration and approval in the Board of Directors' and shareholders' meetings respectively depended on conditions and values of transactions according to the SET's regulation. Meanwhile, the directors, management and the stakeholders who had conflict of interest would not participate in the such connected transactions. The approval on the connected transaction would be complied with the regulations and notifications of the Stock Exchange of Thailand (SET).

Principles on entering into the normal business transactions with general trading conditions and without general trading conditions are as follows :

- **Normal business transaction with general trading conditions**

Related transaction which is normal business transaction with general trading conditions is required to have an approval in principle from the Board of Directors. The management can approve such transaction if it has the same trading conditions as those an ordinary person would agree with any unrelated counterparty under the same circumstances on the basis of bargaining power which is without any dependent interest resulted from the status of the director, executive or related person.

Additionally, the Company shall summarize such transactions and report at the meeting of the Audit Committee and the meeting of the Board of Directors on quarterly basis.

- **Normal business transaction without general trading conditions**

Normal business transaction without general trading conditions is required to be considered and have an opinion from the Audit Committee before it can be proposed to the Board of Directors and/or the shareholders' meeting for further consideration. In addition, it must be complied with the laws on securities and stock exchange as well as regulations, notifications, orders and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand including the regulations on disclosure of information concerning the connected transactions.

In the case where the Audit Committee does not have expertise in considering any of the related transaction to be incurred, the Company shall appoint the independent expert or the Company's auditor to express opinion on it. Such opinion shall be taken into account by the Audit Committee and/or the Board of the Directors and/or the shareholders, as the case may be, when making decision. The reasons are to ensure that such transaction is necessary and reasonable by taking into consideration the best interest of the Company. Moreover, the Company shall disclose the related transactions in an annual information disclosure form and in notes to the financial statement which has been audited/ reviewed by the Company's auditor.

## **2.3 Policy and Trend in Future Connected Transactions**

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with SET's regulations and notifications. In case of any conflict of interest transaction occurred in the future, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the Company's audited notes of financial statement.

## Key Financial Highlights

### Summary of Financial Positions and Operating Results of Samart Corporation Pcl. and its Subsidiaries

(Unit: Thousand Baht)

Transaction	As of December 31		
	2017	2016	2015
Cash and cash equivalents	2,646,113	2,210,503	1,998,626
Trade and other receivables	6,112,469	8,998,372	10,927,191
Accrued income	2,326,708	3,158,465	2,982,277
Inventories	648,838	1,231,078	1,894,596
Property, plant and equipment	4,969,659	5,383,289	5,768,961
Intangible assets	1,486,138	1,500,057	800,616
Total assets	22,209,922	25,216,009	27,317,052
Bank overdrafts and short-term loans from financial institutions	7,637,150	9,059,369	10,202,660
Trade and other payables	1,644,428	2,262,171	2,795,882
Current portion of debentures	2,515,000	880,000	870,000
Accrued project cost and provisions	891,390	871,956	630,102
Debentures - net of current portion	1,250,000	2,985,000	3,285,000
Long-term loans from financial institutions - net of current portion	457,912	247,500	2,946
Total liabilities	16,060,107	17,309,488	18,999,152
Issued and fully paid - up	1,006,504	1,006,504	1,006,504
Unappropriated retained earnings	4,087,001	5,104,698	5,345,109
Non-controlling interests of subsidiaries	1,569,300	2,132,544	2,308,739
Equity attributable to owners of the Company	4,580,515	5,773,977	6,009,161
Revenues from sales, contact work and services	13,022,761	13,675,526	18,366,092
Total revenues	13,129,938	13,883,734	18,586,432
Cost of sales, contact work and service sold	10,842,726	11,040,180	14,335,122
Selling and administrative expenses	1,889,009	2,238,947	2,553,845
Finance cost	486,338	502,318	540,535
Gain on exchange	334	14,364	15,513
Total costs and expenses	14,442,839	13,358,067	16,945,644
Profit attributable to equity holders of the Company	(947,960)	71,185	807,688
Basic earnings (loss) per share (Baht / share)	(0.94)	0.07	0.80
Cash flows from operating activities	2,428,770	3,621,654	2,132,667
Cash flows from investing activities	(951,639)	(1,772,234)	(2,019,181)
Cash flows from financing activities	(957,469)	(1,664,559)	(222,565)
Par value (Baht / share)	1	1	1
Ordinary shares issued and fully paid up (Thousand shares)	1,006,504	1,006,504	1,006,504
Weighted average number of ordinary shares (Thousand shares)	1,006,504	1,006,504	1,006,504
Book value (Baht / share)	4.55	5.74	5.97
Dividend per share (Baht / share)	0.10 <sup>(*)</sup>	0.19	0.50

**Remarks :** <sup>(\*)</sup> Dividend per share for 2017 at Baht 0.10 which will be proposed for consideration of shareholders in the Annual General Meeting of Shareholders 2018.

**Financial Ratios of Samart Corporation Pcl. and its Subsidiaries**

Financial Ratio		Samart Corporation Pcl. and Subsidiaries		
		2017	2016	2015
<b><u>LIQUIDITY RATIOS</u></b>				
Current ratio	(Times)	1.00	1.25	1.27
Acid test ratio	(Times)	0.95	1.16	1.14
Cash turnover	(Times)	0.18	0.25	0.13
Receivable turnover ratio	(Times)	1.59	1.40	1.89
Average collection period	(Days)	226.42	257.14	190.48
Inventory turnover ratio	(Times)	12.21	8.61	6.57
Days sales outstanding	(Days)	29.48	41.81	54.79
Payable turnover ratio	(Times)	9.25	6.58	6.86
Payment period	(Days)	38.92	54.71	52.48
Cash cycle	(Days)	216.98	244.24	192.79
<b><u>PROFITABILITY RATIOS</u></b>				
Gross Profit Margin	(%)	16.74	19.27	21.95
Operating Profit Margin	(%)	(10.08)	3.80	8.90
Other revenue - to - Total revenues	(%)	0.82	1.50	1.19
Cash-to-income	(Times)	N/A	6.98	1.30
Net profit margin	(%)	(7.22)	0.51	4.35
Return On Equity	(%)	(18.31)	1.21	13.61
<b><u>EFFICIENCY RATIOS</u></b>				
Return On Assets	(%)	(4.00)	0.27	3.02
Return On Fixed Assets	(%)	12.20	25.98	38.56
Assets Turnover	(Times)	0.55	0.53	0.70
<b><u>FINANCIAL POLICY RATIOS</u></b>				
Debt to equity	(Times)	2.61	2.19	2.28
Interest coverage	(Times)	5.36	8.55	5.29
Debt serviceability	(Times)	1.39	1.43	0.62
Dividend payout ratio	(%)	N/A	268.62	62.29

# Management Discussion and Analysis

## Performance Overview

In 2017, Samart Corporation Pcl., or SAMART, had a total revenue of Baht 13,130 million. Decreased from 2016 by 5.42%. In 2017, the revenue from sales, contracted work and services decreased from Baht 13,675 million to Baht 13,023 million or 4.77%. The decrease was due to reduced sales in the Digital business (formerly Mobile Multimedia business) since last year the Company adjusted the business direction to be more stable and sustainable. From mainly mobile phone sales to complete digital business, including Digital Network, Digital Content and Digital Solutions, especially Digital Network, which will be an important part. The Company has collaborated with partners to develop Digital Trunked Radio and Co-Towers that will be the business' future income generator.

In 2017, the Company had Baht 14,443 million of expenses, which increased by Baht 1,085 million or 8.12% from 2016. The main reason was the increased in the allowance for doubtful accounts by Baht 1,535 million from Mobile business for the certain receivable who have past due over than 1 year and have repayment problem. The management of the Company is following up on customer payment according to the Company's dunning process and has considered that this allowance was appropriate and adequate for the termination of mobile phone business. However, after-sale services are still available for customers who currently use the products. The gross profit margin was 16.74%, which decreased from 19.27% of the preceding year due to the decrease in profit from the Digital business, affected by the consumption retrenchment and extreme competition in the mobile phone market. The company's sale and management expenses were Baht 1,889 million in total, which decreased by Baht 350 million.

In 2017, there were Baht 486 million of financial expenses in total, which decreased by 3.18%. The company loss in the shareholder part was Baht 948 million. Decreased from the previous year due to the loss in the Digital business.

## Operational Outcome of the Company and Subsidiaries

In 2017, the company earned Baht 13,023 million from sales, contracted work and services. Decreased by 4.77% from the previous year.

## Revenues from sales, contract works and services breakdown

Business	Revenue from sales, contract works and services in 2017 (million baht)	Revenue from sales, contract works and services in 2016 (million baht)	% Change
ICT Solution and Service	6,949	5,721	21.46%
Digital (formerly Mobile Multimedia)	1,334	3,336	-60.01%
Call Center	818	962	-14.97%
Utilities and Transportations	3,502	3,350	4.54%
Technology Related Services	888	684	29.82%
Adjustment and transactions	-468	-407	14.99%
<b>Revenue from sales, contracted projects and services (before transactions)</b>	<b>13,023</b>	<b>13,676</b>	<b>-4.77%</b>

## ICT Solution and Service business (“SAMTEL”)

In 2017, ICT Solution and Service business had total of Baht 6,949 million revenue from sales, contract works and services. Increased by 21.46% from the previous year. During the past year, SAMTEL signed the contracts in new projects in total of Baht 6,355 million worth. Examples are Baht 1,400 million Core Banking and Loan Origination system procurement and maintenance services for the Government Housing Bank, Baht 941 million military telecommunication system improvement for the Royal Thai Armed Forces Headquarters, Baht 410 million Backhual transmitter capacity amplifier between the central unit and underwater cable station for CAT Telecom. At the end of the year, there were still Baht 8,313 million worth of backlog of which the revenue has not been realized.

## Digital business (“SDC”)

Due to the intense competition in the mobile phone market among mobile phone retailers and service providers, the revenue from sales, contract works, and services from the Digital business greatly decreased in 2017. And in the past year, the Company decided to adjust the direction with the goal to create consistent income from investment in new businesses which include Digital Network, Digital Content and Digital Solutions.

## Call Center (“OTO”)

In 2017, One To One Contacts Pcl. or “OTO”, realized Baht 818 million revenue from sales, contract works, and services. Decreased by 14.56% from the previous year because of the reduction in turnkey system design, development, and installation projects. However, the Company still aims to increase income from services. For example, fully outsourced contact center management service, outsourced contact center facility services, outsourced customer service representative, and maintenance service. The gross profit margin from last year was 15.0%. In 2018, the Company will still be focusing on abroad market expansion and offering new services to satisfy the customers.

## Non-Listed business

### Utilities and Transportations business

One of the factors that drive Samart Group is the Utilities and Transportations business. This year, the revenue from sales, contract works, and services has increased from Baht 3,350 million in the previous year to Baht 3,502 million, or 4.53%. In 2017, the increase in sales, contract works, and services revenue resulted from the growth in air traffic control services in Cambodia, operated by Cambodia Air Traffic Services Co., Ltd. or “CATS”. This year, CATS continually sees an increase in flights from 95,715 to 109,060 flights, or 13.94%. In addition, the Company aims to expand the Utilities and Transportations business. Samart U-Trans Co., Ltd. or “SUT” is studying the project feasibility of power plant projects in Thailand and neighboring countries, including waste power plant, coal power plant, hydroelectric plant, and power cable business. As for coal power plant, the Company has been granted permission from the Cambodian government to build a 2,000 MW plant in Koh Kong and is about to sign the Project Development Agreement (PDA) with Cambodia. Also, the Company is negotiating with the Electricity Generating Authority of Thailand or EGAT (power buyer) and MOU of Tariff signing is anticipated soon.

### Technology Related Services business

The revenue from sales, contract works, and services of Technology Related Service business increased from Baht 684 million to Baht 888 million, or 29.82%, in 2017. The increase was due to the revenue increase from Vision and Security System Co., Ltd. that runs a security system and high-quality close-circuit camera installation business.



## Financial Statement

### Assets

As of 31 December 2017, the company's total assets has gone down to Baht 22,210 million, a decrease of Baht 3,006 million or 11.92% from the previous year. The current asset decreased by Baht 3,202 million resulting in Baht 13,842 million. This is due to a reduction of trade receivables, other receivables, and accrued income. However, non-current asset increased slightly from Baht 8,172 million to Baht 8,368 million.

Cash and cash equivalents increased from Baht 2,211 million to Baht 2,646 million, or 19.71%.

### Trade and Other Receivables

As of 31 December 2017, the Company has a total of Baht 6,112 million trade receivables, which is a decrease of Baht 2,886 million from the previous year. The decrease was mainly due to the Digital and ICT Solution and Service businesses.

### Debt-to-Equity Ratio

As of 31 December 2017, the D/E ratio (total debt divided by equity) has increased from 2.19 times from the previous year to 2.61 times while interest-bearing debt-to-equity ratio increased from 1.67 times to 2.03 times. The main reason was the decrease in equity.

### Liquidity

As of 31 December 2017, the current ratio was 1.00 time, which decreased from the previous year.

The Company has a total of Baht 2,429 million resulting from operating activities, Baht 952 million net cash flows used in investing activities, and Baht 957 million cash flows used in financing activities, resulting in cash and cash equivalents increased from Baht 436 million to Baht 2,646 million this year.

### Sources of Fund

As of 31 December 2017, the total equity of the Company and subsidiaries was Baht 6,150 million. Decreased from the previous year Baht 1,757 million, while the unappropriated retained earnings was Baht 4,087 million.

The company's total debt has decreased to Baht 16,060 million from the decrease in overdraft and short-term loans from financial institutions.

# Report of the Board of Directors’ Responsibility on the Company’s Financial Statements

The Board of Directors is responsible for the Company’s consolidated financial statements and any financial information which been disclosed in the Company’s annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements and been generally practiced.

The Board of Directors also set out and maintained for the efficiency internal control system to obtain reasonable assurance that the financial information had been correctly booked in proper way and completely enough to maintain the Company’s assets and be aware of weak point in order to prevent whether from any dishonesty or significant error.

The Board of Directors had appointed the Audit Committee of which comprised 3 independent directors with qualification according to SET/SEC regulations and notification for being the audit committee’s members to responsible for the quality of the financial statements and the internal control system. The opinion of the Audit Committee has already been disclosed in the annual report.

The Company’s consolidated financial statements have been audited by EY Office Limited with full support from the Board of Directors in order to have the auditor to audit and provide their opinion in accordance with the accounting standard and such opinion has been disclosed in the Company’s Annual Report.

The Board of Directors satisfied the Company’s internal control system that was sufficient to obtain reasonable assurance in the Company’s consolidated financial statements as of December 31, 2017, which was accurate and complied to the accounting standard and related law and regulations.



**(Dr. Tongchat Hongladaromp)**

Chairman

Samart Corporation Public Company Limited



**(Mr. Charoenrath Vilailuck)**

Executive Chairman & CEO

Samart Corporation Public Company Limited

# Independent Auditor's Report

To the Shareholders of Samart Corporation Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Samart Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Samart Corporation Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Corporation Public Company Limited and its subsidiaries and of Samart Corporation Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Emphasis of matter

I draw attention to Note 6 to the financial statements, Samart Corporation Public Company Limited and its subsidiaries had significant business transactions with the related parties, relating to purchase and sales of goods, services and loans. Such transactions have been conducted on the terms and basis mutually agreed by Samart Corporation Public Company Limited and those related parties. My opinion is not qualified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

Sales and service income represent significant amounts in the financial statements, representing 66% of the consolidated total revenues, and they directly affect profit or loss of the Group. In addition, the Group has entered into agreements with a large number of customers and there are a variety of conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I selected sales and service agreements, examined supporting documents for sales and service transactions occurring during the year and near the end of the accounting period, and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Revenue recognition relating to long-term contracts**

The Group has disclosed its policies on revenue recognition for services provided under long-term contracts, cost estimates for projects under long-term contracts, provision for the delay penalties and provision for loss on projects under long-term contracts in Note 5 and 35 to the financial statements. I identified revenue recognition and estimation of provision for the delay penalties and possible losses from long-term contracts to be areas of significant risk in the audit. This is because the amount of revenue recognises from such contracts in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition and the estimation of provision for the delay penalties and possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of possible loss. The Group might also enter into side agreements that may affect the terms of the main contracts. There are risks with respect to amount and timing of the recognition of revenue, provision for the delay penalties, and provisions for possible losses from long-term contracts, therefore I focused on the revenue recognition under long-term contracts.

I assessed and tested the internal controls put in place by the Group over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and possible losses under long-term contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

In addition, I also selected long-term contracts made with major customers and randomly selected to read the contracts to consider the conditions relating to revenue recognition and made enquiries as to whether any side contracts were made directly with customers. I inquired with the management about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of the delay penalties and possible loss. In addition, I made enquiries of responsible executives, gained an understanding of the Group's process to assess the percentage of completion and cost estimates for projects, compared estimates of project costs to the project budgets approved by authorised person. On a sampling basis, I examined relevant documents, considered the rationale for budget revisions, compared past estimates with actual project costs to assess the project management's competency in estimating project costs, and compared actual costs with supporting documents including testing the calculation of the percentage of completion based on actual costs incurred. I evaluated the possible losses on projects assessed by the management through an analysis of the ratio of actual cost incurred against cost estimates for projects for each significant cost component. I also examined the accounting transactions related to revenue recognition that were recorded through journal vouchers, in order to detect any irregularities. Moreover, I reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue recognition and the estimation of possible losses.

## **Allowance for doubtful accounts**

As at 31 December 2017, the Group had significant balances of trade accounts receivable (accounting for 34% of total assets in consolidated financial statements). Determining the net realisable value of trade accounts receivable, as disclosed in Note 5 and 9 to the financial statements, requires significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. This impact the amounts of allowance for doubtful accounts to be set aside. I therefore gave significant attention to allowance for doubtful accounts.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for doubtful accounts and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for disputed and long outstanding debts as presented in aging analysis report, considered the credit terms given and assessed collectability by taking into account historical debt collection experience. Moreover, I analysed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable, considered subsequent collections after the period-end date, tested the calculation of the allowance for doubtful accounts according to the policy set by the management, and enquired about the rationale for the recording of specific allowances. I also considered the reasonableness and adequacy of the allowance for doubtful accounts.

## **Allowance for diminution in value of inventory**

As technology products are constantly developing, any changes in technology could affect the inventory value. Estimating the net realisable value of inventory, as disclosed in Note 5 and 12 to the financial statements, is an area of significant management's judgement, particularly with regard to the estimation of provision for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the technology industry. There is a risk with respect to the amount of provision set aside for allowance for diminution in the value of inventory.

I assessed and gained an understanding internal controls of the Group relevant to the determination of allowance for diminution in the value of inventory by making enquiry of the responsible executives, gaining an understanding of the criteria applied in determining the allowance for diminution in value of inventory, and reviewing the consistency of the application, and the rationale for the recording of specific provisions. I compared the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover. I performed analysis to compare the net proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line. I also compared historical data of losses on sales and write-offs of inventory during the year with the allowance for diminution in value of inventory recorded at the preceding year-end.

## **Deferred tax**

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 5 and 40 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. There is a risk with respect to the amount of deferred tax assets. I therefore gave significant attention to deferred tax account. I assessed and gained an understanding of the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, and gaining an understanding of the Group's designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with particular consideration given to information and assumptions that directly affect

revenue growth and gross profit margin, such as interest rates and gross domestic product. In addition, I performed comparative analysis based on industry information from external sources, and compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. Furthermore, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor’s report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor’s report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

#### **Auditor’s Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:



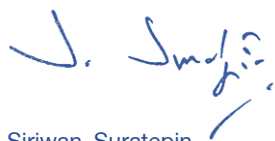
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 26 February 2018

# Statement of financial position

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	2,646,113,177	2,210,502,760	183,628,423	91,278,641
Temporary investments	8	17,111,190	23,372,941	10,013,500	13,200,375
Trade and other receivables	9	6,112,468,808	8,998,371,756	204,684,087	329,263,518
Accrued income		2,326,708,169	3,158,465,182	574,466	409,080,102
Current portion of finance lease receivables	10	123,966,808	12,436,734	-	-
Short-term loans	11	12,012,290	12,041,516	2,172,491,333	1,226,891,333
Inventories	12	648,838,290	1,231,077,549	-	-
Other current assets	13	1,954,847,994	1,397,647,008	65,579,546	79,050,948
<b>Total current assets</b>		<b>13,842,066,726</b>	<b>17,043,915,446</b>	<b>2,636,971,355</b>	<b>2,148,764,917</b>
<b>Non-current assets</b>					
Restricted bank deposits	7, 14	103,558,544	105,207,405	-	-
Available-for-sale investments	15	39,333,789	70,271,514	-	-
Investments in associates	16	-	3,277,564	-	-
Investments in subsidiaries	17	-	-	6,873,823,578	6,850,387,999
Finance lease receivables - net of current portion	10	382,039,919	-	-	-
Prepaid rental to a related company	18	141,919,400	154,441,700	141,919,400	154,441,700
Investment properties	19	83,836,000	83,136,000	-	-
Property, plant and equipment	20	4,696,659,093	5,383,289,476	314,184,108	329,316,999
Goodwill	21	392,128,956	392,797,808	-	-
Intangible assets	22	1,486,138,024	1,500,056,871	52,766,126	54,969,945
Assets held for future projects	23	23,491,820	23,701,560	23,491,820	23,701,560
Deferred tax assets	40	848,917,209	334,343,125	-	-
Other non-current assets					
Deposits		73,077,899	68,671,528	9,026,373	5,785,215
Others		96,754,567	52,898,901	700	10,671,677
<b>Total other non-current assets</b>		<b>169,832,466</b>	<b>121,570,429</b>	<b>9,027,073</b>	<b>16,456,892</b>
<b>Total non-current assets</b>		<b>8,367,855,220</b>	<b>8,172,093,452</b>	<b>7,415,212,105</b>	<b>7,429,275,095</b>
<b>Total assets</b>		<b>22,209,921,946</b>	<b>25,216,008,898</b>	<b>10,052,183,460</b>	<b>9,578,040,012</b>

The accompanying notes are an integral part of the financial statements.

# Statement of financial position (continued)

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	24	7,637,149,695	9,059,368,958	1,675,000,000	1,290,000,000
Trade and other payables	25	1,644,427,544	2,262,170,708	166,314,957	435,390,446
Short-term loans	26	22,140,000	22,641,070	254,019,337	146,000,000
Current portion of debentures	27	2,515,000,000	880,000,000	1,250,000,000	-
Current portion of long-term loans from financial institutions	28	529,646,778	5,446,823	-	-
Current portion of liabilities under finance lease agreements	29	16,164,465	17,194,306	8,369,419	6,830,116
Income tax payable		66,747,466	76,047,595	-	-
Accrued project cost		649,895,020	688,172,956	-	1,549,537
Short-term provisions	30	107,178,661	100,331,634	13,005,191	15,113,985
Other current liabilities	31	633,421,323	504,657,281	3,895,437	30,336,404
<b>Total current liabilities</b>		<b>13,821,770,952</b>	<b>13,616,031,331</b>	<b>3,370,604,341</b>	<b>1,925,220,488</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiary companies	6	-	-	892,236,000	728,000,000
Debentures - net of current portion	27	1,250,000,000	2,985,000,000	1,250,000,000	2,500,000,000
Long-term loans from financial institutions - net of current portion	28	457,912,057	247,500,000	-	-
Liabilities under finance lease agreements - net of current portion	29	45,932,442	24,042,836	21,105,932	19,564,650
Long-term provisions	30	134,315,926	83,451,166	42,278,145	55,271,395
Provision for long-term employee benefits	32	211,965,158	219,349,995	43,346,689	43,568,834
Deferred tax liabilities	40	125,009,952	118,706,361	7,993,820	4,906,891
Other non-current liabilities					
Deposits		10,743,617	13,413,685	15,288,044	14,199,781
Others		2,456,880	1,992,170	-	-
Total other non-current liabilities		13,200,497	15,405,855	15,288,044	14,199,781
<b>Total non-current liabilities</b>		<b>2,238,336,032</b>	<b>3,693,456,213</b>	<b>2,272,248,630</b>	<b>3,365,511,551</b>
<b>Total liabilities</b>		<b>16,060,106,984</b>	<b>17,309,487,544</b>	<b>5,642,852,971</b>	<b>5,290,732,039</b>

The accompanying notes are an integral part of the financial statements.

# Statement of financial position (continued)

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,207,804,692 ordinary shares of Baht 1 each		1,207,804,692	1,207,804,692	1,207,804,692	1,207,804,692
Issued and fully paid-up					
1,006,503,910 ordinary shares of Baht 1 each		1,006,503,910	1,006,503,910	1,006,503,910	1,006,503,910
Share premium		243,404,011	243,404,011	243,404,011	243,404,011
Deficit on changes in percentage of shareholding in subsidiaries		(877,225,117)	(877,225,117)	-	-
Retained earnings					
Appropriated - statutory reserve	34	120,780,469	120,780,469	120,780,469	120,780,469
Unappropriated		4,087,000,824	5,104,698,280	2,912,743,499	2,790,720,983
Other components of shareholders' equity		50,671	175,815,759	125,898,600	125,898,600
Equity attributable to owners of the Company		4,580,514,768	5,773,977,312	4,409,330,489	4,287,307,973
Non-controlling interests of the subsidiaries		1,569,300,194	2,132,544,042	-	-
<b>Total shareholders' equity</b>		6,149,814,962	7,906,521,354	4,409,330,489	4,287,307,973
<b>Total liabilities and shareholders' equity</b>		22,209,921,946	25,216,008,898	10,052,183,460	9,578,040,012

The accompanying notes are an integral part of the financial statements.

## Income statement

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Revenues</b>					
Revenues from sales		1,865,201,887	3,100,453,194	-	-
Revenues from contract work	35	4,366,837,117	3,490,890,932	-	164,831,021
Service income		6,790,721,690	7,084,182,294	-	14,556,980
Other income	36	107,177,390	208,208,002	838,649,809	877,991,136
<b>Total revenues</b>		<b>13,129,938,084</b>	<b>13,883,734,422</b>	<b>838,649,809</b>	<b>1,057,379,137</b>
<b>Expenses</b>	37				
Cost of sales		1,746,335,202	2,870,479,435	-	-
Cost of contract work	35	3,858,891,917	2,998,769,806	-	146,038,001
Cost of services		5,237,498,906	5,170,930,883	-	14,120,271
Selling expenses		598,863,723	882,849,273	-	-
Administrative expenses		1,290,145,561	1,356,097,375	379,314,707	364,474,675
Other expenses	38	1,711,103,676	78,939,786	91,470,843	3,559,757
<b>Total expenses</b>		<b>14,442,838,985</b>	<b>13,358,066,558</b>	<b>470,785,550</b>	<b>528,192,704</b>
<b>Profit (loss) before share of loss from investments in associates, finance cost and income tax income (expenses)</b>		(1,312,900,901)	525,667,864	367,864,259	529,186,433
Share of loss from investments in associates	16.2	-	(6,668,692)	-	-
<b>Profit (loss) before finance cost and income tax income (expenses)</b>		(1,312,900,901)	518,999,172	367,864,259	529,186,433
Finance cost	39	(486,338,080)	(502,318,118)	(163,280,677)	(147,092,343)
<b>Profit (loss) before income tax income (expenses)</b>		(1,799,238,981)	16,681,054	204,583,582	382,094,090
Income tax income (expenses)	40	366,185,540	(58,772,115)	(3,724,583)	(49,372,346)
<b>Profit (loss) for the year</b>		<b>(1,433,053,441)</b>	<b>(42,091,061)</b>	<b>200,858,999</b>	<b>332,721,744</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(947,959,844)	71,184,818	200,858,999	332,721,744
Non-controlling interests of the subsidiaries		(485,093,597)	(113,275,879)		
		(1,433,053,441)	(42,091,061)		
<b>Basic earnings (loss) per share</b>	41				
Profit (loss) attributable to equity holders of the Company		(0.94)	0.07	0.20	0.33

The accompanying notes are an integral part of the financial statements.

# Statement of comprehensive income

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit for the year</b>		(1,433,053,441)	(42,091,061)	200,858,999	332,721,744
Other comprehensive income (loss):					
Other comprehensive income (loss) reclassified or to be reclassified to profit or loss:					
Exchange differences on translation of financial statements in foreign currencies		(164,044,068)	546,863	-	-
Reclassification of exchange differences on translation of financial statements in foreign currencies of disposed subsidiaries to profit or loss		-	(28,155,032)	-	-
Reclassification of exchange difference on translation of financial statements due to subsidiary company's liquidation		-	33,003	-	-
		(164,044,068)	(27,575,166)	-	-
Loss on changes in value of available-for-sale investments	15	(26,666,606)	(17,412,251)	-	-
Reclassification of loss on changes in value of disposed available-for-sale investments to profit or loss	15	3,060,789	55,263,603	-	-
Income tax effect	40	4,721,163	(7,570,271)	-	-
		(18,884,654)	30,281,081	-	-
Other comprehensive income reclassified or to be reclassified to profit or loss - net of income tax		(182,928,722)	2,705,915	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain	32	20,914,494	2,242,282	2,084,188	-
Reversal of actuarial gain on defined benefit plan from subsidiaries' liquidation	32	(282,349)			
Income tax effect	40	(4,126,429)	(480,491)	(416,838)	-
		16,505,716	1,761,791	(416,838)	-

The accompanying notes are an integral part of the financial statements.



# Statement of comprehensive income (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Reversal of revaluation surplus of land from disposal		(6,899,010)	-	-	-
Income tax effect	40	1,379,802	-	-	-
		(5,519,208)	-	-	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods - net of income tax		10,986,508	1,761,791	(416,838)	-
<b>Other comprehensive income (loss) for the year</b>		(171,942,214)	4,467,706	(416,838)	-
<b>Total comprehensive income (loss) for the year</b>		(1,604,995,655)	(37,623,355)	200,442,161	332,721,744
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(1,112,958,712)	76,772,450	200,442,161	332,721,744
Non-controlling interests of the subsidiaries		(492,036,943)	(114,395,805)		
		(1,604,995,655)	(37,623,355)		

The accompanying notes are an integral part of the financial statements.

# Statement of changes in shareholders' equity

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Other components of shareholders' equity										Non-controlling interest of the subsidiaries	
	Other comprehensive income					Total other components of shareholders' equity	Total equity attributable to shareholders of the Company					
	Exchange differences	on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments	Surplus on revaluation of land	Surplus on revaluation of land of subsidiary companies							
Issued and fully paid-up share capital	Share premium	Deficit on changes in percentage of subsidiaries	Retained earnings	Unappropriated reserve							Total shareholders' equity	
Balance as at 31 December 2015	1,006,503,910	243,404,011	(877,225,117)	120,780,469	5,345,108,504	(68,694,781)	(63,834,823)	125,898,600	177,220,699	170,589,695	6,009,161,472	2,308,738,507
Profit for the year	-	-	-	-	71,184,818	-	-	-	-	-	71,184,818	(113,275,879)
Other comprehensive income (loss) for the year	-	-	-	-	361,568	(9,996,235)	15,222,299	-	-	5,226,064	5,387,632	(1,119,926)
Total comprehensive income (loss) for the year	-	-	-	-	71,546,386	(9,996,235)	15,222,299	-	-	5,226,064	76,772,450	(114,395,805)
Dividend paid (Note 42)	-	-	-	-	(311,956,610)	-	-	-	-	-	(311,956,610)	-
Changes in shareholding percentage in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(994,989)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(60,803,671)
Balance as at 31 December 2016	1,006,503,910	243,404,011	(877,225,117)	120,780,469	5,104,698,280	(78,691,016)	(48,612,524)	125,888,600	177,220,699	175,815,759	5,773,977,312	2,132,544,042
Balance as at 31 December 2016	1,006,503,910	243,404,011	(877,225,117)	120,780,469	5,104,698,280	(78,691,016)	(48,612,524)	125,888,600	177,220,699	175,815,759	5,773,977,312	2,132,544,042
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	(947,959,844)	-	-	-	-	-	(947,959,844)	(485,095,597)
Total comprehensive loss for the year	-	-	-	-	10,766,221	(163,136,312)	(9,493,315)	-	(3,135,461)	(175,765,088)	(164,998,867)	(6,943,346)
Dividend paid (Note 42)	-	-	-	-	(937,193,623)	(163,136,312)	(9,493,315)	-	(3,135,461)	(175,765,088)	(1,112,938,711)	(492,036,943)
Changes in shareholding percentage in subsidiaries	-	-	-	-	(80,503,833)	-	-	-	-	-	(80,503,833)	-
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,225,284)
Balance as at 31 December 2017	1,006,503,910	243,404,011	(877,225,117)	120,780,469	4,087,000,824	(241,827,328)	(58,105,839)	125,898,600	174,085,238	50,671	4,580,514,768	1,569,300,194
Balance as at 31 December 2017	1,006,503,910	243,404,011	(877,225,117)	120,780,469	4,087,000,824	(241,827,328)	(58,105,839)	125,898,600	174,085,238	50,671	4,580,514,768	1,569,300,194

The accompanying notes are an integral part of the financial statements.

# Statement of changes in shareholders' equity

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
	Share capital issued and fully paid	Share premium	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Appropriated - Statutory reserve	Unappropriated		
<b>Balance as at 31 December 2015</b>	1,006,503,910	243,404,011	120,780,469	2,769,955,849	125,898,600	4,266,542,839
Profit for the year	-	-	-	332,721,744	-	332,721,744
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	332,721,744	-	332,721,744
Dividend paid (Note 42)	-	-	-	(311,956,610)	-	(311,956,610)
<b>Balance as at 31 December 2016</b>	1,006,503,910	243,404,011	120,780,469	2,790,720,983	125,898,600	4,287,307,973
<b>Balance as at 31 December 2016</b>	1,006,503,910	243,404,011	120,780,469	2,790,720,983	125,898,600	4,287,307,973
Profit for the year	-	-	-	200,858,999	-	200,858,999
Other comprehensive income for the year	-	-	-	1,667,350	-	1,667,350
Total comprehensive income for the year	-	-	-	202,526,349	-	202,526,349
Dividend paid (Note 42)	-	-	-	(80,503,833)	-	(80,503,833)
<b>Balance as at 31 December 2017</b>	1,006,503,910	243,404,011	120,780,469	2,912,743,499	125,898,600	4,409,330,489

The accompanying notes are an integral part of the financial statements.

# Statement of cash flows

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Profit (loss) before tax		(1,799,238,981)	16,681,054	204,583,582	382,094,090
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities					
Unrealised (gain) loss on exchange		6,219,476	(3,870,840)	3,535,041	(1,559,330)
Gain on disposal of current investments in trading securities	8, 36	(1,159,062)	-	(273,666)	-
(Gain) loss on change in value of current investment in trading securities	8, 36, 38	306,502	(1,310,314)	496,250	(23,500)
Gain on sale of asset under finance lease agreements		(45,062,101)	-	-	-
Gain on changes in fair value of forward exchange contracts		-	(554,269)	-	(51,826)
Loss on the right assignment of receivable	9	3,400,000	-	-	-
Bad debts and doubtful accounts		1,573,181,467	29,260,106	21,634,022	-
Increase in reduction cost of inventory tonet realisable value	12	107,892,964	299,548,501	-	-
Write-off inventory		3,188,875	23,918,207	-	-
Increase in allowance for diminution in value of other receivables and sales promotion receivables		21,365,503	45,090,281	-	-
Allowance for diminution in value of advance for purchase of inventories		3,305,000	-	-	-
Allowance for diminution in value of accrued revenue		5,507,587	-	-	-
Write-off and allowance for diminution in value of withholding tax deducted at source and value added tax		63,638,728	4,894,661	58,235,695	3,559,757
(Gain) loss on disposals of available-for-sale investments	15, 36	3,134,673	(11,235,210)	-	-
Share of loss from investment in associates	16	-	6,668,692	-	-
Gain on disposal of investment in associate	36	-	(12,167,911)	-	-
Loss on value adjustment of investment in subsidiary		611,300	-	-	-
Gain from negative goodwill		(378,669)	-	-	-
Allowance for mininution in value of investments in subsidiaries	17.1	-	-	5,470,691	-
(Gain) loss on disposal of investments in subsidiaries	38	6,947,712	(39,409,099)	-	-
Loss on the subsidiaries' liquidation	38	1,306	-	-	-
Gain on revaluation of investment property	19, 36	(700,000)	(6,347,750)	-	-
Transfer equipment to expense		-	1,062,421	-	661,507
Write-off equipment		1,018,752	123,944	-	-
Loss on disposal of intangible asset		1,392,825	-	-	-
Depreciation	20	1,659,113,854	1,573,374,585	28,131,491	28,095,384
Loss on impairment of equipment		126,849,261	17,426,452	-	-

The accompanying notes are an integral part of the financial statements.

## Statement of cash flows (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities (continued)</b>					
Gain on disposal of equipment	36	(29,043,426)	(4,414,105)	(1,435,182)	(90,645)
Gain on compensation received from insurance	36	(214,147)	(249,931)	-	-
Amortisation of prepaid rental to a related company	18	12,522,300	12,522,300	12,522,300	12,522,300
Amortisation of intangible assets	22	98,784,376	129,459,660	5,946,981	30,055
Transfer intangible asset to cost		-	347,383	-	-
Depreciation of assets held for future projects	23	209,740	209,740	209,740	209,740
Amortisation of unearned interest income under finance lease agreements		(14,490,452)	(4,390,084)	-	-
Amortisation of deferred interest expense under finance lease agreements	39	1,648,276	2,280,845	757,777	948,347

The accompanying notes are an integral part of the financial statements.

# Statement of cash flows (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities (continued)</b>					
Reversal of allowance for warranty		(5,928,000)	(824,000)	-	-
Provision for long-term employee benefits		13,529,657	17,000,937	1,862,043	9,629,527
Interest income		(13,302,431)	(10,086,076)	(48,774,755)	(24,371,127)
Interest expense	39	471,154,931	485,385,472	162,311,899	145,600,287
Loss from impairment of goodwill	38	513,500	893,509	-	-
Reversal of loss from subsidiary's liquidation		-	(51,600)	-	-
Profit from operating activities before changes in operating assets and liabilities		2,275,921,296	2,571,237,561	455,213,909	557,254,566
Operating assets (increase) decrease					
Trade and other receivables		1,234,578,395	1,863,415,545	123,067,353	50,333,330
Inventories		31,039,779	222,523,246	-	14,342,542
Accrued income		826,249,426	(178,059,293)	408,505,636	447,234,680
Other current assets		(538,223,756)	54,819,511	11,492,487	80,750,790
Other non-current assets		(49,499,786)	(26,916,632)	7,429,819	(2,787,428)
Operating liabilities increase (decrease)					
Trade and other payables		(771,602,356)	(136,863,776)	(230,970,802)	(457,249,999)
Other current liabilities		90,295,244	(95,664,174)	(26,440,967)	(120,041,498)
Other non-current liabilities		(2,806,369)	(1,555,263)	1,088,263	-
Cash flows from operating activities		3,095,951,873	4,272,936,725	749,385,698	569,836,983
Cash paid for interest expenses		(469,197,702)	(490,930,716)	(162,511,937)	(146,265,109)
Cash paid for corporate income tax		(352,754,734)	(396,618,999)	(71,871,199)	(69,605,025)
Cash received from the right assignment of receivable		14,552,000	-	-	-
Cash received from withholding tax refundable		140,218,273	213,480,778	13,830,057	8,501,235
Cash received from value added tax refundable		-	22,786,000	-	-
<b>Net cash flows from operating activities</b>		<b>2,428,769,710</b>	<b>3,621,653,788</b>	<b>528,832,619</b>	<b>362,468,084</b>

The accompanying notes are an integral part of the financial statements.



# Statement of cash flows (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from investing activities</b>					
Cash paid to provide short-term loans to related parties	6	-	-	(1,510,100,000)	(811,880,000)
Cash received from repayment of short-term loans to related parties	6	-	-	564,500,000	513,400,000
Cash paid to provide short-term loan to unrelated party	11	-	(12,000,000)	-	-
Cash received from repayment of short-term loans to employees		49,226	441,501	-	12,583
Cash paid to provide short-term loans to employees		(20,000)	(35,000)	-	-
Cash received from interest income		12,853,327	9,966,022	28,537,915	23,051,431
Decrease in fixed deposits		-	17,988	-	-
Decrease in restricted bank deposits	7	1,648,861	110,405,153	-	-
Cash received from lease of assets under finance lease agreement		69,857,007	63,949,798	-	-
Proceed from sale of current investments in trading securities	8	7,114,311	-	2,964,291	-
Proceed from sales of available-for-sale investments	15	4,197,234	154,533,934	-	-
Cash paid from call-up of ordinary shares of subsidiary		-	-	(25,423,870)	-
Net cash outflows from purchase of subsidiaris		(40,907,937)	(1,292,482)	(3,482,400)	-
Cash flows from disposal of investments in subsidiaries		19,209,935	(5,203,039)	-	-
Cash outflows from subsidiaries' liquidation		(77,567)	(36,450)	-	-
Proceeds from disposal of equipment		61,939,144	28,986,834	2,052,948	240,281
Cash paid for acquisition of equipment		(945,140,267)	(1,267,634,942)	(3,249,886)	(43,906,500)
Cash received from insurance claims for equipment		225,702	287,800	-	-
Cash paid for acquisition of intangible assets		(126,950,347)	(822,073,500)	(57,589,413)	-
Decrease in non-controlling interests of subsidiaries		(15,638,095)	(32,547,908)	-	-
<b>Net cash flows used in investing activities</b>		<b>(951,639,466)</b>	<b>(1,772,234,291)</b>	<b>(1,001,790,415)</b>	<b>(319,082,205)</b>

The accompanying notes are an integral part of the financial statements.

# Statement of cash flows (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from financing activities</b>					
Proceed from sale of investment in associate	16	-	12,999,740	-	-
Increase (decrease) in bank overdrafts	24	(86,366,298)	88,654,241	-	-
Proceeds from short-term loans from financial institutions		9,062,180,912	7,497,669,946	3,678,000,000	1,040,000,000
Cash paid to settle short-term loans from financial institutions		(9,144,490,638)	(7,823,720,477)	(3,393,000,000)	(860,000,000)
Proceeds from bill of exchange		1,053,215,071	1,244,560,650	500,000,000	500,000,000
Cash paid to settle bill of exchange		(1,177,775,721)	(1,265,000,000)	(400,000,000)	(445,000,000)
Decrease in trust receipts	24	(129,072,719)	(885,555,450)	-	-
Proceed from short-term loans from related parties	6	-	-	236,420,804	146,000,000
Repayment of short-term loans from related parties	6	-	-	(130,000,000)	(176,000,000)
Proceeds from short-term loans from unrelated parties		-	220,000	-	-
Repayment of short-term loans from unrelated parties		(2,600,000)	(262,202)	-	-
Proceeds from issuance debentures	27	1,210,000,000	810,000,000	-	-
Cash paid to debentures redemption	27	(1,310,000,000)	(1,100,000,000)	-	-
Proceeds from long-term loans from related parties		302,879,000	250,000,000	-	-
Cash paid to settle long-term loans from financial institutions		(568,176,858)	(104,278,222)	-	-
Proceed from long-term loans from related parties	6	-	-	162,414,500	-
Cash received from loan under finance lease agreement		-	1,765,000	-	1,765,000
Cash paid to settle liabilities under finance lease agreements		(20,776,045)	(33,192,163)	(8,023,893)	(12,026,271)
Dividend paid	42	(80,503,833)	(311,956,610)	(80,503,833)	(311,956,610)
Increase in non-controlling interests of the subsidiaries					
from proceeds of ordinary shares of subsidiaries		-	14,087,500	-	-
Changes in shareholding percentage in subsidiaries		-	252,741	-	-
Decrease in non-controlling interests of the subsidiaries					
from dividend payment		(65,981,620)	(60,803,671)	-	-
<b>Net cash flows from (used in) financing activities</b>		(957,468,749)	(1,664,558,977)	565,307,578	(117,217,881)
<b>Increase (decrease) in translation adjustments</b>		(84,051,078)	27,016,611	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>		435,610,417	211,877,131	92,349,782	(73,832,002)
Cash and cash equivalents at beginning of the year		2,210,502,760	1,998,625,629	91,278,641	165,110,643
<b>Cash and cash equivalents at end of the year</b>		2,646,113,177	2,210,502,760	183,628,423	91,278,641

The accompanying notes are an integral part of the financial statements.

# Statement of cash flows (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Supplement disclosures of cash flows information					
Non-cash items					
Receivable from sale of investment in subsidiary		-	15,299,750	-	-
Increase in fixed assets payable		56,261,262	-	19,780	-
Acquisitions of equipment under finance leases agreements		32,743,200	2,471,491	10,346,700	-
Transfer inventories to equipment		111,055,788	112,994,790	-	-
Transfer equipment to other current assets		-	2,453,292	-	2,453,292
Transfer equipment to intangible assets		-	10,786,101	-	-
Increase in intangible asset payable		102,056	-	-	55,000,000
Transfer prepaid expenses to intangible assets		1,153,749	-	1,153,749	-

The accompanying notes are an integral part of the financial statements.

# Notes to consolidated financial statements

**Samart Corporation Public Company Limited and its subsidiaries**

For the year ended 31 December 2017

## 1. General information

Samart Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the design and installation of telecommunications systems, and the sales of telecommunications equipment. The registered office of the Company is at 99/1 Moo 4, Software Park Building, 35th Floor, Chaengwattana Road, Klong Gluar, Pak-Kred, Nonthaburi.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Samart Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

### **Subsidiaries directly held by the Company**

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (direct and indirect)	
			2017 Percent	2016 Percent
The Samart Engineering Co., Ltd.	Manufacture and distribution of television and radio antenna and satellite dishes as well as the provision of Broadcast Network Solutions	Thailand	100	100
Samart U-Trans Co., Ltd.	Provision for system integrator for transportation energy and utilities system	Thailand	100	100
Samart Telcoms Public Co., Ltd.	Sale of telecoms equipment including designation, installation and communications system services	Thailand	70.14	70.14
Samart Digital Public Co., Ltd. (formerly known as “Samart I-Mobile Public Co., Ltd.”)	Distribution of communication and electronic equipment	Thailand	71.47	71.47
One to One Contacts Public Co., Ltd.	Provision for customer contact center services	Thailand	69.18	69.18
Vision and Security System Co., Ltd.	Provide services, sale, installation of security system, audio and video conference, wire and wireless communication system	Thailand	73	70
Suvarnabhumi Environment Services Co., Ltd.	Temporarily ceased its business (2016: Provision of waste management services in vicinity of Suvarnabhumi Airport)	Thailand	99.61	90

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (direct and indirect)	
			2017 Percent	2016 Percent
Suvarnabhumi Environment Care Co., Ltd.	Temporarily ceased its business (2016: Provision of waste management services in vicinity of Suvarnabhumi Airport)	Thailand	90	90
Samart RadiTech Co., Ltd.	Provision for nuclear technology services and use of radiation for commercial purposes	Thailand	100	100
Cambodia Samart Co., Ltd. (The Company has control over this company's operations)	Leasing its freehold land to third parties in Cambodia	Cambodia	49	49
Samart Inter Holding Co., Ltd.	The holding company for investing in public utilities in the Indochina region	Hong Kong	100	100

## Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (direct and indirect)	
			2017 Percent	2016 Percent
<b>Subsidiaries held by One to One Contacts Public Co., Ltd.</b>				
One to One Professional Co., Ltd.	Provide company personnel to perform work regarding providing information, news and information center on-site and off-site	Thailand	69.18	69.18
One to One (Cambodia) Co., Ltd.	Provision of customer contact service	Cambodia	69.18	69.18
<b>Subsidiaries held by Samart Inter Holding Co., Ltd.</b>				
Cambodia Air Traffic Services Co., Ltd. (2017: held by SAMART Transolutions Co., Ltd.)	Provision of air traffic control services in Cambodia	Cambodia	-	100
Kampot Power Plant Co., Ltd.	Production and sale of electricity to Kampot Cement factory in Cambodia which produces cement, an affiliate of Siam Cement Group	Cambodia	100	100
<b>Subsidiary held by The Samart Engineering Co., Ltd.</b>				
Contact-In-One Co., Ltd.	Institute of telecommunication mechanic	Thailand	100	100
<b>Subsidiaries held by Samart U-Trans Co., Ltd.</b>				
Teda Co., Ltd.	Engineering, procurement and construction (EPC) contractor and maintenance services for power substations and power transmission	Thailand	94.35	94.35
Samart U-Trans (Myanmar) Co., Ltd.	Provide services and consultations regarding trades in Myanmar	Myanmar	100	100
Samart Waste2Power Co., Ltd.	Provide municipal Solid Waste and Landfill Waste management by collecting, separating, Refused Derived Fuel (RDF) producing and convert waste to be electricity	Thailand	100	100
SAMART Transolutions Co., Ltd.	Provide traffic control services and operate business related to all type of transportation electricity	Thailand	100	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (direct and indirect)	
			2017 Percent	2016 Percent
<b>Subsidiary held by Teda Co., Ltd.</b> Transec Power Services Co., Ltd.	Installation, commissioning and maintenance services for power substation and any high voltage systems	Thailand	94.35	94.35
<b>Subsidiary held by SAMART Transolutions Co., Ltd.</b> Cambodia Air Traffic Services Co., Ltd. (2016: held by Samart Inter Holding Co., Ltd.)	Provision of air traffic control services in Cambodia	Cambodia	100	-
<b>Subsidiaries held by Samart Telcoms Public Co., Ltd.</b> Samart Communication Services Co., Ltd.	Design and installation of communication network, public rural telephone project	Thailand	70.14	70.14
Posnet Co., Ltd.	Electronic fund transfer	Thailand	70.14	70.14
Thai Trade Net Co., Ltd.	Electronic data interchange	Thailand	70.14	70.14
Samart Broadband Services Co., Ltd.	Ceased its operation since 2008	Thailand	70.14	70.14
Samart Comtech Co., Ltd.	Design and installation of telecommunications network	Thailand	70.14	70.14
Smarterware Co., Ltd.	Manufacture production of software packages and provision of software development services	Thailand	70.14	70.14
Samart Infonet Co., Ltd.	Provision for internet services	Thailand	70.14	70.14
Samart eD Tech Co., Ltd.	E-Learning courseware development consultation	Thailand	70.14	70.14
Net Media Co., Ltd.	Distribution of information system and communications equipment	Thailand	70.14	70.14
Portalnet Co., Ltd.	Design and installation of Enterprise Resource Planning (ERP) system and fully integrate ERP solution for government and public sectors	Thailand	70.14	70.14
<b>Subsidiary held by Samart Communication Services Co., Ltd.</b> SLA Asia Co., Ltd. (2016 was a associated company with 30% Shareholding percentage)	Operate on installation of telecommunication network project	Thailand	63.13	-
<b>Subsidiary held by Samart Broadband Services Co., Ltd.</b> IT Absolute Co., Ltd.	Distribution of information system and communications equipment	Thailand	70.14	70.14
<b>Subsidiaries held by Samart Comtech Co., Ltd.</b> Net Service (Thailand) Co., Ltd.	Development of information technology system for government agencies and private companies	Thailand	42.08	42.08
Secure Info Co., Ltd. (2016: It was a associated company with 30% shareholding percentage)	Engage in cyber security services	Thailand	70.14	-



In addition, these consolidated financial statements include transactions of the following consortium, in which Portalnet Co., Ltd is a participant:

<u>Name</u>	<u>Objective</u>	<u>Consortium Type</u>	<u>Country of incorporation</u>
Consortium SPIES	The leasing of an application software for core business operations to the Provincial Electricity Authority	Joint control	Thailand

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (direct and indirect)	
			2017 Percent	2016 Percent
<b>Subsidiaries held by Samart Digital Public Co., Ltd.</b> (formerly known as "Samart I-Mobile Public Co., Ltd.")				
Samart Multimedia Co., Ltd.	Provision content services via Audiotext and Call center	Thailand	71.47	71.47
Brain Source Co., Ltd.	Liquidation was completed during the year (2016: In process of liquidation)	Thailand	-	71.47
I-Mobile Plus Co., Ltd.	Provision of wireless telecommunication business	Thailand	71.47	71.47
Teleconnext Co., Ltd.	In process of liquidation (2016: Distributor of mobile phones and accessories)	Hong Kong	71.47	71.47
Zecureasia Co., Ltd.	Distributor of mobile phones	Thailand	71.47	71.47
Samart Mobile Services Co., Ltd.	Temporarily ceased its business	Thailand	69.61	69.61
SIM2ASSET Co., Ltd.	Real estate agent services	Thailand	71.47	71.47
Thai Base Station Co., Ltd.	Provision space rental and other services and distribution telecommunication equipment and system	Thailand	71.47	-
<b>Subsidiaries held by Samart Multimedia Co., Ltd.</b>				
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	35.74	35.74
Entertainment Tree Co., Ltd. (The Company has control and sets policies for operation and financial management over this company)	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	32.16	32.16
Phoinikas Co., Ltd.	Disposed during the year (2016: Digital Marketing Service)	Thailand	-	71.47
<b>Subsidiary held by Zecureasia Co., Ltd.</b>				
I-Mobile Direct Co., Ltd.	Liquidation was completed during the year (2016: In process of liquidation)	Thailand	-	71.47
<b>Subsidiaries held by I-Sport Co., Ltd.</b>				
Siam Sport Television Co., Ltd.	TV media, sport license and sport-related business	Thailand	35.74	35.74
I-Sport Media Co., Ltd.	Temporarily ceased its business	Thailand	35.74	35.74

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” in the statement of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit and loss and within equity in the consolidated statement of financial position.
- h) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is lower than the cost of the investment, the difference has been presented in shareholders’ equity in the statement of financial position under the caption of “Deficit on changes in percentage of shareholding in subsidiaries”. When the fair value of the net assets acquired is higher than the cost of the investment, the difference has been presented in other components of shareholders’ equity in the statement of financial position under the caption of “Surplus on changes in percentage of shareholding in subsidiaries”.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

#### a. **Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s and its subsidiaries’ financial statements. However, one standard involves changes to key principles, which are summarised below.

## **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

### **b. Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Revenues from contract work*

Revenues from construction contracts, excluding value added tax, are recognised by reference to the stage of completion. Stage of completion is measured by reference to the proportion that costs incurred to date bear to the estimated total cost of the contracts. Provision for the total anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Facility rental service and customer service representative outsource are recognised as revenue on a monthly basis, as stipulated in the agreement.

#### *Transponder rental income*

Transponder rental income is recognised as revenue on a monthly accrual basis, in accordance with the payments due under the agreement.

#### *Sales of equipment including designation and installation*

Sales of equipment including designation and installation are recognised as income by reference to the stage of completion.

*Selling support income*

Selling support income is recognised as income on an accrual basis.

*Advertising income*

Advertising income is recognised upon the broadcasting of such programmes.

*Entrance fee on franchise agreement*

Entrance fee on franchise agreement is recognised on the term of agreement.

*Unearned revenue from telephone service of prepaid phone cards*

Unearned revenue from telephone service of prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognised based on the actual usage or upon expiration of the usage as stated on card, depending on which comes first.

*Revenue from telephone services*

Revenue from telephone services is recognised when the telephone services have been rendered.

*Revenue from sales under finance lease agreements*

Finance lease receivables have been recorded based on the contractual value. The difference between the contractual value and the value equivalent to the cash price of the asset is recognised as unearned interest income. Interest income on finance leases is recognised over the term of the lease using the effective interest rate.

*Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

*Dividends*

Dividends are recognised when the right to receive the dividends is established.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist cash in hand and at banks and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimate costs necessary to make the sale.

#### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange. If the last bid price of the last working day of the year as quoted on the Stock Exchange is not available, the basis used by the Company and its subsidiaries to determine the fair value of marketable securities is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.7 Property, plant and equipment and depreciation/ Assets held for future projects

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset’s carrying amount is decreased as a result of a revaluation of the Company’s and subsidiaries’ assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in “Revaluation surplus” in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and improvement	-	3 - 33 years
Office equipment	-	3 - 10 years
Machinery, tools and equipment	-	2 - 15 years
Motor vehicles	-	5 - 7 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.9 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years and contract periods
License	5 years
Right for air time	5 years
Right for telecommunication tower service	10 years



## 4.10 Service concession arrangements

The subsidiary determines conditions of an arrangement whereby a grantor, which is the Royal Government, controls or regulates what services the operator must provide using the assets and also controls any significant residual interest in the assets at the end of the term of the arrangement.

The subsidiary recognises and measures the consideration received depending on the conditions of service concession arrangement. An intangible asset is recognised to the extent that the subsidiary receives a right to charge users of the public service. A financial asset is recognised to the extent that an operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor.

The subsidiary recognises the consideration, based upon the conditions of service concession arrangement, received from the air traffic control service and system installation in Cambodia as an intangible asset because the subsidiary receives a right to charge users of the public service and amortises such intangible asset as expense in the profit or loss on a straight-line basis of the concession period.

## 4.11 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## 4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.13 Long-term leases**

##### *Finance leases*

Leases of plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance lease is depreciated over the useful life of the asset.

##### *Operating leases*

Leases of property, plant and equipments which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operation lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.14 Arrangement contains a Lease**

The subsidiary determines whether an arrangement is, or contains, a lease, based on the substance of the arrangement as at the effective date of the arrangement. This is to conclude whether the arrangement meets the criteria pertaining to fulfilment of the arrangement depending upon a specific asset and the arrangement conveying a right to control the use of the underlying asset.

#### **4.15 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.16 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews and when circumstances indicate that the carrying value may be impaired in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.17 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

###### *Defined contribution plans*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

##### **Provision for vacation**

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company's and its subsidiaries' policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

#### **4.18 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.19 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### **Current income tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **4.20 Derivatives**

#### **Forward exchange contracts**

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

### **4.21 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Construction contracts**

The Company and its subsidiaries recognise contract revenue by reference to the stage of completion of the contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that will affect the stage of completion. The management is required to make judgement and estimates based on past experience and knowledge of the project engineers.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Reduction cost to net realisable value of inventories**

Determining the reduction cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated costs to completion or estimated additional expenses to be incurred in preparing the inventory for sale, and reduction cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

### **Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that the Company and its subsidiaries will have taxable profit that will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigation and delay penalty**

The Company and its subsidiary companies have contingent liabilities as a result of litigation and delay penalty. The managements have used judgement to assess the results of the litigation and delay penalty in which they believe that the provisions made would be sufficient as at the end of reporting period. However, actual results could differ from the estimates.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, principally in respect of the purchase and sales of goods, services and loans. Such transactions, which were summarised below, were concluded on terms and bases agreed upon between the Company and its related parties. The pricing policies with its related parties summarised as follows:

1. Sales prices are determined at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Management fees and rental income are charged at the amount stated in the agreement.
3. IT service fees income from subsidiary companies are charged at the amount stated in the agreement based on cost plus a margin not over five percent.
4. Other service income and expenses are charged at a mutually agreed price.
5. Interest on loans are charged at cost plus margin as follows:
  - 5.1 Cost of fund plus 0.25 percent per annum.
  - 5.2 12-month fixed deposit rate of the commercial banks that frequently use.
  - 5.3 Average saving deposit rate of the big five commercial banks plus 0.25 percent per annum.
6. Fixed assets are sold and purchased at market price or their net book value plus a margin, depending on the condition of the fixed assets.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
8. Management benefit expenses are charged as approved by the shareholders’ meeting or contractually agreed price.
9. Dividend income is recognised when declared and the right to receive the dividend is established.

Significant business transactions between the Company and its related parties were summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Transactions with subsidiary companies</b>				
(eliminated from the consolidated financial statements)				
Purchase of goods and services	-	-	10	55
Management fee income	-	-	451	446
Guarantee fee income	-	-	4	3
IT Service fee income	-	-	98	94
Dividend income	-	-	152	141
Interest income	-	-	48	24
Disposals fixed assets	-	-	1	-
Purchase fixed assets	-	-	-	60
Other income	-	-	72	127
Other expenses	-	-	13	11
Interest expenses	-	-	6	6
<b>Transactions with related companies</b>				
Purchase of goods and service	17	14	-	-
Sales and service income	25	4	-	-
Revenues from contract work	-	37	-	-
Other income	8	1	4	-
Other expenses	99	98	63	61

As at 31 December 2017 and 2016, the balances of the account between the Company and those related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts receivable - related parties (Note 9)</b>				
Related companies (related by shareholder)	3,111	417	-	-
Total trade accounts receivable - related parties	3,111	417	-	-
<b>Amount due from and advance to related parties (Note 9)</b>				
Subsidiary companies	-	-	108,888	96,939
Related companies (related by shareholder)	2,005	1,186	879	306
Total amount due from and advance to related parties	2,005	1,186	109,767	97,245
<b>Trade accounts payable - related parties (Note 25)</b>				
Subsidiary companies	-	-	113,892	184,218
Related companies (related by shareholder)	1,792	23	-	-
Total trade accounts payable - related parties	1,792	23	113,892	184,218
<b>Other payables and accrued interest expenses - related parties (Note 25)</b>				
Subsidiary companies	-	-	4,274	59,086
Related companies (related by shareholder)	3,631	3,541	1,014	1,013
Total other payables and accrued interest expenses - related parties	3,631	3,541	5,288	60,099

## Loans to related parties and loans from related parties

As at 31 December 2017 and 2016, the balances of loans between the Company and those related parties and the movements were as follows:

### Loans to subsidiary companies

(Unit: Thousand Baht)

Short-term loans to subsidiary companies (Note 11)	Separate financial statements			
	2016	During the year		2017
		Increase	Decrease	
Samart Digital Public Co., Ltd. (formerly known as "Samart I-Mobile Public Co., Ltd.")	140,000	1,495,000	(325,000)	1,310,000
The Samart Engineering Co., Ltd.	623,000	-	(58,000)	565,000
Suvarnabhumi Environment Care Co., Ltd.	224,391	5,100	(21,500)	207,991
Vision and Security System Co., Ltd.	239,500	10,000	(160,000)	89,500
Total	1,226,891	1,510,100	(564,500)	2,172,491

### Loans from subsidiary companies

(Unit: Thousand Baht)

Short-term loans to subsidiary companies (Note 26)	2016	Separate financial statements			
		During the year		Unrealised loss on exchange	2017
		Increase	Decrease		
Samart U-Trans Co., Ltd.	146,000	90,000	(130,000)	-	106,000
Samart Inter Holding Co., Ltd.	-	146,421	-	1,598	148,019
Total	146,000	236,421	(130,000)	1,598	254,019



(Unit: Thousand Baht)

Long -term loans from subsidiary companies	Separate financial statements			
	2016	Increase during the year	Unrealised loss on exchange	2017
Cambodia Air Traffic Services Co., Ltd.	542,000	162,415	1,821	706,236
Kampot Power Plant Co., Ltd.	186,000	-	-	186,000
Total	728,000	162,415	1,821	892,236

- a) On 27 November 2012, the Company obtained a Baht loan from Cambodia Air Traffic Services Co., Ltd., a subsidiary company, amounting to Baht 442 million which bears interest at the average saving deposit rate of the big five commercial banks plus 0.25 percent per annum. This loan was matured in full within the year 2022.

In addition, on 3 February 2014, the Company obtained an additional Baht loan from Cambodia Air Traffic Services Co., Ltd., amounting to Baht 100 million which bears interest at the average saving deposit rate of the big five commercial banks plus 0.25 percent per annum. This loan will be mature in full in the fifth year (2 February 2019) from the date of first drawdown (3 February 2014).

Later, on 6 December 2017, the Company obtained an additional Dollar loan from Cambodia Air Traffic Services Co., Ltd., amounting to USD 5 million, equivalent to Baht 162 million which bears interest at the average saving deposit rate of the big five commercial banks plus 0.25 percent per annum. This loan will be mature in full in the fifth year (5 December 2022) from the date of first drawdown (6 December 2017).

- b) On 7 December 2012, the Company obtained a Baht loan from Kampot Power Plant Co., Ltd., a subsidiary company, amounting to Baht 186 million which bears interest at the average saving deposit rate of the big five commercial banks plus 0.25 percent per annum. This loan will be mature in full within the year 2022.

#### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	101.8	113.3	44.3	49.2
Post-employment benefits	1.6	1.6	0.8	0.8
Total	103.4	114.9	45.1	50.0

#### Significant agreements with related parties

##### Long-term rental agreements

- a) The Company and its subsidiary companies entered into office rental agreements with Vilailuck International Holding Co., Ltd., a related company, for use in their operations. These contracts will expire in April 2020. The Company and its subsidiary companies have to pay a monthly rental fee of approximately Baht 1.9 million (2016: Baht 1.5 million) (Separate financial statements: Baht 0.5 million (2016: Baht 0.5 million)).

- b) The Company and its subsidiary companies entered into office rental agreements with CSV Asset Co., Ltd., a related company, for use in their operations. These contracts will expire in December 2020. The Company and its subsidiary companies have to pay a monthly rental fee of approximately Baht 0.6 million (2016: Baht 0.6 million) (Separate financial statements: Baht 0.2 million (2016: Baht 0.2 million)).

## Service agreements

- a) The Company and its subsidiary companies entered into facility service agreements with Vilailuck International Holding Co., Ltd., a related company. These contracts will expire in April 2020, under which they have to pay monthly facility service fees of approximately Baht 5.6 million (2016: Baht 4.4 million) (Separate financial statements: Baht 3.0 million (2016: Baht 2.7 million)).
- b) The Company and its subsidiary companies entered into facility service agreements with CSV Asset Co., Ltd., a related company. These contracts will expire in December 2020, under which they have to pay monthly facility service fees of approximately Baht 0.8 million (2016: Baht 0.8 million) (Separate financial statements: Baht 0.3 million (2016: Baht 0.3 million)).

The commitment under the operating lease agreements with the related party was disclosed in Note 46.2.1 to the financial statements.

## Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 46.4.2 to the financial statements.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,250	2,608	20	20
Bank deposits	2,745,422	2,313,102	183,608	91,259
Less: Restricted bank deposits	(103,559)	(105,207)	-	-
Total	2,646,113	2,210,503	183,628	91,279

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests at the rate between 0.05 and 4.00 percent per annum (2016: between 0.04 and 4.00 percent per annum).

## 8. Temporary investments

Movements of the temporary investments in trading securities account for the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Balance at beginning of the year</b>	23,373	22,063	13,200	13,177
Disposals during the year				
Proceed from sales	(7,114)	-	(2,964)	-
Gain on disposals (Note 36)	1,159	-	274	-
Total	(5,955)	-	(2,690)	-
Gain (loss) on change in value (Note 36 and 38)	(307)	1,310	(496)	23
<b>Balance as at end of the year</b>	17,111	23,373	10,014	13,200

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts receivable - related parties (Note 6)</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	2,269	253	-	-
Past due				
Up to 3 months	348	-	-	-
3 - 6 months	154	-	-	-
6 - 12 months	176	-	-	-
Over 12 months	164	164	-	-
Total trade accounts receivable - related parties	3,111	417	-	-
<b>Trade accounts receivable - unrelated parties</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	1,389,297	1,103,124	-	-
Past due				
Up to 3 months	394,906	1,191,621	-	2,827
3 - 6 months	88,076	1,400,692	-	65,163
6 - 12 months	119,132	2,846,376	-	10,754
Over 12 months	5,536,344	2,264,979	117,038	152,780
Total	7,527,755	8,806,792	117,038	231,524
<u>Less: Allowance for doubtful debts</u>	(1,677,892)	(124,754)	(22,222)	(588)
Allowance for sales return	(1,122)	(1,122)	-	-
Total trade accounts receivable - unrelated parties, net	5,848,741	8,680,916	94,816	230,936
Total trade accounts receivable - net	5,851,852	8,681,333	94,816	230,936
<b>Other receivables</b>				
Amount due from and advance to related parties (Note 6)	2,005	1,186	109,767	97,245
Security business receivables	1,022,626	1,022,626	-	-
Other receivables - unrelated parties	316,033	382,381	155	1,137
Total	1,340,664	1,406,193	109,922	98,382
Less: Allowance for doubtful debts	(1,080,047)	(1,089,154)	(54)	(54)
Total other receivables - net	260,617	317,039	109,868	98,328
Total trade and other receivables - net	6,112,469	8,998,372	204,684	329,264

- a) The Company and four subsidiary companies (Samart Telcoms Public Co., Ltd., Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd. and Portalnet Co., Ltd.) have transferred their collection rights from projects and trade accounts receivable to banks as collateral for loans and credit facilities. As at 31 December 2017, the balances of the above trade accounts receivable included the receivables that were transferred their collection rights to banks totaling Baht 930 million (2016: Baht 1,090 million) (Separate financial statements: Baht 95 million (2016: Baht 171 million)).
- b) As at 31 December 2017, trade accounts receivable of Samart Telcoms Public Co., Ltd., a subsidiary company, included amounts of Baht 4 million (2016: Baht 4 million) receivable from financial institutions which were ordered to cease their operations by the authorities. The subsidiary company has already provided full allowance for doubtful accounts for these amounts.

c) Securities business receivables

As at 31 December 2017, IT Absolute Co., Ltd., a subsidiary company (formerly operate securities business), had securities business receivables which are under legal proceedings, undergoing restructuring or being settled in installments, to Baht 1,023 million (2016: Baht 1,023 million), on which the subsidiary already fully set up allowance for doubtful account.

In addition during the year 2009, the subsidiary company has filed lawsuits with the Civil Court and the Bankruptcy Court, seeking to have the seven customers settled their total outstanding debts of Baht 978 million to the subsidiary company. The seven debtors are under absolute receivership by the Central Bankruptcy Court and these are being carried out in accordance with the process laid down under bankruptcy laws. The Civil Court dismissed the lawsuits of seven debtors so that the subsidiary company could receive settlement in the bankruptcy cases.

The share purchase agreement of shares in IT Absolute Co., Ltd., on 3 February 2012, stated that if the company receives any repayment or benefit subsequent to share transfer date (all together called “repayment”) arising from obligation before or at share transfer date, Samart Broadband Services Co., Ltd. (buyer) shall order the company to transfer the repayment made by the previous shareholder (a bank) at the rate of 99.7888 percent as formula which was described in the agreement.

d) On 2 November 2015, One to One Contacts Public Co., Ltd., a subsidiary company, filed a lawsuit with the Civil Court, seeking settlement of a government agency as a trade accounts receivable (unrelated party) that were past due totaling approximately Baht 78 million (included accrued income amounted to approximately Baht 4 million) for contact center service. On 21 November 2016, the Civil Court ordered that such government agency has to repay the full amount of debt, with interest charged, to the subsidiary company. Later, on 19 January 2017, the government agency appealed against the Civil Court’s verdict and on 15 August 2017, the Appeal Court affirmed the judgment of the Court of First Instance and such government agency has to repay the full amount of debt, with interest charged, to the subsidiary company. Subsequently, on 13 September 2017, the government agency appealed against the Appeal Court’s verdict and filed an appeal with the Supreme Court. And, on 3 January 2018, the Supreme Court accepted the government agency’s appeal against the verdict of the Appeal Court. Presently, the case is under consideration of the Supreme Court. However, the subsidiary company’s management believes that full settlement will be received. Therefore, as at 31 December 2017, the subsidiary company has not set aside any allowance for doubtful accounts for such debtor.

e) On 23 November 2016, the Company, is at 60 percent investing in SPS Consortium, filed a lawsuit with the Administrative Court, seeking settlement of a government agency, as a trade account receivable of SPS Consortium for the outstanding service fees for the 44<sup>th</sup> - 120<sup>th</sup> installments that were past due totalling Baht 194 million. Subsequently, the Court has accepted to consider only the outstanding service fees for the 60<sup>th</sup> - 120<sup>th</sup> installments, totaling Baht 158 million, as they are in the 5-year period of the statute of limitation. The Company has recorded this account receivable of Baht 116 million in its financial statements, based on investing proportion, and also set aside allowance for such doubtful account for the portion of the Court which has not accepted amounting to Baht 22 million. However, the management of Company believes it will receive the service fees accepted by the Court in full. Therefore as at 31 December 2017, the Company has not set aside any allowance for doubtful accounts for the remaining amount.

- f) Other than those mentioned in a) - e) above, as at 31 December 2017, allowance for doubtful debts has not been set aside in full amount for the outstanding balances of the subsidiaries’ trade accounts receivable - unrelated parties that were aged more than 12 months past due totaling Baht 5,415 million (2016: Baht 2,108 million). This is because trade accounts receivable are government units and private companies, that obtained government projects or are large private companies. Those accounts receivable have business transactions with the group regularly and have continued to make repayment. The above accounts receivable have no uncollectable experience and the process of payment approval for such receivables normally take a long time. The Company and its subsidiaries have still followed up these debts and are confident that all debts could be collected. Therefore, the management of the Company and its subsidiaries believe that the allowance for doubtful debts is appropriate and adequate.

## 10. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Finance lease receivables (contractual value)	610,149	265,446
Less: Receipts	(57,406)	(239,329)
Exchange differences on translation of financial statements in foreign currencies	-	(13,200)
Finance lease receivables	552,743	12,917
Less: Unearned interest income	(46,736)	(480)
Finance lease receivables - net of unearned interest income	506,007	12,437
Less: Current portion of finance lease receivables	(123,967)	(12,437)
Finance lease receivables - net of current portion	382,040	-

- a) Vision and Security System Co., Ltd., a subsidiary company, entered into a rental agreement for the 2<sup>nd</sup> CCTV project with a government unit for a period of 5 years which the total revenue is Baht 610 million. The rental is to be paid on a monthly basis. The subsidiary has transferred its fee collection rights under the agreement to banks to secure loans as mentioned in Note 28 to the financial statements.
- As at 31 December 2017, the balance of the above trade accounts receivable including the receivables related to fee collection rights transferred to banks totaling Baht 243 million (2016: Nil).
- b) Kampot Power Plant Co., Ltd., a subsidiary company, has entered into an agreement to generate and supply electricity to Kampot Cement plant in Cambodia. The agreement is valid for a period of 10 years and expires within 2017. Considering conditions stipulated in the agreement, it was found that this agreement constitutes the lease agreement as all the risks and rewards of the assets have been transferred to Kampot Cement plant in Cambodia. Therefore, it is considered a finance lease and the subsidiary company recorded an initial finance lease receivable of USD 6 million, equivalent to Baht 214 million.

## 11. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans to related parties (Note 6)	-	-	2,172,491	1,226,891
Short-term loan to unrelated party	12,000	12,000	-	-
Short-term loans to employees	12	42	-	-
Total short-term loans	12,012	12,042	2,172,491	1,226,891

Short-term loan to unrelated party of Baht 12 million is loan which Samart Waste2Power Co., Ltd., a subsidiary company, lend to an individual on 27 October 2016 for a period of 1 year from the contract date. This agreement shall continue in force and effect from year to year after the expiration date without renewal agreement. The loan carries interest at 7.125% per annum, and interest is paid every six months.

## 12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	749,483	1,026,375	(404,770)	(300,944)	344,713	725,431
Work in process	260,894	403,905	(40,287)	(37,523)	220,607	366,382
Raw materials and supplies	119,640	166,577	(39,275)	(37,972)	80,365	128,605
Goods in transit	3,153	10,660	-	-	3,153	10,660
Total	1,133,170	1,607,517	(484,332)	(376,439)	648,838	1,231,078

During the current year, the subsidiary companies recorded the reduced cost of inventories by Baht 108 million (2016: Baht 298 million) to reflect the net realisable value. This was included in cost of sales.

During the year 2016, Teleconnex Co., Ltd., a subsidiary company, wrote off cost of inventories due to obsolete inventories by Baht 24 million (2017: Nil) as recognised in administrative expenses.

## 13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Withholding tax and prepaid tax expenses	491,797	464,450	25,779	27,028
Refundable value added tax	143,349	234,173	-	-
Prepaid expenses	221,493	229,367	22,343	24,669
Advance for purchase of inventories and equipment	500,531	179,368	-	-
Advance payments	305,624	42,403	4,520	16
Others	304,255	256,782	12,938	27,338
Less: Allowance for diminution in value of advance for purchase of inventories	(12,201)	(8,896)	-	-
Total other current assets - net	1,954,848	1,397,647	65,580	79,051

## 14. Restricted bank deposits

These represent fixed deposits pledged by some subsidiaries with the banks to secure credit facilities, letter of guarantees obtained from the banks.

## 15. Available-for-sale investments

As at 31 December 2017 and 2016, the subsidiary companies have available-for-sale investments as the followings:

(Unit: Thousand Baht)

Common stock/Warrant	Consolidated financial statements					
	2017			2016		
	No. of shares	Fair value as at the Purchase / reclassification date	Fair value	No. of shares	Fair value as at the Purchase / reclassification date	Fair value
	(Thousand shares)			(Thousand shares)		
Siam Sport Syndicate Public Co., Ltd.	29,150	72,146	21,280	29,150	76,068	37,895
Warrant No. 5 of Siam Sport Syndicate Public Co., Ltd.	-	-	-	7,288	6,632	5,977
Warrant No. 6 of Siam Sport Syndicate Public Co., Ltd.	5,300	3,922	954	-	-	-
Ferrum Public Co., Ltd.	30,000	107,750	17,100	30,000	108,450	26,400
Total		183,818	39,334		191,150	70,272
Less: Change in value		(144,484)			(120,878)	
Total available-for-sale investments - net		39,334			70,272	

Movements of available-for-sale investments account during the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
<b>Net book value at beginning of the year</b>	70,272	175,719
Disposals during the year		
Proceeds from sales	(4,197)	(154,534)
Gain (loss) on disposal (Note 36 and Note 38)	(3,135)	11,235
Total	(7,332)	(143,299)
Reclassification of loss on changes in value previously recorded in other comprehensive income to profit or loss	3,061	55,264
Loss on changes in value	(26,667)	(17,412)
<b>Net book value at end of the year</b>	39,334	70,272



## 16. Investments in associates

### 16.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017 (%)	2016 (%)	2017	2016	2017	2016
<b><u>Associates held by the subsidiary companies</u></b>								
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	Operate an installation of telecommunication network project	Thailand	-	30	-	9,000	-	3,278
Chiang Mai Waste2Power Co., Ltd. (held by Samart Waste2Power Co., Ltd.)	Solid waste and landfill waste management (Currently, it does not operate the main business)	Thailand	-	-	-	-	-	-
Total					-	9,000	-	3,278

- a) On 16 June 2016, Samart Waste2Power Co., Ltd, a subsidiary company, entered into an agreement to sell all 99,998 shares that it holds in Chiang Mai Waste2Power Co., Ltd. to Ferrum Energy Co., Ltd. at price in the agreement of Baht 130 per share, or for a total of Baht 13 million. The value of the investment in this company under the equity method in the consolidated financial statements was approximately Baht 1 million as of the disposal date. As a result of the disposal of this investment, gain of this transaction amount to Baht 12 million in the consolidated financial statements for the year ended 31 December 2016. The subsidiary company received cash from disposal of such investment on 15 July 2016.
- b) On 21 April 2017 Samart Communication Service Co., Ltd., a subsidiary company, purchased additional ordinary share of SLA Asia Co., Ltd. from another existing shareholder. This results to increase the interest of subsidiary in SLA Asia Co., Ltd. from 30 percent to 90 percent. SLA Asia Co., Ltd. was changed from associated company to subsidiary company as mentioned in Note 17.5.3 to the financial statements, re: purchase of investment.

### 16.2 Share of comprehensive loss

During the years, the subsidiary companies recognised share of loss from investments in associates in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investments in associates during the year	
	2017	2016
<b>Associates held by the subsidiary companies</b>		
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	-	(1,634)
Chiang Mai Waste2Power Co., Ltd. (held by Samart Waste2Power Co., Ltd.)	-	(5,035)
Total	-	(6,669)

## 17. Investments in subsidiaries

### 17.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Direct shareholding percentage		Cost		Dividend received during the year	
	2017 Million Baht	2016 Million Baht	2017 Percent	2016 Percent	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
The Samart Engineering Co., Ltd.	250	250	100	100	287,258	287,258	-	-
Samart U-Trans Co., Ltd.	500	500	100	100	500,135	500,135	-	-
Samart Telcoms Public Co., Ltd.	618	618	70.14	70.14	1,537,050	1,537,050	108,366	108,366
Samart Digital Public Co., Ltd. (formerly known as “Samart I-Mobile Public Co., Ltd.”)	440	440	70.94	70.94	3,804,577	3,804,577	-	-
One to One Contacts Public Co., Ltd.	280	280	68.43	68.43	89,609	89,609	44,068	32,572
Vision and Security System Co., Ltd.	20	20	73	70	17,482	14,000	-	-
Suvarnabhumi Environment Services Co., Ltd.	25.7	0.25	99.61	90	25,649	225	-	-
Suvarnabhumi Environment Care Co., Ltd.	50	50	90	90	44,990	44,990	-	-
Samart RadiTech Co., Ltd.	46	46	100	100	46,000	46,000	-	-
Cambodia Samart Co., Ltd. (The Company has control over this company's operation)	USD 25,000	USD 25,000	49	49	24,244	24,244	-	-
Samart Inter Holding Co., Ltd.	USD 17 million	USD 17 million	100	100	583,829	583,829	-	-
Total investments in subsidiaries					6,960,823	6,931,917	152,434	140,938
Less: Allowance for diminution in value of investments					(86,999)	(81,529)		
Total investments in subsidiaries - net					6,873,824	6,850,388		

### 17.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Thousand Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividends paid to non-controlling interests during the year	
	2017 (%)	2016 (%)	2017	2016	2017	2016	2017	2016
Samart Digital Public Co., Ltd. and its subsidiaries	28.53	28.53	222,356	803,797	(581,491)	(198,418)	-	-
Samart Telcoms Public Co., Ltd. and its subsidiaries	29.86	29.86	1,047,363	1,035,746	57,570	42,727	46,133	46,133
One to One Contacts Public Co., Ltd. and its subsidiaries	30.82	30.82	266,121	269,517	16,453	25,654	19,849	14,671

## 17.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

### Summarised information about financial position

(Unit: Thousand Baht)

	Samart Digital Public Co., Ltd. and its subsidiaries		Samart Telcoms Public Co., Ltd. and its subsidiaries		One to One Contacts Public Co., Ltd. and its subsidiaries	
	2017	2016	2017	2016	2017	2016
Current assets	4,246,023	6,756,252	5,228,316	5,389,963	825,401	835,154
Non-current assets	2,139,377	1,218,246	4,055,257	4,628,615	121,122	176,797
Current liabilities	5,335,952	5,169,768	5,500,440	5,933,450	69,913	119,666
Non-current liabilities	499,011	288,155	250,424	609,086	13,141	17,798

### Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December					
	Samart Digital Public Co., Ltd. and its subsidiaries		Samart Telcoms Public Co., Ltd. and its subsidiaries		One to One Contacts Public Co., Ltd. and its subsidiaries	
	2017	2016	2017	2016	2017	2016
Revenue	1,364,174	3,461,303	6,981,965	5,748,642	826,664	968,881
Profit (loss)	(1,953,684)	(711,847)	213,523	171,747	50,447	83,378
Other comprehensive income (loss)	(12,454)	(3,151)	(3,812)	3	2,936	(142)
Total comprehensive income (loss)	(1,966,137)	(714,998)	209,711	171,750	53,383	83,236

### Summarised information about cash flows

(Unit: Thousand Baht)

	For the years ended 31 December					
	Samart Digital Public Co., Ltd. and its subsidiaries		Samart Telcoms Public Co., Ltd. and its subsidiaries		One to One Contacts Public Co., Ltd. and its subsidiaries	
	2017	2016	2017	2016	2017	2016
Cash flows from operating activities	336,584	759,176	886,059	2,225,008	214,037	135,411
Cash flows from (used in) investing activities	(399,485)	5,143	(287,667)	(1,456,567)	(13,281)	(941)
Cash flows from (used in) financing activities	186,393	(786,705)	(628,804)	(762,981)	(64,400)	(47,661)
Translation adjustments	(212)	(7,959)	-	-	-	(71)
Net increase (decrease) in cash and cash equivalents	123,280	(30,345)	(30,412)	5,460	136,356	86,738

## 17.4 Change in investments in subsidiaries held by the Company and subsidiary companies

### 17.4.1 Increase in share capital and additionally call-up share capital of subsidiaries

- Samart U-Trans (Myanmar) Co., Ltd., a subsidiary company, called up the remaining 50% of its registered share capital, or equivalent to USD 25,000. Samart U-Trans Co., Ltd., another subsidiary company, paid for the above share subscription on 15 March 2016. Samart U-Trans (Myanmar) Co., Ltd. has registered its call-up share capital with Ministry of National Planning and Economic Development in May 2016.

- b) On 6 June 2017, a meeting of the Board of Directors of Suvarnabhumi Environment Services Co., Ltd., a subsidiary company, passed a resolution to call up the remaining 75 percent of its registered share capital, or equivalent to Baht 0.75 million. The subsidiary received payment on 13 July 2017 as a result its paid-up share capital amounts to Baht 1 million, or 100% of the registered share capital.
- c) On 6 July 2017, an Extraordinary Meeting of Suvarnabhumi Environment Services Co., Ltd., a subsidiary company, passed a special resolution to approve the increase of its share capital from Baht 1 million (Baht 0.1 million ordinary shares of Baht 10 each) to Baht 25.7 million (Baht 2.57 million ordinary shares of Baht 10 each) through an issuance of additional Baht 2.47 million ordinary shares of Baht 10 each. The subsidiary company registered the increase of its share capital with the Ministry of Commerce on 19 July 2017. The share capital is fully called-up, and the subsidiary company received payment on 14 July 2017.

#### **17.4.2 Establishment of new company**

On 15 August 2017, a meeting of the Board of Directors of the Company passed a resolution to approve the establishment of a new subsidiary under the name “SAMART Transolutions Co., Ltd.” by Samart U-Trans Co., Ltd., a subsidiary company, to provide traffic control services and operate business related to all types of transportation, with a registered share capital consisting of 100,000 ordinary shares of Baht 10 each, totaling Baht 1 million, in which, Samart U-Trans Co., Ltd. holds a 100 percent interest. The subsidiary company registered the establishment of the new company with the Ministry of Commerce on 22 August 2017. The share capital is fully called-up, and the subsidiary company received payment on 27 September 2017.

Later, on 12 October 2017, an Extraordinary Meeting of SAMART Transolutions Co., Ltd., a subsidiary company, passed a special resolution approving the increase of the registered share capital from Baht 1 million (0.1 million ordinary shares of Baht 10 each) to Baht 50 million (5 million ordinary shares of Baht 10 each) through the issuance of 4.9 million additional ordinary shares of Baht 10 each.

#### **17.4.3 Reorganisation of business of group companies under common control**

On 25 September 2017, a meeting of the Board of Directors of SAMART Transolutions Co., Ltd., a subsidiary company, passed a resolution approving the purchase of 250,000 ordinary shares of Cambodia Air Traffic Services Co., Ltd., another subsidiary company, from Samart Inter Holding Co., Ltd. representing a 100 percent interest in that company.

On 1 October 2017, the subsidiary company entered into a purchase and sale agreement to purchase ordinary shares of Cambodia Air Traffic Services Co., Ltd. from Samart Inter Holding Co., Ltd. at the mutually agreed price of Baht 1,913 million. The share transfer was completed on 16 November 2017. The subsidiary will fully pay for purchase of ordinary share on the date as stipulated in the agreement.

As a result of sale and purchase ordinary share under common control of the Company which is reorganisation of the Group, therefore there is no impact to the consolidated financial statements.

#### **17.4.4 Purchase of investment**

On 16 November 2017, the Company additionally purchased ordinary shares of Vision and Security System Co., Ltd. the subsidiary company, a subsidiary that was 70% held by the Company. In this regard, the Company has purchased 60,000 ordinary shares (or 3% of all shares) from other shareholders at a price of Baht 58.04 per share (equivalent to the book value of the subsidiary company per its financial statements as of the second quarter of 2017), or for a total of Baht 3.5 million. As a result of the additional share acquisition, the Company's shareholding in the subsidiary company increased from 70% to 73%.

The difference between the purchase value and book value as at additional acquisition was not recorded in the financial statements as it had no material affects to the financial statements.

## 17.5 Change in investments in subsidiaries held by Samart Telcoms Public Co., Ltd.

### 17.5.1 Liquidation of subsidiary

On 21 December 2009, a meeting of the Board of Directors of Samart Telecommunication (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company filed the application for deregistration with the Ministry of Commerce of Cambodia and the liquidation was completed in August 2016.

### 17.5.2 Establishment of new company

On 21 February 2017, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to approve the establishment a new company name “Secure Info Co., Ltd.” by Samart Comtech Co., Ltd., another subsidiary company, which engages in cyber security services and has registered share capital of 50,000 ordinary shares of Baht 100 each, totaling Baht 5 million. The shares are 100 percent held by Samart Comtech Co., Ltd., and 25 percent of which have been called up. The establishment of the new company was registered with the Ministry of Commerce on 22 June 2017. On 28 August 2017, the subsidiary company paid for such share capital of Baht 1.25 million.

### 17.5.3 Purchase of investment

On 3 April 2017, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to approve the purchase made by Samart Communication Services Co., Ltd., another subsidiary company, of 0.18 million ordinary shares with a par value of Baht 100 per share of SLA Asia Co., Ltd., from an existing shareholder. As a result of the purchase of investment, the interest in such company changed from 30 percent to 90 percent.

Subsequently, on 21 April 2017, Samart Communication Services Co., Ltd. purchased that company's shares with mutually agreed price at Baht 32.276 per share, totaling approximately Baht 5.8 million and recognised the negative goodwill arising from the discrepancy between the fair value of the net assets acquired being higher than the cost of investment in profit or loss.

The fair value of the assets acquired and liabilities assumed of SLA Asia Co., Ltd. at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	10,541
Other current assets	130
Equipment - net	47
Other payables	(29)
Other current liabilities	(15)
Provision for long-term employee benefits	(360)
Net assets from acquisition of subsidiary company	10,314
Less: Fair value of investment in SLA Asia Co., Ltd. for	
- The subsidiary's existing shareholding before acquisitions (30 percent)*	(3,095)
- Non controlling interests (10 percent)	(1,031)
Net assets from acquisition of subsidiary company in additional proportion of shareholding	6,188
Cash used in acquisition of investment in subsidiary company	(5,810)
Negative goodwill	378

- \* The subsidiary company realised loss from the value adjustment of subsidiary company’s previously held shareholding of 30 percent in SLA Asia Co., Ltd. in the consolidated statement of income by Baht 0.6 million.

Net cash inflows from acquisition of ordinary shares of SLA Asia Co., Ltd. were presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition	5,810
<u>Less:</u> Cash and cash equivalents of the subsidiary company	(10,541)
Net cash inflows from purchase of ordinary shares	(4,731)

## 17.6 Change in investments in subsidiaries held by Samart Digital Public Co., Ltd. (formerly known as “Samart I-Mobile Public Co., Ltd.”)

### 17.6.1 Change in subsidiary company’s name

- On 27 September 2017, an Extraordinary Meeting of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution approving the change of the company’s name from “Samart I-Mobile Public Co., Ltd.” to “Samart Digital Public Co., Ltd.”. The subsidiary company registered the change of its name with the Ministry of Commerce on 6 October 2017.
- On 15 November 2016, an Extraordinary Meeting of the shareholders of I-Mobile Inter trade Co., Ltd., a subsidiary company, passed a resolution approving the change its company’s name from “I-Mobile Inter trade Co., Ltd.” to “Zecureasia Co., Ltd.”.

### 17.6.2 Purchase of investments

- On 5 February 2016, the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, approved the investment of Baht 60 million in a joint investment between the subsidiary company and People Media Group Co., Ltd. in Mall (Thailand) Co., Ltd. with respective shareholdings of the subsidiary company and People Media Group Co., Ltd. will be at 51% and 49%, respectively. The purpose of the joint investment is to operate an e-commerce business, launching an online marketplace under the name “Thailandmall.com” of which the differentiating factor will be the sale of distinctive and identifiably Thai products worldwide through integrated online and offline channels. This will also build the brand image and boost sales of Thai products to overseas.

Subsequently, on 2 March 2016, the subsidiary company acquired 51% of that company’s registered share capital of Baht 5 million from People Media Group Co., Ltd. at a price of Baht 5 per share, of which 25%, or approximately Baht 0.6 million. As a result of the purchase of investment, under the acquisition method, the subsidiary company recorded the excess of the cost of acquisition of the ordinary shares over the fair value, amounting to approximately Baht 0.2 million as goodwill in non-current assets in the consolidated financial statements.

The fair value of the assets and liabilities of Mall (Thailand) Co., Ltd. acquired as at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	214
Other current assets	767
Trade and other payables	(60)
Net assets from acquisition of subsidiary company	921
Proportion of non-controlling interests in subsidiary at 49 percent	(451)
Net assets from acquisition of subsidiary company in proportion of shareholding at 51 percent	470
Cash used in acquisition of investment in subsidiary company	638
Goodwill	168

Net cash outflows from acquisition of ordinary shares of Mall (Thailand) Co., Ltd. was presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition of investment in subsidiary company	638
<u>Less:</u> Cash and cash equivalents of the subsidiary company	(214)
Net cash outflows from purchase of ordinary shares in subsidiary	424

On 2 March 2016, Samart Digital Public Co., Ltd. fully paid to the former shareholders (the seller).

- b) On 29 March 2016, a meeting of the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, passed a resolution approving the purchase by Samart Multimedia Co., Ltd., another subsidiary company, of 30,000 ordinary shares with a par value of Baht 100 each of Phoinikas Co., Ltd. from the existing shareholders, representing a 100% interest in that company, for an amount not exceeding Baht 20 million. Phoinikas Co., Ltd. provides integrated digital marketing services covering a full range of client marketing needs from creation of digital media to online media services and production.

Subsequently, on 1 April 2016, Samart Multimedia Co., Ltd. purchased the shares of Phoinikas Co., Ltd. and its subsidiary of Phoinikas Co., Ltd. (The Nest Bangkok Co., Ltd.) with mutually agreed price as stipulated in a share transfer document at Baht 187 per share, totaling approximately Baht 5.6 million. As a result of the purchase of investment, under the acquisition method, Samart Multimedia Co., Ltd. recorded the excess of the cost of acquisition of the ordinary shares over the fair value, amounting to approximately Baht 0.9 million as goodwill in non-current assets in the consolidated financial statements.



The fair value of the assets and liabilities of Phoinikas Co., Ltd. and The Nest Bangkok Co., Ltd. acquired as at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	4,735
Trade and other receivables	12,742
Other current assets	10,450
Equipment	1,148
Intangible assets	1,700
Other non-current assets	1,036
Trade and other payables	(16,248)
Other current liabilities	(10,746)
Deferred tax liabilities	(340)
Net assets from acquisition of subsidiary companies	4,477
The higher of investment in subsidiary company arising as a result of acquisition additional shares at a price higher than net book value at the acquisition date	252
Cash used in acquisition of investment in subsidiary companies	5,604
Goodwill	875

Net cash outflows from acquisition of ordinary shares of Phoinikas Co., Ltd. and The Nest Bangkok Co., Ltd. was presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition	5,604
Less: Cash and cash equivalents of the subsidiary companies	(4,735)
Net cash outflows from purchase of ordinary shares	869

On 15 July 2016, Samart Multimedia Co., Ltd. fully paid to the former shareholder (the seller).

- c) On 21 February 2017, a meeting of the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, passed a resolution approving the purchase of 100,000 ordinary shares with a par value of Baht 100 each of Thai Base Station Co., Ltd. from the existing shareholders, representing a 100 percent interest in that company, for an amount not exceeding Baht 50 million. Thai Base Station Co., Ltd. provides space rental and other services and distributes telecommunication equipment and system.

On 1 September 2017, the subsidiary company entered into a purchase and sale agreement to purchase ordinary shares of Thai Base Station Co., Ltd. from the existing shareholders of that company at the mutually agreed price of Baht 50 million. The subsidiary company paid the amounts on 8 September 2017.

The fair values of the identifiable assets acquired and liabilities assumed from Thai Base Station Co., Ltd. as at the acquisition date, based on the estimates made by the subsidiary company are summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	4,361
Trade and other receivables	3,969
Withholding tax deducted at source	10,235
Other current assets	1,495
Equipment	9,986
Intangible assets	34,132
Other non-current assets	2,474
Trade and other payables	(9,198)
Other current liabilities	(6,853)
Other non-current liabilities	(601)
Net assets from acquisition of subsidiary company	50,000
Consideration transferred (Cash)	(50,000)

Net cash outflows from purchase of ordinary shares of Thai Base Station Co., Ltd. were presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition	50,000
<u>Less:</u> Cash and cash equivalents of the subsidiary company	(4,361)
Net cash outflows from purchase of ordinary shares	45,639

At present, Samart Digital Public Company Limited is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment is to be completed within a measurement period of twelve months from the acquisition date, pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2016) Business Combinations. During the measurement period, the subsidiary will make further retrospective adjustments to the provisional amounts recognised as at the acquisition date when it obtains complete accounting information for financial reporting purposes.

### 17.6.3 Change in share capital of subsidiary companies

#### Reduction of share capital

- On 29 September 2016, the Extraordinary Meeting of the shareholders of Brain Source Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 0.25 million (2,500 ordinary shares of Baht 100 each) by cancelling 7,500 ordinary shares of Baht 100 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.

- b) On 29 September 2016, the Extraordinary Meeting of the shareholders of I-Mobile Direct Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 0.6 million (6,000 ordinary shares of Baht 100 each) to Baht 0.15 million (1,500 ordinary shares of Baht 100 each) by cancelling 4,500 ordinary shares of Baht 100 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.
- c) On 29 September 2016, the Extraordinary Meeting of the shareholders of I-Mobile Inter trade Co., Ltd., (Currently known as “Zecureasia Co., Ltd.”) a subsidiary company, passed a special resolution to reduce its share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 1.25 million (125,000 ordinary shares of Baht 10 each) by cancelling 375,000 ordinary shares of Baht 10 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.

**Increment of registered share capital**

- a) On 28 March 2016, an Annual General Meeting of Mall (Thailand) Co., Ltd., a subsidiary company, passed the following resolution:
  - 1) Approving to call-up a further Baht 1.25 million of the uncalled portion of its capital, or equivalent to 25% of its registered share capital. The subsidiary received payment on 28 March 2016 as a result its paid-up share capital amounts to Baht 2.5 million, or 50% of the registered share capital.
  - 2) Approving the increment of its registered share capital from Baht 5 million (1 million ordinary shares of Baht 5 each) to Baht 60 million (12 million ordinary shares of Baht 5 each) by issuing 11 million ordinary shares with a par value of Baht 5 each. This share capital is 50% call-up. Samart Digital Public Co., Ltd. and People Media Group Co., Ltd. paid for the incremental of the registered share capital totaling Baht 27.5 million on 28 March 2016. The subsidiary company registered the increase of share capital on 7 April 2016 with the Ministry of Commerce.
- b) On 22 July 2016, the Extraordinary General Meeting of shareholders of Samart I-Mobile (Malaysia) Sdn. Bhd., a subsidiary company, passed a resolution to approve the increase the registered share capital from 5 million Malaysian Ringgit (5 million ordinary shares of 1 Malaysian Ringgit each) to 16 million Malaysian Ringgit (16 million ordinary shares of 1 Malaysian Ringgit each) through an issuance of additional 11 million ordinary shares of 1 Malaysian Ringgit each.  
  
 Later on 19 September 2016, the Extraordinary General Meeting of shareholders of Samart I-Mobile (Malaysia) Sdn. Bhd., a subsidiary company, passed a resolution to approve the increase the registered share capital from 16 million Malaysian Ringgit (16 million ordinary shares of 1 Malaysian Ringgit each) to 16.8 million Malaysian Ringgit (16.8 million ordinary shares of 1 Malaysian Ringgit each) through an issuance of additional 800,000 ordinary shares of 1 Malaysian Ringgit each.

## **Increase in share capital and issuance of warrants**

On 27 September 2017, an Extraordinary Meeting of the shareholders of Samart Digital Public Co., Ltd. (formerly known as “Samart I-Mobile Public Co., Ltd.”), a subsidiary company, passed a resolution approving the following.

- a) Approved the issue of up to 1,100,062,500 units of warrants no. 1 to be allocated at an offering price of Baht 0 per unit to existing shareholders of the subsidiary company who subscribe to and were allocated newly issued shares offered to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant. The warrants have an exercise ratio of 1 warrant: 1 share, an exercise price of Baht 0.9 per 1 ordinary share and a term of five years. The first exercise date is 2 years after the issue date, and the warrants can then be exercised, on the last business day of each June and December throughout the term of the warrants.
- b) Approved the increase in its registered share capital from Baht 440 million (4,400,250,000 ordinary shares of Baht 0.1 per share) to Baht 990 million (9,900,562,500 ordinary shares of Baht 0.1 per share) through the issuance of additional 5,500,312,500 ordinary shares of Baht 0.1 each for the allocation of not more than 4,400,250,000 newly-issued ordinary shares with a par value of Baht 0.1 per share, to be offered to the existing shareholders at a price of Baht 0.5 per share in proportion to their respective shareholdings (rights offering), with an allocation ratio of 1 existing ordinary share to 1 newly-issued ordinary share, and the allocation of not more than 1,100,062,500 shares, with a par value of Baht 0.1 per share, to accommodate the exercise of the warrants as described above.

On 6 October 2017, the subsidiary company registered the increase of share capital with the Ministry of Commerce.

### **17.6.4 Establishment of new company**

On 9 August 2016, a meeting of the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, passed a resolution approving the establishment of a new company named SIM2ASSET Co., Ltd. to provide real estate agent services, with a registered share capital of Baht 5 million, which is 100% held by the subsidiary company. The establishment of the new company was registered with the Ministry of Commerce on 22 September 2016 and SIM2ASSET Co., Ltd. called up its first capital payment at 50% of its registered share capital. As at 31 December 2016, the subsidiary company has paid in such share capital, amounting to Baht 2.5 million.

### **17.6.5 Disposal of investments in subsidiaries**

- a) On 24 August 2016, I-Mobile International Co., Ltd., a subsidiary company, sold all of the 6,419,000 ordinary shares it held in Pt. Samart I-Mobile Indonesia, another subsidiary company, to a third party at a total price of Baht 0.5 million.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Proceeds from disposal of investment in subsidiary company		488
<u>Less:</u> Cash and cash equivalents of subsidiary company at disposal date		(78)
Net cash flows from disposal of investment in subsidiary company		410
<u>Add:</u> Trade accounts payable	3,512	
Other current liabilities	1,513	
Exchange differences on translation of financial statements in foreign currency	16,169	21,194
Gain on disposal of investment in subsidiary company		21,604

- b) On 30 September 2016, Samart Digital Public Co., Ltd., a subsidiary company, sold all of the 16.8 million ordinary shares it held in Samart I-Mobile (Malaysia) Sdn. Bhd., another subsidiary company, to a third party at a total price of Baht 5 million.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Proceeds from disposal of investment in subsidiary company		5,000
<u>Less:</u> Cash and cash equivalents of subsidiary company at disposal date		(620)
Net cash flows from disposal of investment in subsidiary company		4,380
<u>Less:</u> Trade accounts receivable	(13,929)	
Other current assets	(635)	
<u>Add:</u> Trade accounts payable	14,680	
Other current liabilities	583	
Exchange differences on translation of financial statements in foreign currency	11,986	12,685
Gain on disposal of investment in subsidiary company		17,065

- c) On 15 December 2016, a meeting of the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, sold all of the 6 million ordinary shares it held in Mall (Thailand) Co., Ltd. to People Media Group Co., Ltd., another shareholder, at a total price of Baht 15 million. Subsequently on 20 December 2016, the subsidiary company had already sold such investment and received cash on 27 January 2017.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Disposal value of investment in subsidiary company		15,300
<u>Less:</u> Cash and cash equivalents of subsidiary company at disposal date		(9,993)
Net cash flows from disposal of investment in subsidiary company		5,307
<u>Less:</u> Trade accounts receivable	(3,917)	
Inventory	(2,312)	
Other current assets	(917)	
Equipment	(3,304)	
Add: Trade accounts payable	3,538	
Other current liabilities	2,514	(4,398)
Gain on disposal of investment in subsidiary company		909
<u>Less:</u> Goodwill		(168)
Gain after deduction of goodwill		741

- d) On 12 January 2017, a meeting of the Board of Directors of Samart Multimedia Co., Ltd., a subsidiary company, passed a resolution approving the disposal of all investment in Phoinikas Co., Ltd. to a former shareholder. Subsequently on 16 January 2017, the subsidiary company sold all of the 30,000 ordinary shares which held in Phoinikas Co., Ltd. to a former shareholder at a total price of Baht 5.6 million and received cash on 31 January 2017.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Disposal value of investment in subsidiary company		5,604
<u>Less:</u> Cash and cash equivalents of subsidiary company at disposal date		(1,694)
Net cash flows from disposal of investment in subsidiary company		3,910
<u>Less:</u> Trade accounts receivable	(20,977)	
Other current assets	(2,716)	
Equipment	(1,359)	
Intangible assets	(200)	
Other non-current assets	(1,543)	
Add: Trade accounts payable	10,606	
Other current liabilities	5,486	(10,703)
Total		(6,793)
<u>Less:</u> Goodwill		(875)
Reversal of share of loss from prior period		720
Net loss on disposal of investment in subsidiary company		(6,948)

#### **17.6.6 The plan to list I-Sport Co., Ltd. on the Market for Alternative Investment (MAI)**

On 29 July 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.

1. To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.
2. To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders which are Samart Digital Public Co., Ltd., and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
3. To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.

As at 31 December 2017, the subsidiary company has not yet proceeded the above matters.

#### **17.6.7 Liquidation of subsidiaries**

On 9 August 2016, the Board of Directors of Samart Digital Company Public Limited, a subsidiary company, passed a resolution to sell or dissolve the non-operated subsidiary companies that are not operational, which are Brain Source Co., Ltd., Samart Interactive Media Co., Ltd., I-Mobile Direct Co., Ltd., I-Mobile International Co., Ltd., I-Mobile Inter trade Co., Ltd. and The Nest Bangkok Co., Ltd. The steps followed will be to make dividend payment, reduce of registered share capital and pay the remaining registered share capital to the shareholder company. After that, the non-operational subsidiary companies will be dissolved or sold.

- a) On 11 October 2006, an extraordinary meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.
- b) On 29 September 2016, the Extraordinary Meeting of I-Mobile International Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 30 September 2016 and its liquidation was registered with the Ministry of commerce on 28 November 2016.
- c) On 29 September 2016, the Extraordinary Meeting of Samart Interactive Media Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 30 September 2016 and its liquidation was registered with the Ministry of commerce on 28 November 2016.
- d) On 9 August 2016, the Board of Directors of Samart Digital Public Co., Ltd., a subsidiary company, passed a resolution approving the dissolution of The Nest Bangkok Co., Ltd., a subsidiary company. Subsequently, on 6 October 2016, the Extraordinary Meeting of The Nest Bangkok Co., Ltd. passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 6 October 2016 and its liquidation was registered with the Ministry of Commerce on 29 November 2016.



- e) On 28 December 2016, the Extraordinary Meeting of Brain Source Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 29 December 2016 and its liquidation was registered with the Ministry of Commerce on 28 March 2017.
- f) On 28 December 2016, the Extraordinary Meeting of I-Mobile Direct Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 29 December 2016 and its liquidation was registered with the Ministry of Commerce on 28 March 2017.
- g) On 1 December 2017, an Extraordinary Meeting of the shareholders of Teleconnex Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on 13 December 2017 and its subsequent liquidation is in progress.

## 17.7 Change in investments in subsidiaries held by One to One Contacts Public Co., Ltd.

### 17.7.1 Additional call up share capital

On 10 September 2016, One to One (Cambodia) Company Limited, a subsidiary company, registered an increase of its share capital from USD 200,000 to USD 440,000 with the Ministry of Commerce of Kingdom of Cambodia. One to One Contacts Public Co., Ltd., a subsidiary company, paid in share capital of USD 5 per share for 48,000 shares, totalling USD 240,000 or equal to approximately Baht 8.3 million, in September 2016.

### 17.7.2 Establishment of joint investment company

On 8 July 2016, the Meeting of the Board of Directors of One to One Contacts Public Co., Ltd., a subsidiary company, passed a resolution approving the joint establishment with Solutions Hub Co., Ltd., of a new company named MyanOne Co., Ltd. in Myanmar to provide contact center service. This new company has an initial registered capital of USD 50,000. The subsidiary company will hold 60 percent of share capital in this joint venture company.

Subsequently, on 14 December 2016, a Meeting of the Board of Directors of the subsidiary company passed a resolution approving the establishment of the above company as a subsidiary instead of the joint establishment. The subsidiary company will hold 100 percent of share capital of the above company, with an initial registered capital of USD 50,000. As at 31 December 2017, the subsidiary company is in the process of establishing this subsidiary company.

## 18. Prepaid rental to a related company

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements	
	2017	2016
Prepaid rental	375,669	375,669
Less: Accumulated amortisation	(233,750)	(221,227)
Prepaid rental - net	141,919	154,442
Amortisation for the year	12,522	12,522

The Company has leased an office building from a related company for a period of 30 years, for which it paid full rental in advance. The payment was recorded as prepaid rental in the statement of financial position and amortised over the rental period.

## 19. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Balance at beginning of year	83,136	76,788
Gain from a fair value adjustment (Note 36)	700	6,348
Balance at end of year	83,836	83,136

The investment properties of two subsidiary companies represent land. Their fair values have been determined based on the valuation performed by an independent professional valuer, using the market comparison approach.

## 20. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis					Total
	Land	Buildings and improvement	Office equipment	Machinery and equipment	Motor vehicles	Assets under installation	
<b>Cost/Revalued amount:</b>							
31 December 2015	561,504	344,058	2,264,141	14,572,187	237,937	222,527	18,202,354
Increase from investment in subsidiary	-	-	1,636	-	-	-	1,636
Additions	-	1,956	117,774	770,509	28,713	220,051	1,139,003
Transfer in/(transfer out)	-	(15,609)	(81,112)	245,546	(5,101)	(283,950)	(140,226)
Disposals	-	-	(64,542)	(32,623)	(17,504)	-	(114,669)
Decrease from disposal of investment in subsidiary	-	-	(6,500)	-	-	-	(6,500)
Translation adjustments	(25)	(68)	(327)	(4,298)	(93)	-	(4,811)
31 December 2016	561,479	330,337	2,231,070	15,551,321	243,952	158,628	19,076,787
Increase from investment in subsidiary	-	-	683	54,576	12,970	-	68,229
Additions	-	1,846	80,494	538,424	50,976	362,404	1,034,144
Transfer in/(transfer out)	-	-	109,776	112,931	(93)	(116,353)	106,261
Disposals	(10,777)	(9,280)	(18,142)	(76,896)	(6,705)	(3,224)	(125,024)
Decrease from disposal of investment in subsidiary	-	-	(635)	(981)	-	-	(1,616)
Translation adjustments	(305)	(835)	(4,873)	(51,810)	(1,507)	(148)	(59,478)
31 December 2017	550,397	322,068	2,398,373	16,127,565	299,593	401,307	20,099,303
<b>Accumulated depreciation:</b>							
31 December 2015	-	266,927	1,713,523	7,754,970	171,969	-	9,907,389
Increase from investment in subsidiary	-	-	488	-	-	-	488
Depreciation for the year	-	14,289	167,008	1,362,960	29,118	-	1,573,375
Transfer in/(transfer out)	-	(15,587)	(135,189)	(80,702)	(7,278)	-	(238,756)
Accumulated depreciation on disposals	-	-	(43,537)	(32,525)	(14,030)	-	(90,092)
Decrease from disposal of investment in subsidiary	-	-	(21)	-	-	-	(21)
Translation adjustments	-	3	(207)	(2,032)	(79)	-	(2,315)
31 December 2016	-	265,632	1,702,065	9,002,671	179,700	-	11,150,068
Increase from investment in subsidiary	-	-	615	54,576	3,005	-	58,196
Depreciation for the year	-	11,293	185,663	1,443,392	28,766	-	1,659,114
Transfer in/(transfer out)	-	-	(3,197)	(473)	(93)	-	(3,763)
Accumulated depreciation on disposals	-	(3,599)	(17,152)	(58,745)	(5,739)	-	(85,235)
Decrease from disposal of investment in subsidiary	-	-	(97)	(160)	-	-	(257)
Translation adjustments	-	(773)	(4,296)	(35,945)	(1,266)	-	(42,280)
31 December 2017	-	272,553	1,863,601	10,395,316	204,373	-	12,735,843

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis					Total
	Land	Buildings and improvement	Office equipment	Machinery and equipment	Motor vehicles	Assets under installation	
<b>Allowance for impairment loss:</b>							
31 December 2015	-	7,680	8,263	2,496,993	-	13,068	2,526,004
Increase during the year	-	-	-	17,426	-	-	17,426
31 December 2016	-	7,680	8,263	2,514,419	-	13,068	2,543,430
Increase during the year	-	-	7,963	118,887	-	-	126,850
Translation adjustments	-	-	-	(3,479)	-	-	(3,479)
31 December 2017	-	7,680	16,226	2,629,827	-	13,068	2,666,801
<b>Net book value:</b>							
31 December 2016	561,479	57,025	520,742	4,034,231	64,252	145,560	5,383,289
31 December 2017	550,397	41,835	518,546	3,102,422	95,220	388,239	4,696,659
<b>Depreciation for the year:</b>							
2016 (Baht 1,380 million included in cost of sales and services, and the balance in selling expenses and administrative expenses)							1,573,375
2017 (Baht 1,420 million included in cost of sales and services, and the balance in selling expenses and administrative expenses)							1,659,114

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis	Cost basis					Total
	Land	Buildings and improvement	Office equipment	Tools and equipment	Motor vehicles	Assets under installation	
<b>Cost/Revalued amount:</b>							
31 December 2015	218,303	169,664	529,079	111,947	44,279	18,544	1,091,816
Additions	-	824	17,385	1,691	8,951	11,132	39,983
Transfer in/(transfer out)	-	-	26,561	-	-	(29,676)	(3,115)
Disposals	-	-	(260)	(1,115)	(2,690)	-	(4,065)
31 December 2016	218,303	170,488	572,765	112,523	50,540	-	1,124,619
Additions	-	813	664	514	10,495	1,130	13,616
Disposals	-	-	(3,412)	(451)	(4,380)	-	(8,243)
31 December 2017	218,303	171,301	570,017	112,586	56,655	1,130	1,129,992
<b>Accumulated depreciation:</b>							
31 December 2015	-	144,181	481,845	109,470	35,626	-	771,122
Depreciation for the year	-	5,087	17,206	1,089	4,713	-	28,095
Accumulated depreciation on disposals	-	-	(113)	(1,112)	(2,690)	-	(3,915)
31 December 2016	-	149,268	498,938	109,447	37,649	-	795,302
Depreciation for the year	-	5,286	16,955	1,143	4,747	-	28,131
Accumulated depreciation on disposals	-	-	(3,385)	(451)	(3,789)	-	(7,625)
31 December 2017	-	154,554	512,508	110,139	38,607	-	815,808
<b>Net book value:</b>							
31 December 2016	218,303	21,220	73,827	3,076	12,891	-	329,317
31 December 2017	218,303	16,747	57,509	2,447	18,048	1,130	314,184
<b>Depreciation for the year:</b>							
2016 (All depreciation included in administrative expenses)							28,095
2017 (All depreciation included in administrative expenses)							28,131

- a) As at 31 December 2017, the Company and its subsidiaries had machinery, vehicles and equipment under finance lease agreements with net book values of Baht 75 million and Separate financial statements: Baht 23 million (2016: Baht 50 million and Separate financial statements: Baht 18 million).

- b) As at 31 December 2017, certain items of building and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 8,931 million and Separate financial statements: Baht 677 million (2016: Baht 7,346 million and Separate financial statements: Baht 680 million).
- c) The Company and subsidiaries arranged for an independent professional valuer to appraise the value of land during the fourth quarter of 2014, using the market comparison approach. As a result of the reappraisal, the carrying amounts of land and surplus on revaluation of land increased by approximately Baht 82 million (Separate financial statements: Baht 24 million).

Had the land carried in the financial statements based on historical cost basis, their net book value as of 31 December 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land	93,860	97,738	62,701	62,701

- d) Cambodia Air Traffic Services Co., Ltd., a subsidiary company, received some of the equipment transferred from The Cambodian State Secretariat of Civil Aviation (“SSCA”) under a Build Cooperate and Transfer contract with Government of Cambodia. The subsidiary company must return all equipment to SSCA at the end of the contract. Currently the above equipment are transferred to intangible assets (service concession) in accordance with TFRIC 12 Service Concession Arrangements, as described in Note 46.5 a) to the financial statements.
- e) In 2017, Kampot Power Plant Co., Ltd., a subsidiary company, additionally recorded allowance for impairment of fixed assets of Baht 118 million (2016: Baht 17 million) in the consolidated financial statements since the subsidiary considered that its future cash flow projection was lower than its net book value of machinery used in a project for production and sale of electricity in Cambodia.
- f) As at 31 December 2016, Siam Sport Television Co., Ltd., a subsidiary company, mortgaged its equipment with total net book value amounting to approximately Baht 40 million as collateral against credit facilities received from bank. During the year 2017, the subsidiary company has fully repaid long-term loan and withdrawn its mortgaged equipment as mentioned in Note 28 to the financial statements.
- g) As at 31 December 2017, Samart Digital Public Company Limited, a subsidiary company, had an outstanding balance of new assets under installation for Digital Trunked Radio System (DTRS) project amounting to Baht 356 million (2016: Nil). The construction has been financed with a loan from the Company.

Borrowing costs amounting to Baht 0.61 million were capitalised during the year ended 31 December 2017 (2016: Nil). The weighted average rate of 2.81% has been used to determine the amount of borrowing costs eligible for capitalisation.

## 21. Goodwill

Mainly of Goodwill was arising from the Company, bought shares of Samart Digital Public Co., Ltd. and Cambodia Air Traffic Services Co., Ltd. and Samart Telcoms Public Co., Ltd., a subsidiary company, bought shares of Portalnet Co., Ltd.

The Company and its subsidiaries have determined recoverable amounts of their cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a 5 - 16 years, which some of them are based on the contract period.

Key assumptions used in value in use calculations summarise as follows:

(Unit: Percent per annum)

	2017	2016
Terminal growth rate	0 - 5	0 - 5
Discount rate	7 - 15	9 - 15

The management has considered the growth rate from historical operations, expected market growth rate, gross domestic product growth rate and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

As at 31 December 2017 and 2016, the management has considered and believed that no impairment was required for goodwill.

## 22. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements							
	Service concession	Computer software	Right under license for provide communications via satellite	Service agreement for online digital marketing	Right for air time	Right for telecommunication tower service	License for online game	Total
<b>Cost</b>								
31 December 2015	1,079,498	380,979	235,499	-	3,191	-	-	1,699,167
Addition during the year	100,256	721,817	-	-	-	-	-	822,073
Increase from business combination	-	-	-	1,700	-	-	-	1,700
Transfer in/(Transfer out)	-	10,439	(235,499)	-	-	-	-	(225,060)
Translation adjustments	(7,269)	(1,029)	-	-	-	-	-	(8,298)
31 December 2016	1,172,485	1,112,206	-	1,700	3,191	-	-	2,289,582
Addition during the year	86,893	38,567	-	-	-	-	1,592	127,052
Increase from business combination	-	-	-	-	-	34,132	-	34,132
Decrease from disposals of subsidiaries	-	-	-	(1,700)	-	-	-	(1,700)
Write off	-	-	-	-	-	-	(1,592)	(1,592)
Transfer in	-	2,720	-	-	-	-	-	2,720
Translation adjustments	(113,295)	(14,214)	-	-	-	-	-	(127,509)
31 December 2017	1,146,083	1,139,279	-	-	3,191	34,132	-	2,322,685

(Unit: Thousand Baht)

	Consolidated financial statements							
	Service concession	Computer software	Right under license for provide communications via satellite	Service agreement for online digital marketing	Right for air time	Right for telecommunication tower service	License for online game	Total
<b>Accumulated amortisation</b>								
31 December 2015	396,990	294,583	206,340	-	638	-	-	898,551
Amortisation during the year	37,508	60,655	29,159	1,500	638	-	-	129,460
Transfer out	-	-	(235,499)	-	-	-	-	(235,499)
Translation adjustments	(2,237)	(750)	-	-	-	-	-	(2,987)
31 December 2016	432,261	354,488	-	1,500	1,276	-	-	789,525
Amortisation during the year	43,366	54,581	-	-	638	-	199	98,784
Decrease from disposals of subsidiaries	-	-	-	(1,500)	-	-	-	(1,500)
Transfer in	-	1,566	-	-	-	-	-	1,566
Accumulated amortisation from write off	-	-	-	-	-	-	(199)	(199)
Translation adjustments	(39,558)	(12,071)	-	-	-	-	-	(51,629)
31 December 2017	436,069	398,564	-	-	1,914	-	-	836,547
<b>Net book value</b>								
31 December 2016	740,224	757,718	-	200	1,915	-	-	1,500,057
31 December 2017	710,014	740,715	-	-	1,277	34,132	-	1,486,138

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
<b>Cost</b>	
31 December 2015	-
Addition during the year	55,000
31 December 2016	55,000
<b>Addition during the year</b>	2,589
Transfer from other current assets	1,154
31 December 2017	58,743
<b>Accumulated amortisation</b>	
31 December 2015	-
Amortisation during the year	30
31 December 2016	30
Amortisation during the year	5,947
31 December 2017	5,977
<b>Net book value</b>	
31 December 2016	54,970
31 December 2017	52,766

## Service concession

Cambodia Air Traffic Services Co., Ltd., a subsidiary company, has service concession arrangement which can be summarised as follows:

Name of concession:	Contract to build, cooperate and transfer on air traffic control system (BCT contract)
Description of arrangement:	To develop and sole operate of the civil air traffic control and navigation system of Cambodia
Period of concession:	32 years expire in the year 2032
Significant conditions:	The subsidiary company is obliged to pay a fee to the Royal Government of the Kingdom of Cambodia based on its revenue. In addition, the subsidiary company has to transfer the ownership of the civil air traffic control, navigation system and all equipment to the Kingdom of Cambodia at the end of concession period without charge.

## Right for air time

On 26 December 2014, I-Sport Co., Ltd., a subsidiary company, purchased shares of Siam Sport Television Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary company recorded the right for air time of sport program as intangible assets with five years useful live.

## Right for telecommunication tower service

On 1 September 2017, Samart Digital Public Company Limited, a subsidiary company, purchased shares of Thai Base Station Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary Company recorded the right for telecommunication tower service as intangible assets with ten years live. As at 31 December 2017, Thai Base Station Co., Ltd. did not operate the telecommunication tower service.

## 23. Assets held for future projects

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements			
	Revaluation basis	Cost basis		Total
	Land	Building and improvement	Machinery and equipment	
<b>Cost/Revalued amount:</b>				
31 December 2015	23,248	4,195	11,478	38,921
31 December 2016	23,248	4,195	11,478	38,921
31 December 2017	23,248	4,195	11,478	38,921
<b>Accumulated depreciation:</b>				
31 December 2015	-	3,532	11,478	15,010
Depreciation for the year	-	210	-	210
31 December 2016	-	3,742	11,478	15,220
Depreciation for the year	-	209	-	209
31 December 2017	-	3,951	11,478	15,429
<b>Net book value:</b>				
31 December 2016	23,248	453	-	23,701
31 December 2017	23,248	244	-	23,492
<b>Depreciation for the year:</b>				
2016 (All depreciation included in administrative expenses)				210
2017 (All depreciation included in administrative expenses)				209



The Company arranged for an independent professional valuers to appraise the value of land during the fourth quarter of 2014, using the market comparison approach.

Had the land been carried in the financial statements based on historical cost basis, their net book value as at 31 December 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Land	24,948	24,948

## 24. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
Bank overdrafts	6.25 - 7.43	7.12 - 7.60	3,520	89,886	-	-
Short-term loans from financial institutions	2.38 - 6.12	2.10 - 4.50	6,302,201	7,384,421	935,000	650,000
Bill of exchange	2.30 - 2.58	2.10 - 3.40	740,000	864,561	740,000	640,000
Trust receipts	3.13 - 4.05	2.70 - 3.33	591,429	720,501	-	-
Total			7,637,150	9,059,369	1,675,000	1,290,000

Bank overdrafts, short-term loans from financial institutions and trust receipts of subsidiaries are secured by the pledge of certain bank deposits of the subsidiaries, cross-guarantee by the Company and its subsidiaries, transfer and assign of right over collection of any contract/project as specified in loan agreements, and is guaranteed by the Company, its subsidiaries and Siam Sport Syndicate Public Co., Ltd.

In addition, short-term loan agreements with banks of the Company and its subsidiaries contain certain conditions as specified in the agreements that require the Company and its subsidiaries to comply.

## 25. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable - related parties (Note 6)	1,792	23	113,892	184,218
Trade accounts payable - unrelated parties	865,659	1,477,278	118	152,729
Other payables - related parties	3,631	3,541	4,258	59,153
Accrued interest expenses to related parties	-	-	1,030	946
Total other payables and accrued interest expenses - related parties (Note 6)	3,631	3,541	5,288	60,099
Other payables - unrelated parties	465,523	520,919	18,160	7,927
Other payables for purchase of machinery and equipment	63,689	3,381	71	50
Accrued expenses	215,166	230,432	17,891	19,612
Accrued interest expenses to unrelated parties	28,968	26,597	10,895	10,755
Total trade and other payables	1,644,428	2,262,171	166,315	435,390

## 26. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans from related parties (Note 6)	-	-	254,019	146,000
Short-term loans from unrelated parties	22,140	22,641	-	-
Total short-term loans	22,140	22,641	254,019	146,000

### *Short-term loans from unrelated parties*

Short-term loans as at 31 December 2017 amounted to Baht 22.1 million (2016: Baht 22.6 million). These consist of loans from Siam Sport Syndicate Public Co., Ltd. amounting to Baht 22.1 million (2016: Baht 22.1 million), carrying interest at the 12-month fixed deposit rate of a commercial bank (2016: short-term loan from an individual (former director of Phoinikas Co., Ltd.) amounting to Baht 0.5 million carried interest at 12-month fixed deposit rate of a commercial bank).

## 27. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Debentures	3,765,000	3,865,000	2,500,000	2,500,000
Less: Current portion of debentures	(2,515,000)	(880,000)	(1,250,000)	-
Debentures - net of current portion	1,250,000	2,985,000	1,250,000	2,500,000

Movements in the debenture account for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Balance at beginning of year</b>	3,865,000	4,155,000	2,500,000	2,500,000
Add: Debentures issued during the year	1,210,000	810,000	-	-
Less: Redemption of debentures during the year	(1,310,000)	(1,100,000)	-	-
<b>Balance at end of year</b>	3,765,000	3,865,000	2,500,000	2,500,000

As at 31 December 2017 and 2016, debentures are unsubordinated, unsecured debentures with registered name and carried fixed interests rate per annum as stipulated in each debenture with repayment from 2017 to 2020.

## 28. Long-term loans from financial institutions

The details of long-term loans from financial institutions as at 31 December 2017 and 2016 were summarised below.

No.	Credit facilities  (Million Baht)	Significant terms and conditions of loan agreements			Consolidated financial statements	
		Repayment term	Collateral	Interest rate (percent per annum)	2017 (Thousand Baht)	2016 (Thousand Baht)
Subsidiaries						
Samart Digital Public Co., Ltd.,						
1.	250	Repayment of the first installment on the last business day of the 13th month after the month in which the loan was drawdown, with payment of principal and interest to be completed within the 48 <sup>th</sup> month. - Installment 1 - 12 : payments of Baht 2.5 million per installment - Installment 13 - 24 : payments of Baht 8.5 million per installment - Installment 25 - 35 : payments of Baht 9.5 million per installment - Installment 36 : payment of the remaining principal and interest	-	MLR-1.5	250,000	250,000
Siam Sport Television Co., Ltd.						
2.	30	The principal and interest will be monthly repaid at Baht 0.55 million with the first installment on 20 August 2012, which have to be paid within 5 years.	1. Siam Sport Syndicate Public Co., Ltd. (the related company) 2. Two individual people (former directors of Siam Sport Television Co., Ltd.) 3. Motor vehicles with transmission tools and equipment	3	-	2,947

		Significant terms and conditions of loan agreements		Consolidated financial statements		
No.	Credit facilities	Repayment term	Collateral	Interest rate	2017	2016
	(Million Baht)			(percent per annum)	(Thousand Baht)	(Thousand Baht)
<u>Subsidiaries</u>						
Vision and Security System Co., Ltd.						
3.	270	The loan principal is repayable on a monthly basis by 41 installments commencing from the first month in which the subsidiary receives the right assignment (31 July 2017). The interest is to be paid on monthly basis.	As assignment of the right to receive service fees from the installation and rental CCTV project.	MLR-1.75	242,879	-
Samart Comtech Co., Ltd.						
4.	1,700	Prepayment is to be made in installments immediately on the date the bank receives consideration from the project not less than 60 percent to 75 percent. The installments are within 60 months from the date of the first drawdown.	Assign the collection right of service fee under service agreement regarding the advance passenger processing system (APPS), and by Samart Telcoms Public Co., Ltd.	Twelve-month fixed deposit plus 2.75 percent for the first year Twelve-month fixed deposit plus 3 percent for the second year onwards	494,680	-
Total long-term loans from financial institutions					987,559	252,947
Less: Current portion					(529,647)	(5,447)
Long-term loans - net of current portion					457,912	247,500

Under Samart Digital Public Co., Ltd.'s (a subsidiary company) loan agreement, the subsidiary company must comply with the conditions as stipulated in the agreement, such as maintaining the percentage shareholdings of the Company in Samart Digital Public Co., Ltd.'s group, maintaining positive equity at all times and not having operating losses in its consolidated financial statements for more than two consecutive years, starting from the financial year 2017.

During the year 2017, Siam Sport Television Co., Ltd., a subsidiary company, had fully repaid long-term loan and withdrawn the pledge of motor vehicles with transmission tools and equipment as mentioned in Note 20 and canceled all guarantee of subsidiary.

## 29. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	66,405	43,435	30,986	27,844
<u>Less:</u> Deferred interest expenses	(4,308)	(2,198)	(1,511)	(1,449)
Total	62,097	41,237	29,475	26,395
<u>Less:</u> Portion due within one year	(16,165)	(17,194)	(8,369)	(6,830)
Liabilities under finance lease agreements - net of current portion	45,932	24,043	21,106	19,565

The Company and subsidiaries have entered into the finance lease agreements with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

The Company and subsidiaries have future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		1 - 5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	18,005	18,361	48,400	25,074	66,405	43,435
Deferred interest expenses	(1,840)	(1,167)	(2,468)	(1,031)	(4,308)	(2,198)
Present value of future minimum lease payments	16,165	17,194	45,932	24,043	62,097	41,237

(Unit: Thousand Baht)

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	9,099	7,486	21,887	20,358	30,986	27,844
Deferred interest expenses	(730)	(656)	(781)	(793)	(1,511)	(1,449)
Present value of future minimum lease payments	8,369	6,830	21,106	19,565	29,475	26,395

## 30. Provisions

(Unit: Thousand Baht)

	Maintenance warranties			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance at beginning of year	183,783	73,969	70,385	-
Increase during the year	185,365	212,150	12	70,385
Utilised	(126,948)	(84,244)	(15,114)	-
Reversal of provisions	(705)	(18,092)	-	-
Balance at end of year	241,495	183,783	55,283	70,385

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Provision</b>				
Current	107,179	100,332	13,005	15,114
Non-current	134,316	83,451	42,278	55,271
	241,495	183,783	55,283	70,385

### Maintenance warranties

The Company and its subsidiaries recognised a provision for expected warranty claims on products and equipment of the contract work during the last four years, based on past experience of the level of repairs. The Company and its subsidiaries expect most of these costs to be incurred in the next financial year and all to have been incurred within four years of the reporting date. In calculating the provision for warranties, the Company and its subsidiary applied assumptions, based on current contract work levels and current information available about repairs of products and equipment with three months to six years warranty periods, for all types of contract work.

## 31. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Undue output tax	133,878	100,223	-	-
Deposits	40,840	19,208	-	-
Value added tax payable	24,431	14,942	675	523
Others	434,272	370,284	3,220	29,813
Total	633,421	504,657	3,895	30,336

## 32. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Provision for long-term employee benefits at beginning of year</b>	219,350	204,591	43,569	33,939
Included in profit or loss:				
Current service cost	17,341	19,618	2,558	8,753
Interest cost	5,913	6,221	964	877
Past service cost	112	-	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(7,830)	-	(1,291)	-
Financial assumptions changes	6,488	(222)	429	-
Experience adjustments	(19,572)	(2,020)	(1,222)	-
Reversal of actuarial gain on defined benefit plan from the subsidiaries liquidation	(282)	-	-	-
Benefits paid during the year	(9,555)	(8,838)	(1,660)	-
<b>Provision for long-term employee benefits at end of year</b>	<b>211,965</b>	<b>219,350</b>	<b>43,347</b>	<b>43,569</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of services	4,676	7,356	-	-
Selling expenses	4,107	4,285	-	-
Administrative expenses	14,471	14,198	3,522	9,630
<b>Total expenses recognised in profit or loss</b>	<b>23,254</b>	<b>25,839</b>	<b>3,522</b>	<b>9,630</b>

The Company and its subsidiaries expect to pay Baht 4 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.2 million) (2016: Baht 3 million, Separate financial statements: Baht 0.2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9 - 28 years (Separate financial statements: 10 years) (2016: 11 - 22 years, Separate financial statements: 11 years).

Key actuarial assumptions are summarised below.

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.1 - 3.3	2.6 - 3.3	2.1	2.6
Salary increase rate	3.0 - 7.0	4.0 - 7.0	3.7 - 7.0	4.0 - 7.0
Turnover rate	0 - 30	0 - 24	0 - 27	0 - 24



The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 were summarised below:

(Unit: million Baht)

	Consolidated financial statements				Separate financial statements			
	Liability increase (decrease)				Liability increase (decrease)			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	(14.1)	(19.7)	15.3	23.0	(3.0)	(2.8)	3.4	3.1
Salary increase rate	14.2	24.0	(12.1)	(20.9)	3.0	3.4	(2.8)	(3.1)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2017	2016	2017	2016	2017	2016	2017	2016
Turnover rate	(14.8)	(22.3)	18.4	27.9	(2.9)	(2.7)	3.4	3.1

## 33. Warrants

On 5 February 2015, an extraordinary meeting of the Company passed a resolution approving the issuance of warrants ("SAMART-W WARRANT") not over 201,300,782 warrants, the offering price per unit is Baht 0, to the shareholders. The exercise ratio is 5:1. The warrants have three years maturity from the issuance date and the exercise price is Baht 45 per share.

The Company fixed the Record Date on 13 February 2015 for determining the shareholders for entitlement to receive warrants and 16 February 2015 as the share register book closing date.

On 17 March 2017, the Company adjusted the exercise price and exercise ratio for warrants ("SAMART-W Warrant") as follows:

Warrants	Exercise price		Exercise ratio	
	Old	New	Old	New
	(Baht per unit)		(Warrant: ordinary share)	
SAMART-W	45	44.566	1:1	1:1.01

As at 31 December 2017, there were 201,265,500 unexercised warrants (2016: 201,265,500 warrants).

On 19 February 2018, which was the due date of the exercise of warrants to purchase the newly issued ordinary shares of the Company, none of SAMART-W warrants holders exercised the warrants. A summary of exercised warrants is as follows:

(Number of unit: Warrants)

	Consolidated financial statements
1. Total number of exercised warrants	-
2. Total number of unexercised warrants	201,265,500
Total	201,265,500

However, the Company is required to request an approval for cancel the reserved shares in the next meeting of shareholders is held.

### 34. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit for the year after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment. At present, the statutory reserve has fully been set aside.

### 35. Supplemental disclosure for revenues from the contract work

Supplemental disclosure for revenues from the contract work for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Revenues from contract work recognised	4,366,837	3,490,891	-	164,831
Cost of contract work recognised	(3,858,892)	(2,998,770)	-	(146,038)
Recognised profits	507,945	492,121	-	18,793
Cost of contract work related to future activity recognised as work in progress - beginning balance	101,736	59,561	-	-
Cost of contract work incurred in the year	3,969,237	3,040,945	-	146,038
The contract work incurred and recognised as contract expenses in the year	(3,858,892)	(2,998,770)	-	(146,038)
Cost of contract work to future activity recognised as work in progress - ending balance	212,081	101,736	-	-
Unbilled contract revenue - beginning balance	2,447,590	2,488,510	361,824	854,436
Deferred revenue - beginning balance	(66,350)	(5,770)	-	-
Advance received from customers under contracts - beginning balance	(213,696)	(246,320)	(8,157)	(62,315)
Total	2,167,544	2,236,420	353,667	792,121
Revenues from the contract work recognised	4,366,837	3,490,891	-	164,831
Progress billings	(5,097,093)	(3,559,767)	(353,667)	(603,285)
Unbilled contract revenue - ending balance	(1,741,687)	(2,447,590)	-	(361,824)
Allowance for diminution in value of unbilled contract revenue	(5,508)	-	-	-
Deferred revenue - ending balance	60,710	66,350	-	-
Advance received from customers under contracts - ending balance	(249,197)	(213,696)	-	(8,157)

### 36. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Management fee income (Note 6)	-	-	450,690	446,184
Selling support income	1,247	19,443	-	-
Interest income	27,793	14,476	48,775	24,371
Gain on exchange	334	14,364	-	7,380
Gain on revaluation of investment properties (Note 19)	700	6,348	-	-
Gain on disposal of plant, equipments and intangible assets	29,043	4,414	1,435	91
Gain on disposal of investment in associate	-	12,168	-	-
Gain on disposal of investment in subsidiaries	-	39,409	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Gain on disposal of temporary investments in trading securities (Note 8)	1,159	-	274	-
Gain on revaluation in temporary investments trading securities (Note 8)	-	1,310	-	23
Gain on disposal of available-for-sale investments (Note 15)	-	11,235	-	-
Dividend income from subsidiaries (Note 17)	-	-	152,434	140,938
Dividend income from temporary investments in trading securities	260	325	160	196
IT service fee from subsidiary companies	-	-	97,509	93,910
Others	46,641	84,716	87,373	164,898
Total	107,177	208,208	838,650	877,991

### 37. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	2,163,388	2,250,486	184,243	200,752
Promotion and advertising expenses	251,147	591,493	27,837	26,400
Decrease in changes in inventories of finished goods and work in progress	419,902	258,277	-	14,343
Depreciation	1,659,323	1,573,585	28,340	28,305
Rental expenses from operating lease agreements	260,283	269,964	46,955	44,948
Raw materials and consumables used	58,431	35,765	-	-
Loss on change in value of temporary investments in trading securities	307	-	496	-
Amortisation expenses	111,307	141,982	18,469	12,522
Raw materials, equipment and cost of projects used	4,628,523	3,134,466	-	142,139
Purchase finished goods for sales	536,180	1,840,568	-	-
Loss on impairment of machinery and equipment	118,887	17,426	-	-

### 38. Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for doubtful debts	1,596,413	78,940	21,634	-
Write-off withholding tax deducted at source	86,264	-	58,236	3,560
Loss on change in value of temporary investments in trading securities (Note 8)	307	-	496	-
Loss on disposal of available-for-sale investment (Note 15)	3,135	-	-	-
Loss on impairment of investments in subsidiaries	-	-	5,471	-
Loss on disposal of investments in subsidiaries	6,948	-	-	-
Write-off goodwill	514	-	-	-
Loss on impairment of office equipment	7,963	-	-	-
Loss on exchange	-	-	5,634	-
Others	9,560	-	-	-
Total other expenses	1,711,104	78,940	91,471	3,560

### 39. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expense on:				
Bank loans, overdrafts and trust receipts and debentures	471,155	485,385	156,134	139,184
Loans from related parties	-	-	6,178	6,416
Liabilities under finance lease agreements	1,648	2,281	758	948
Total interest expenses	472,803	487,666	163,070	146,548
Bank charges	13,535	14,652	211	544
Total finance cost	486,338	502,318	163,281	147,092

### 40. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	130,177	225,888	1,055	52,848
Adjustment in respect of current income tax of previous year	-	(2,074)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(496,363)	(165,042)	2,670	(3,476)
Income tax (income) expense reported in the income statement	(366,186)	58,772	3,725	49,372

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to loss on changes in value of available-for-sale investments	4,721	(7,570)	-	-
Deferred tax relating to gain on actuarial gain	(4,126)	(480)	(417)	-
Reversal of deferred tax relating to relating to revaluation surplus on land	1,380	-	-	-
Total	1,975	(8,050)	(417)	-

The reconciliation between accounting profit and income tax expenses was shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	(1,799,239)	16,681	204,584	382,094
Applicable tax rate	Exempt - 30%	16.5% - 30%	Exempt - 20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	(395,331)	3,336	5,153	76,419
Adjustment in respect of current income tax of previous year	(20,703)	(2,074)	-	-
Effects of:				
Promotional privileges	(7,228)	(15,610)	-	-
Utilisation of tax loss carry forward	(33,087)	(2,332)	-	-
Non-deductible expenses	55,299	53,111	8,242	3,922
Additional expense deductions allowed	(65,359)	(66,265)	(1,205)	(2,755)
Income not subject to tax	(301)	(2,131)	(30,519)	(28,214)
Others	5,543	18,751	-	-
Total	(45,133)	(14,476)	(23,482)	(27,047)
Deferred tax assets not recognised	110,653	63,528	22,054	-
Additional recognition of deferred tax assets from tax losses	(22,925)	-	-	-
Reversal of deferred tax asset	18,118	8,458	-	-
Reversal of deferred tax liability	(10,865)	-	-	-
Income tax (income) expenses reported in income statement	(366,186)	58,772	3,725	49,372

The components of deferred tax assets and deferred tax liabilities were as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Loss on changes in value of available-for-sale investments	28,897	24,176	-	-
Allowance for doubtful accounts	330,885	28,693	-	-
Allowance for diminution in value of inventories	96,849	75,278	-	-
Allowance for asset impairment	7,391	11,016	-	-
Accumulated depreciation - Equipment	69,175	50,249	69	75
Provision for long-term employee benefits	41,169	42,602	8,669	8,714
Accrued vacation leave	1,295	1,338	187	195
Unused tax loss	311,965	156,667	-	-
Unrealised loss from revaluation of trading investment	13,914	15,062	2,503	2,629
Provision for maintenance warranties	17,719	21,440	11,054	14,077
Others	19,520	35,571	1,213	1,286
Total	938,779	462,092	23,695	26,976

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax liabilities</b>				
Accumulated amortisation - License	255	423	-	-
Accumulated amortisation - Intangible assets	94,220	131,753	-	-
Surplus on revaluation of land	91,613	92,992	31,475	31,475
Other receivables - unrelated parties	17,564	17,564	-	-
Others	11,220	3,723	214	408
Total	214,872	246,455	31,689	31,883
Deferred tax - net	723,907	215,637	(7,994)	(4,907)

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	848,917	334,343	-	-
Deferred tax liabilities	(125,010)	(118,706)	(7,994)	(4,907)
Deferred tax - net	723,907	215,637	(7,994)	(4,907)

As at 31 December 2017, the subsidiary companies had deductible temporary differences and unused tax losses totaling Baht 779 million, US Dollar 0.6 million and Myanmar Kyat 23 million (2016: Baht 1,107 million, US Dollar 2 million and Myanmar Kyat 23 million), on which deferred tax assets have not been recognised as the Company believes that the subsidiaries' future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below.

(Unit: Million)

	Consolidated financial statements					
	2017			2016		
	(Baht)	(US Dollar)	(Myanmar Kyat)	(Baht)	(US Dollar)	(Myanmar Kyat)
31 December 2017	-	-	-	395	-	-
31 December 2018	109	-	-	95	-	-
31 December 2019	61	-	-	60	-	-
31 December 2020	72	-	-	84	-	-
31 December 2021	440	0.5	23	473	2	23
31 December 2022	97	0.1	-	-	-	-
	779	0.6	23	1,107	2	23

## 41. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued according to the portion of warrant exercise.

As at 31 December 2017 and 2016, the warrants are exclude from the potential ordinary shares their exercise price is in excess of the fair value of the ordinary shares.

As at 31 December 2017 and 2016, there were 201,265,500 unexercised warrants.

## 42. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
<b>2017</b>				
Dividends from 2016 income	Annual General Meeting of the shareholders on 25 April 2017	191	0.19	7 September 2016
<u>Less:</u> Interim dividend on income for the six-month period ended 30 June 2016	A meeting of Board of Directors on 10 August 2016	(110)	(0.11)	
<b>Total dividend payment for the year ended 31 December 2017</b>		81	0.08	
<b>2016</b>				
Dividends from 2015 income	Annual General Meeting of the shareholders on 29 April 2016	503	0.50	11 September 2015
<u>Less:</u> Interim dividend on income for the six-month period ended 30 June 2015	A meeting of Board of Directors on 14 August 2015	(302)	(0.30)	
Dividends from income for the year 2015 paid in 2016		201	0.20	
Interim dividend on income for the six-month period ended 30 June 2016	A meeting of Board of Directors on 10 August 2016	111	0.11	23 May 2016
<b>Total dividend payment for the year ended 31 December 2016</b>		312	0.31	
				7 September 2016



#### 43. Provident fund

The Company, subsidiaries companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary companies contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary and their employees contributed to the fund monthly at the rate of 3 percent to 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 63 million (2016: Baht 67 million) (Separate financial statements: Baht 10 million (2016: Baht 10 million)) were recognised as expenses.

#### 44. Promotional privileges

Subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges are as follows:

Details	Smarterware Co., Ltd.		Samart eD Tech Co., Ltd.
1. Certificate No.	1152(7)/2551	59-1099-1-00-2-0	1713(7)/2553
2. Promotional privileges for	Software	Software	Software
3. The significant privileges are:			
3.1 Exemption from corporate income tax on net income from promoted operations commencing as from the date of first earning operating income. Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.	For a period of 8 years Ended on 29 April 2017	For a period of 5 years commencing until 28 September 2022	For a period of 8 years commencing until 21 June 2019
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Granted	Granted	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 19 August 2010	Ended on 24 February 2019	Throughout the period of promoted
4. Date of first earning operating income	30 April 2009	29 September 2017	22 June 2011

Revenues of those subsidiary companies for the years ended 31 December 2017 and 2016 could be divided between BOI promoted activities and Non-BOI promoted activities as follows:

(Unit: Thousand Baht)

	2017	2016
BOI promoted	75,031	129,680
Non-BOI promoted	16,708	9,316
Total service income	91,739	138,996

## 45. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business segments as follows:

### 1. ICT Solutions and Services

Provide solutions and services in information and communication technology including Network Solutions, Enhanced Technology in ICT and Business Application ranging from consulting, system design, installation and implementation, operation and maintenance as Total Solutions and Services for clients in government and private sectors.

### 2. Digital

Provide integrated businesses in digital network, solution and content.

### 3. Call Center

Provide Outsourced contact center and customer management services, and turnkey total solutions.

### 4. Utilities and Transportations

Provide air traffic control services in Cambodia, electricity generation supplied to Kampot Cement factory in Cambodia and also provide design and installation services of electrical power transmission systems.

### 5. Technology Related Services

Manufacture and distribution of television and radio antennas and satellite dishes, distribution, installation and maintenance of Communication and Security Systems.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries' financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is set out in Note 6 to the financial statement.

The following tables present revenue and profit and total assets/total liabilities information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

For the years ended 31 December													
ICT Solutions and Services		Digital		Call Center		Utilities and Transportations		Technology Related		Adjustments and eliminating		Consolidation	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from sales, contract work and service													
- Third parties	6,647	5,582	1,303	3,357	885	3,440	3,184	835	626	-	-	12,998	13,634
- Related parties	302	139	31	9	77	62	166	53	58	(468)	(407)	25	42
Total revenues from sales, contract work and service	6,949	5,721	1,334	3,366	962	3,502	3,350	888	684	(468)	(407)	13,023	13,676
Cost of sales, contract work and services	5,997	4,765	1,368	3,050	799	2,478	2,210	770	609	(465)	(393)	10,843	11,040
Gross profit (loss)	952	956	(34)	316	163	1,024	1,140	118	75	(3)	(14)	2,180	2,636
Unallocated income (expenses):													
Other income												107	208
Selling expenses												(599)	(883)
Administrative expenses												(1,290)	(1,356)
Other expenses												(1,711)	(79)
Share of loss from investments in associates												-	(7)
Finance cost												(486)	(502)
Income tax income (expenses)												366	(59)
Non-controlling interests of the subsidiaries												485	113
Profit (loss) for the year												(948)	71
<b>Assets</b>													
Trade accounts receivable	1,607	1,517	2,986	5,681	220	344	487	823	901	(186)	(249)	6,013	8,681
Inventories	330	294	128	461	5	9	32	130	435	-	-	649	1,231
Investment property	-	-	-	-	-	-	-	84	83	-	-	84	83
Property, plant and equipment	2,812	3,711	1,154	700	69	118	215	625	652	(13)	(12)	4,697	5,384
Intangible assets	648	660	40	7	26	27	848	53	55	(59)	(97)	1,486	1,500
Others	3,875	3,817	2,078	1,125	514	2,809	2,809	11,011	10,724	(13,215)	(10,652)	9,281	8,337
<b>Segment total assets</b>	9,272	9,999	6,386	7,974	946	1,012	4,391	12,726	12,850	(13,473)	(11,010)	22,210	25,216
<b>Segment total liabilities</b>	5,751	6,543	5,835	5,458	83	137	1,229	7,099	6,609	(5,837)	(2,667)	16,060	17,309
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(862)	419	484	(79)	(52)	(40)	20	(48)	44	46	(29)	(665)	335

## Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2017	2016
Revenue from external customers		
Thailand	11,080,220	11,591,328
Cambodia	1,937,940	2,047,502
Others	4,601	36,696
Total	13,022,761	13,675,526
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	6,253,548	6,653,342
Cambodia	740,458	1,005,652
Total	6,994,006	7,658,994

## Major customers

For the year 2017, its subsidiaries had revenue from three major customers totaling of Baht 1,672 million, mainly arising from sales by ICT Solutions and Services segment (2016: totaling of Baht 3,045 million derived from three major customers, mainly arising from sales by ICT Solutions and Services segment).

## 46. Commitments and contingent liabilities

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follows:

### 46.1 Capital commitments

46.1.1 As at 31 December 2017, Samart Digital Public Company Limited, a subsidiary company, has capital commitment of approximately USD 0.9 million or equivalent to Bath 29 million regarding the purchasing of equipment for Digital Trunked Radio System (DTRS) services (2016: Nil).

46.1.2 As at 31 December 2017, Thai Base Station, a subsidiary company, has capital commitment of approximately Bath 122 million regarding the purchasing of equipment and installing for telecommunication tower service for Tower-Co project (2016: Nil).

46.1.3 As at 31 December 2017, Secureinfo Co., Ltd. a subsidiary company, had capital commitments approximately Baht 114 million, relating to purchase equipment for install cyber security system (2016: nil).

46.1.4 As at 31 December 2017, Kampot Power Plant Co., Ltd., a subsidiary company, had capital commitments of approximately USD 1.3 million or equivalent to Baht 43 million, regarding the equipment for power supply contract.

### 46.2 Operating lease commitments

46.2.1 The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 year until the termination notice is given.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	157	116	48	20
In over 1 and up to 5 years	183	41	70	-

46.2.2 As at 31 December 2017, Samart Digital Public Co., Ltd., a subsidiary company, has future minimum sublease income expected to be received under non-cancellable sublease totalling approximately Baht 0.1 million (2016: Baht 1 million). During the year 2017, the subsidiary company recognised rental expenses of Baht 1.1 million (2016: Baht 3 million) and subleasing revenue of Baht 1.1 million (2016: Baht 3 million).

#### 46.3 Commitments in uncalled portions of investments

The subsidiaries are committed to pay the uncalled portions of their investments as follows:

	Currency	Amount (Million)	
		2017	2016
The local subsidiary companies	Baht	134	131
The overseas subsidiary companies	USD	3	3

#### 46.4 Guarantees

##### 46.4.1 Bank guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries, in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Baht</b>				
Performance guarantees	4,169	4,001	218	546
Guarantee electricity use and others	401	717	1	1
<b>Yen</b>				
Performance guarantees	55	57	-	-
<b>Euro</b>				
Performance guarantees	2	3	-	-
<b>Swiss franc</b>				
Performance guarantees	3	4	-	-
<b>US Dollar</b>				
Performance guarantees	3	2	-	-

## 46.4.2 Related parties guarantees

Generally, these guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party. Guarantee fees are charged by the Company and subsidiaries. Related parties guarantees are summarised below.

- a) The Company has contingent liabilities in respect of the guarantees of subsidiaries' loans and credit facilities provided to banks and financial institutions, as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2017	2016
<b>Baht</b>		
The Samart Engineering Co., Ltd.	1,412	1,462
Teda Co., Ltd.	3,870	3,670
Vision and Security System Co., Ltd.	476	476
Samart U-Trans Co., Ltd.	100	100
Transec Power Services Co., Ltd.	1,525	220
Suvarnabhumi Environment Care Co., Ltd.	72	72
Samart RadiTech Co., Ltd.	60	60
	7,515	6,060
<b>US Dollar</b>		
The Samart Engineering Co., Ltd.	6	6
	6	6

- b) Samart Digital Public Co., Ltd., a subsidiary company, has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2017	2016
Samart Mobile Services Co., Ltd.	15	55
Samart Multimedia Co., Ltd.	20	112
Zecureasia Co., Ltd.	10	10
Pt. Samart I-Mobile Indonesia	-	180
Samart Mobile Services Co., Ltd., I-Mobile International Co., Ltd. Zecureasia Co., Ltd. and Teleconnex Co., Ltd. (joint use the same facilities with Samart Digital Public Co., Ltd.) (2016: I-Mobile International Co., Ltd. jointly used the same facilities with Samart Digital Public Co., Ltd.)	1,791	1,870
Teleconnex Co., Ltd. and I-Mobile Plus Co., Ltd. (joint use the same facilities with Samart Digital Public Co., Ltd. which Samart Digital Public Co., Ltd. guarantees credit facilities to I-Mobile Plus Co., Ltd. of Baht 200 million)	700	700
I-Mobile International Co., Ltd. (joint use the same facilities with Samart Digital Public Co., Ltd.)	-	200

(Unit: Million Baht)

	Guaranteed facilities	
	2017	2016
I-Mobile Plus Co., Ltd.	10	30
I-Sport Co., Ltd.	12	12
I-Mobile Plus Co., Ltd. (joint use the same facilities with Samart Digital Public Co., Ltd.)	105	110
Samart Multimedia Co., Ltd., Teleconnex Co., Ltd. I-Mobile Plus Co., Ltd. and I-Mobile Direct Co., Ltd. (joint use the same facilities with Samart Digital Public Co., Ltd.) (2016: I-Mobile Direct Co., Ltd. jointly used the same facilities with Samart Digital Public Co., Ltd.)	500	500
I-Sport Co., Ltd. and Siam Sport Television Co., Ltd.	51	51
Siam Sport Television Co., Ltd.	2	2

These guarantees are effective for Samart Digital Public Co., Ltd., as long as the underlying obligations have not been discharged by those subsidiaries.

- c) As at 31 December 2017, Samart Telcoms Public Co., Ltd., a subsidiary company, was guarantor of credit facilities and rental of equipment of its subsidiary companies from banks and a leasing company amounting to Baht 17,185 million (2016: Baht 14,179 million).
- d) The Company has credit bank guarantee facilities of Baht 1,000 million by the banks and has allowed Samart U-Trans Co., Ltd., full access to the credit facilities. The Samart Engineering Co., Ltd., and Suvarnabhumi Environment Care Co., Ltd., are also allowed to draw down amounts of Baht 150 million and Baht 20 million, respectively, from the credit facilities.

#### 46.5 Other commitments

- a) The Company has entered into the Contract to build, cooperate and transfer an air traffic control system (“BCT Contract”) with the Royal Government of the Kingdom of Cambodia. Under this agreement, the Company has had to establish a limited liability company under the laws of the Kingdom of Cambodia to be responsible for development and sole operation of the civil air traffic control and navigation system of Cambodia for a period of 15 years with an option to extend for another 7 years in consideration of The State Secretariat of Civil Aviation of Cambodia (“SSCA”) granting the air traffic license to the Company. On 18 June 2001, the Company entered into the assignment of “BCT Contract” with Cambodia Air Traffic Services Co., Ltd., a subsidiary company, to transfer of all the Company’s rights and obligations under the “BCT Contract” to that subsidiary company pursuant to Article 2.2 of “BCT Contract” without charge. On 27 September 2007, the subsidiary requested extension to another 10 years. Subsequently, on 8 December 2017, the subsidiary company signed an amendment to the concession agreement with the Royal Government of the Kingdom of Cambodia to extend the concession period for another seven years, from 2033 to 2040, whereby the subsidiary company has to additionally invest in project assets as condition stipulated in the extend agreement.



Under the agreement, the subsidiary company is to pay remuneration to the Royal Government of the Kingdom of Cambodia in proportion to its annual income and is obliged to comply with conditions, including the condition that the ownership of the civil air traffic control and navigation system and all equipment, which currently are transferred to intangible assets (service concession) in accordance with TFRIC 12 Service Concession Arrangements, is to be transferred to the Royal Government of the Kingdom of Cambodia at the end of concession period, without charge.

- b) On 15 February 2011, the Company entered into a lift maintenance service agreement with a domestic contractual partner. Under the agreement, the Company has commitment to pay service fees to its contractual partner by quarterly installments, totaling approximately Baht 1 million per quarter (2016: Baht 1 million per quarter). The agreement is expiring in 2020.
- c) Samart U-Trans Co., Ltd., a subsidiary company, entered into purchase and installment contract with various local and foreign companies. The subsidiary company obligated to comply with certain condition and to make the following payments for equipment and services of Baht 3 million (2016: Baht 17 million).
- d) Teda Co., Ltd. and Transec Power Services Co., Ltd., the subsidiary companies, entered into general contractors and equipment and service purchase agreements with various companies in order to operate their construction of electrical stations and installation of electrical systems business. The subsidiary companies are obligated to comply with certain conditions and to make the payments for equipment and services of Baht 1,254 million (2016: Baht 841 million).
- e) Vision and Security System Co., Ltd., a subsidiary company, entered into general contractors and equipment and service purchase agreements with various companies in order to maintain and install their construction of security systems. The subsidiary company is obligated to comply with certain conditions and to make the payments for equipment and services totaling of Baht 7 million (2016: Baht 81 million).
- f) On 27 October 2016, Samart Waste2Power Co., Ltd., a subsidiary company, entered into a sale and purchase agreement in order to purchase of land totally Baht 35 million. The subsidiary paid a deposit of Baht 3 million. As at 31 December 2017, the subsidiary has commitment to pay the remaining amount of Baht 32 million (2016: Baht 32 million) within 1 year from the contract date. This agreement shall continue in force and effect from year to year after the expiration date without renewal agreement, the subsidiary provided short-term loans to unrelated party (landlord) of Baht 12 million, as described in Note 11 to the financial statements, which will be treated this loan as a portion of the sale and purchase of land agreement in the future.
- g) Kampot Power Plant Co., Ltd., a subsidiary company, has been assessed by the General Department of Taxation of Cambodia for the financial years ended 31 December 2014 and 2015. The General Department of Taxation issued an assessment dated 5 April 2017 showing that the subsidiary is liable for additional tax, interest and penalty relating to the consulting fees, of Riel 5,504 million (equivalent to approximately Baht 45 million).

On 28 April 2017, management of subsidiary company submitted a letter to the General Department of Taxation objecting to the reassessed amount. Management of subsidiary company is confident that the consulting fees were appropriately recognised as expenses of subsidiary company in accordance with the applicable financial reporting framework. Therefore, as at 31 December 2017, management of subsidiary company did not record a provision for contingent liability of the additional tax, interest and penalty in the books of account.

- h) Cambodia Samart Co., Ltd., a subsidiary company, has been assessed by the General Department of Taxation of Cambodia for the financial years ended 31 December 2007 and 2008. The General Department of Taxation of Cambodia issued an assessment dated 16 August 2017 showing that the subsidiary is liable for additional tax, interest and penalty of riel 761 million (equivalent to approximately Baht 6.2 million)

On 13 October 2017, management of subsidiary company submitted a letter to the General Department of Taxation of Cambodia objecting to the reassessed amount. Management of subsidiary company is confident that all the incomes and expenses were appropriately recognised in accordance with the applicable financial reporting framework. Therefore, as at 31 December 2017, management of subsidiary company did not record a provision for contingent liability of the additional tax, interest and penalty in the books of account.

**Other commitments of Samart Telcoms Public Co., Ltd.'s group**

- i) Samart Telcoms Public Co., Ltd., a subsidiary company, entered into transponder lease agreements with domestic and foreign contractual partners. Under the agreements, the subsidiary company had commitment to pay rental fees to its contractual partners in monthly installments, totaling approximately USD 0.2 million (2016: USD 0.2 million).
- j) On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission (NBTC) passed a resolution approving the issue to Samart Telcoms Public Co., Ltd., a subsidiary company, of a 5-year, Type two telecommunication business license without own telecommunications network (Very Small Aperture Terminal (VSAT) service). The license is effective from the date of termination of the old contract to provide local audio and visual data communications via satellite services (13 September 2011). The subsidiary company is obliged to comply with various conditions, which included a commitment to hand over the telecommunications equipment used in provision of the data communication via satellite service to NBTC within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2017, the subsidiary company has noticed to hand over the telecommunications equipment to NBTC and the subsidiary company's management believes that no penalty will be charged for late delivery, and so no provision for such a penalty has been recorded in the books of account.
- k) Samart Infonet Co., Ltd., a subsidiary company, entered into a contract with True International Gateway Co. Ltd. related to the provision of services to an international internet exchange center. The subsidiary company is obligated to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.1 million per month (2016: Baht 0.1 million per month).
- l) A subsidiary company entered into a contract to use computer software application services with a company. The subsidiary is obligated to comply with the conditions stipulated in the contract and subsidiary company has future minimum lease payments as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	2017	2016
Payable:		
In up to 1 year	343	221
In over 1 and up to 4 years	685	1,028

- m) Portalnet Co., Ltd., a subsidiary company, entered into a contract with SAP (Thailand) Co., Ltd. to provide system maintenance services for computer software applications for core business operation. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay service fee of approximately Baht 1 million per month (2016: Baht 1 million per month).
- n) Portalnet Co., Ltd., a subsidiary company, entered into a contract with Let Systems Ltd. to provide system maintenance services for computer software applications for core business operation by transferring the assignment to provide maintenance services from Siemens AG. The subsidiary company is obligated to comply with the conditions stipulated in the contract and pay service fee of approximately Euro 0.03 million per month (2016: Euro 0.03 million per month).
- o) Posnet Co., Ltd., a subsidiary company, entered into two agreements with a private limited company to provide system maintenance services. During the year 2015, that company charged a penalty and compensatory damages totaling Baht 8 million to the subsidiary under these two agreements, for breaches of the conditions stipulated therein. Subsequently, the subsidiary has negotiated and received details of the penalties and compensatory damages from such company which the penalties and compensatory damages were changed to be Baht 4 million. However, the subsidiary's management has considered the matters and still believes that the subsidiary will not have to pay the penalty and compensatory damages, and therefore, as at 31 December 2017, the subsidiary company has not set aside any provision in its accounts.

**Other commitments of Samart Digital Public Co., Ltd.'s group (formerly known as "Samart I-Mobile Public Co., Ltd.")**

- p) On 27 November 2009, Samart Digital Public Co., Ltd., a subsidiary company, entered into a memorandum of understanding relating to the project for 3G mobile phone network services testing with TOT Public Co., Ltd. in support of the objective of providing wholesale and retail 3G mobile phone network services through the Wideband Code-Division Multiple Access (WCDMA) system.

During the year 2011, Samart Digital Public Co., Ltd. transferred the right and duties under the memorandum of understanding to I-Mobile Plus Co., Ltd., another subsidiary company. I-Mobile Plus Co., Ltd. is obliged to comply with certain conditions and pay fees for the testing project as stated in the Memorandum of Understanding.

In addition, I-Mobile Plus Co., Ltd., receiving the licenses from the National Broadcasting and Telecommunications Commission (NBTC), has obligations to comply with certain conditions as stated in the licenses, and to pay annual license fees, together with a fee for the Universal Service Obligation (USO) in accordance with conditions and requirements stipulated by the NBTC.

On 22 February 2017, TOT Public Co., Ltd. submitted a letter to NBTC to notify NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G mobile phone service trial project prior to notifying the cancellation to I-Mobile Plus Co., Ltd. On 1 March 2017, I-Mobile Plus Co., Ltd. submitted a letter to TOT Public Co., Ltd. and NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. has not expanded its base station following its business plan in order to expand the coverage across the country. However, I-Mobile Plus Co., Ltd. had prepared a recovery plan for users of i-mobile 3GX service in accordance with the conditions imposed by the NBTC. Subsequently, on 22 June 2017, the NBTC submitted a letter to I-Mobile Plus Co., Ltd. that agreeing of the termination of the Telecommunications Business License type 1 and agreed with I-Mobile Plus Co., Ltd.'s recovery

plan for the users of i-mobile 3GX. Subsequently, on 7 July 2017, I-Mobile Plus Co., Ltd. submitted a letter notifying the NBTC that it had jointly concluded with TOT Public Co., Ltd. that the date of discontinuing the i-mobile 3GX service would be 18 July 2017.

In addition, I-Mobile Plus Co., Ltd. has been notified by TOT Public Co., Ltd. regarding the payment for Home Location Register (HLR) amounting to Baht 19 million (2016: Baht 17.9 million). However, the management and the legal department of I-Mobile Plus Co., Ltd. were of the opinion that I-Mobile Plus Co., Ltd. was not liable to such payment because the data storage on HLR did not reach the quota as specified in the agreement. At present, I-Mobile Plus Co., Ltd. is providing the clarification to TOT Public Co., Ltd. In this regard, as at 31 December 2017 and 2016, I-Mobile Plus Co., Ltd. did not set up a provision in the account.

- q) On 4 May 2012, Samart Digital Public Co., Ltd., a subsidiary company, entered into an agreement with TOT Public Co., Ltd. to together provide International Roaming service on TOT's 3G network for a period of 2 years and 10 months, with the term of the agreement to begin on the date that the service is ready to be launched. At present, the service has not yet to be launched and the NBTC submitted a letter to I-Mobile Plus Co., Ltd. that approving the termination of the Telecommunications Business License type 1 effective from the date of notification to discontinue the i-mobile 3GX (as described in Note 46.5 (p)), the result is the agreement is terminated. Samart Digital Public Co., Ltd., has no obligation from the termination of such agreement.
- r) On 22 October 2015, Samart Digital Public Co., Ltd., a subsidiary company, entered into wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., (CAT) whereby the subsidiary company will resell mobile phone services to end-users. CAT is to commence providing service within 90 days after the agreement has been signed and until 3 August 2025. Under the terms of the agreement, the subsidiary company is obliged to pay minimum wholesale service fees at a stipulated rate.

However, due to a delay in the distribution of mobile phone numbers by the Office of The National Broadcasting and Telecommunications Commission (NBTC) and technical delays, the subsidiary company was unable to commence the service within the stipulated timeframe. On 22 April 2016, the subsidiary company sent a letter to CAT informing the commencement date to be 3 May 2016.

On 26 June 2017, the subsidiary company submitted a letter to CAT to notifying the cancellation of the wholesale agreement to provide mobile phone services, OPEN by i-mobile, because the telecommunications industry has remained intensely competitive over the past 2-3 years and there are no signs that the situation will improve in the future. The subsidiary company is unable to implement its plans and in line with its newly-developed business plan, in which on 11 July 2017 and 14 July 2017, the subsidiary company submitted a letter to notify NBTC and CAT, respectively of the cancellation of the wholesale agreement to provide mobile phone services with CAT, requested permission to close the mobile phone signal for the OPEN by i-mobile service and sent a recovery plan for users of OPEN by i-mobile. On 14 December 2017, the NBTC notified the subsidiary company regarding the approval for the return allocated numbering of the mobile phone service under brand OPEN by i-mobile and approved the subsidiary company to cancel the connection of such allocated numbering on 20 December 2017 which was agreed with CAT. The management and the legal department of the subsidiary company has considered and believes that the subsidiary company was not liable to pay fee commission from the termination of service. In this regard, as at 31 December 2017, the subsidiary company has not set aside any provision in the accounts.

- s) On 10 March 2017, Samart Digital Public Co., Ltd., a subsidiary company, entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (CAT). Samart Digital Public Co., Ltd. was appointed as the lead company of SISC Consortium and is authorised to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. Samart Digital Public Co., Ltd. is obliged to comply with duties, certain conditions and to pay expenses of the project on the basis as stated in the agreement.

Subsequently, on 24 August 2017, SISC Consortium entered into a business alliance agreement with CAT in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement terminates on 31 July 2025.

On 2 October 2017, Samart Digital Public Co., Ltd. entered into a three-year agreement with CAT Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. Under the terms of the agreement, Samart Digital Public Co., Ltd. is obliged to pay minimum wholesale service fees at a stipulated rate.

- t) In August 2017, I-Sport Co., Ltd., a subsidiary company, had entered into a hire of work agreement with Siam Sport Syndicate Public Co., Ltd., a related company, regarding to the organizer of completion of King Power's Cup 2017. The agreement will be terminated upon the end of the 2017 competition (within February 2018). The subsidiary company has to pay service fee at the rate as stipulated in the agreement.

#### 46.6 Litigation

- a) The Company had been involved in provision of financial support and installation of telecommunication network system to the 13th the Bangkok - Asian Games Organizing Committee (BAGOC) in 1997, for instance by supporting on installation design of telecommunication network system including its equipment and providing financial support at Baht 190 million. However, the Company had encountered with financial difficulties during the massive economic downturn of the country in 1997 which had long term and continuous impacts to the Company. Therefore, the Company had negotiated to cancel such financial support because the Company had waived its rights to use many benefits made under the agreements during the competition games and the Committee further provided such benefits to other sponsors already. Hence, the Company was not liable for such financial support any longer.

During the fourth quarter of 2010, BAGOC had submitted the matter in dispute to the Arbitration Institute requesting the Company to make payment of approximately Baht 332 million (Baht 190 million plus interest).

Subsequently, the Arbitration Institution completed examination of the evidence of both the Company and the Organizing Committee and on 22 August 2013 found in favour of the Company, on the grounds that the Organizing Committee and the Sports Authority of Thailand had submitted the matter in dispute more than 10 years after the dispute arose, meaning that the statute of limitations had already expired. However, on 27 November 2013, the Competition Management Committee and Sports Authority of Thailand submitted a petition to the Civil Court for the revocation of the arbitral award.

On 29 August 2014, the Civil Court rescinded the Arbitration award, without ruling that the Company is obligated to make any payment to the Organizing Committee and the Sports Authority of Thailand. The Company filed an appeal on 28 November 2014, against the Civil Court’s judgment with the Supreme Court. On 23 January 2015, the Organizing committee and the Sports Authority of Thailand filed an appeal against the Civil Court’s judgment with the Supreme Court. The Supreme Court gave its verdict on 20 September 2016 revoking the arbitration award without ruling the Company to pay any debt to the Organizing Committee and the Sports Authority of Thailand.

On 23 November 2016, the Organizing Committee and the Sports Authority of Thailand lodged a request with the Arbitrator (old panel) requesting the Arbitrator to continue its consideration. On 10 February 2017, the Company filed a claim against the request of the Organizing Committee and the Sports Authority of Thailand. On 5 April 2017, the Company received a letter from the Arbitration Institution regarding the replacement of the Arbitrator who had withdrawn and the Company already appointed the Company’s Arbitrator on 13 September 2017.

Subsequently, on 19 January 2018, the Arbitral Tribunal appointed a chairperson of the Arbitral Tribunal and dismissed the above claim. The Company is to file an appeal against such order with the Civil Court. Meanwhile, the case has been suspended by the Arbitral Tribunal until the Civil Court delivers its judgment.

At present, this case has not been finalised. The legal advisor of the Company is of the opinion that the Company shall not be liable because the Company can raise the issue about status of limitations has already expired which is more than 10 years.

- b) On 5 January 2004 a civil lawsuit was filed against IT Absolute Co., Ltd., a subsidiary company, with the plaintiff lodging a claim for the return of assets and compensation totaling Baht 15.6 million. The subsidiary company was accused of failure to comply with the terms and conditions of a share sale agreement executed with a customer (the plaintiff). The alleged failure occurred while the subsidiary company was operating under its previous name, Yuanta Securities (Thailand) Company Limited.

The share purchase and sale agreement dated 7 January 2003 between the subsidiary company’s former shareholders (the seller) and a bank (the purchaser), states that if any liabilities attributable to the activities of the seller occurred within two years after the shares were transferred to the purchaser and were not presented in the statement of financial position as at 31 December 2002, the seller would, if the case was finalised and the Court ordered the subsidiary company to settle such liabilities, pay compensation to the subsidiary company at a rate of 92.7 percent of such liabilities.

On 29 September 2005, the Civil Court ordered the subsidiary company to return the securities to the plaintiff or pay Baht 8.4 million if the subsidiary company was unable to do so. Subsequently, the subsidiary company lodged an appeal with the Appeal Court, and on 16 March 2011 the Appeal Court affirmed the judgment of the Court of First Instance. The subsidiary company then lodged an appeal with the Supreme Court on 12 May 2011 and this case is in the process of being considered by the Supreme Court. However, as at 31 December 2017, the subsidiary company estimated its contingent liabilities at Baht 0.6 million (2016: Baht 0.6 million) and recorded this under the caption of “other non-current liabilities” in the statement of financial position.

## 47. Fair value hierarchy

The Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements					
	Level 1		Level 2		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets measured at fair value</b>						
Held for trade investments						
Equity instruments	17	23	-	-	17	23
Available-for-sale investments						
Equity instruments	39	70	-	-	39	70
Derivatives						
Foreign currency forward contracts	-	-	-	1	-	1
Investment properties	-	-	84	83	84	83
Land	-	-	550	561	550	561
Assets held for future projects - Land	-	-	23	23	23	23
<b>Financial liabilities measured at fair value</b>						
Debentures	-	-	3,765	3,865	3,765	3,865

(Unit: Million Baht)

	Separate Financial Statements					
	Level 1		Level 2		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets measured at fair value</b>						
Held for trade investments						
Equity instruments	10	13	-	-	10	13
Land	-	-	218	218	218	218
Assets held for future projects - Land	-	-	23	23	23	23
Derivatives						
Foreign currency forward contracts	-	-	-	0.1	-	0.1
<b>Financial liabilities measured at fair value</b>						
Debentures	-	-	2,500	2,500	2,500	2,500



## 48. Financial instruments

### 48.1 Financial risk management

The Company and its subsidiaries’ financial instruments, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, debentures, bank overdrafts, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the majority of sales and services of the Company and its subsidiaries are supplied to creditworthy customers such as state enterprises and government agencies. In addition, they have a large customer base. The Company and its subsidiaries do not anticipate material losses from their debt collection. The maximum exposure to credit risk is limited to the carrying amount of receivables, loans and other receivables as stated in the statement of financial position.

#### **Interest rate risk**

The Company and its subsidiaries’ exposure to interest rate risk related primarily to its cash at banks, bank overdrafts, debentures, short-term loans and long-term borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Units: Million Baht)

	Consolidated financial statements												
	Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate		
	Within 1 year		Over 1 - 5 years								(% p.a.)		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Financial Assets	Cash and cash equivalents	462	285	-	-	1,707	1,911	477	14	2,646	2,210	0.01 - 4.00	0.04 - 4.00
	Temporary investments	-	-	-	-	-	-	17	23	17	23	-	-
	Trade and other accounts receivable	-	-	-	-	-	-	7,021	8,998	7,021	8,998	-	-
	Finance leases receivable	124	12	382	-	-	-	-	-	506	12	4,525	1.09
	Short-term loans	-	-	-	-	12	12	-	-	12	12	7.125	7.125
	Restricted bank deposits	-	105	-	-	104	-	-	-	104	105	0.85 - 1.148	0.85
	Available-for-sale investments	-	-	-	-	-	-	39	70	39	70	-	-
	Total	586	402	382	-	1,823	1,923	7,554	9,105	10,345	11,430		
	Financial liabilities												
	Bank overdrafts	-	-	-	-	4	90	-	-	4	90	6.25 - 7.43	7.12 - 7.60
	Short-term loans from financial institutions	4,387	4,871	-	-	1,915	2,513	-	-	6,302	7,384	2.38 - 6.12	2.10 - 4.50
	Bill of exchange	740	865	-	-	-	-	-	-	740	865	2.30 - 2.58	2.10 - 3.40
Trust receipt	58	182	-	-	534	538	-	-	592	720	3.13 - 4.05	2.70 - 3.33	
Trade and other accounts payable	-	-	-	-	-	-	1,644	2,262	1,644	2,262	-	-	
Short-term loans from unrelated parties	22	23	-	-	-	-	-	-	22	23	1.05 - 1.15	1.05 - 1.15	
Debentures	2,515	880	1,250	2,985	-	-	-	-	3,765	3,865	Fixed rate	Fixed rate	
Long-term loans from financial institutions	-	5	-	248	988	-	-	-	988	253	3.00 - 4.75	3.00 - 4.75	
Liabilities under finance lease agreements	16	17	46	24	-	-	-	-	62	41	2.59 - 8.70	2.59 - 8.70	
Total	7,738	6,843	1,296	3,257	3,441	3,141	1,644	2,262	14,119	15,503			

(Units: Million Baht)

Separate financial statements											
Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate (% p.a.)	
Within 1 year		Over 1 - 5 years		2017	2016	2017	2016	2017	2016	2017	2016
2017	2016	2017	2016								
<b>Financial Assets</b>											
Cash and cash equivalents	-	-	-	183	91	1	-	184	91	0.05 - 1.00	0.05 - 1.00
Temporary investments	-	-	-	-	-	10	13	10	13	-	-
Trade and other accounts receivable	-	-	-	-	-	205	329	205	329	-	-
Short-term loans	-	-	-	2,172	1,227	-	-	2,172	1,227	2.81	2.36
Total	-	-	-	2,355	1,318	216	342	2,571	1,660		
<b>Financial liabilities</b>											
Short-term loans from financial institution	935	650	-	-	-	-	-	935	650	2.38 - 3.00	2.10 - 2.40
Bill of exchange	740	640	-	-	-	-	-	740	640	2.30 - 2.58	2.10
Trade and other accounts payable	-	-	-	-	-	166	435	166	435	-	-
Short-term loans from related parties	-	-	-	254	146	-	-	254	146	0.31 - 1.63	1.63
Debentures	1,250	-	1,250	-	-	-	-	2,500	2,500	Fixed rate	Fixed rate
Long-term loans from related parties	-	-	-	892	728	-	-	892	728	0.31 - 0.57	0.57
Liabilities under finance lease agreements	8	7	21	-	-	-	-	29	27	2.59 - 5.13	2.59 - 5.13
Total	2,933	1,297	1,271	1,146	874	166	435	5,516	5,126		

## Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies. They seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The Company and its subsidiaries have significant foreign currency assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US dollar	6	7	3	2	32.4342	35.6588
Swiss franc	1	-	-	-	32.9867	-
Euro	1	-	-	-	38.5567	-
<b>Financial liabilities</b>						
Yen	26	26	-	-	0.2936	0.3113
US dollar	7	2	10	-	32.8472	36.0025
Australian dollar	-	5	-	5	-	26.3262
Swiss franc	2	-	-	-	33.7317	-
Euro	1	-	-	-	39.3938	-

## Forward exchange contracts

The outstanding balance of forward exchange contracts of the Company and subsidiaries are summarised below.

Foreign currency	Consolidated financial statements	Separate financial statements	Contractual exchange rate	Contractual maturity date
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
<b>As at 31 December 2017</b>				
The Group has no forward exchange contracts.				
<b>As at 31 December 2016</b>				
Bought amount				
US dollar	1	-	34.6175 - 35.9736	February 2017 - January 2018
Australian dollar	2	2	25.9163 - 26.0494	March - June 2017

## 48.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or loan to/from and debenture bear floating interest rate, their fair value is not expected to be materially different from the amount presented in the statement of financial position.

## 49. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.61:1 (2016: 2.19:1) and the Company's was 1.28:1 (2016: 1.23:1).

## 50. Events after the reporting period

- 50.1 On 25 January 2018, an Extraordinary Meeting of Samart Waste2Power Co., Ltd., a subsidiary company, passed a special resolution to approving the change of the company's name from "Samart Waste2Power Co., Ltd." to "Samart Green Energy Co., Ltd.". The subsidiary company registered the change of its name with the Ministry of Commerce on 26 January 2018
- 50.2 On 15 February 2018, an Extraordinary Meeting of Samart Multimedia Co., Ltd., a subsidiary company, passed a special resolution approving the change of the company's name from "Samart Multimedia Co., Ltd." to "Samart Digital Media Co., Ltd.". The subsidiary company registered the change of its name with the Ministry of Commerce on 20 February 2018.

## 51. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 26 February 2018.

## Remuneration of the Auditors

### 1) Audit Fee

In 2017, the Company subsidiaries paid audit fees to the Company's auditor, EY Office Limited comprised of following details:

- Audit fees for the year ended December 31, 2017 of the Company was Baht 2,450,000 of which excluded other miscellaneous payment of Baht 85,019 (i.e. auditors' traveling expenses, photo copy expenses etc.).
- Audit fees for the year ended December 31, 2017 of the subsidiaries pay to audit firm or other persons or firms that related to the audit firm were Baht 17,004,000 of which excluded other miscellaneous payment of Baht 497,798 (i.e. auditors' traveling expenses, photo copy expenses etc.).

In addition, the 2 overseas subsidiaries in Hong Kong and Cambodia paid audit fees to the auditors from the group of Ernst & Young Global Limited in each countries were Baht 756,942 excluded miscellaneous payment of Baht 3,267 (i.e. auditors' travelling expenses, photo copy expenses etc.).

Moreover, the 3 subsidiaries in Cambodia paid audit fees to PricewaterhouseCoopers (Cambodia) Ltd., as the auditors of its subsidiaries of Baht 1,703,499 which excluded other miscellaneous payment of Baht 52,120 (i.e. auditors' travelling expenses, photo copy expenses etc.). Meanwhile, the another subsidiary in Myanmar paid audit fees to other audit firm which was suitable for its size of business total of Baht 36,189.

### 2) Non-Audit Fee

In 2017, the Company's subsidiaries paid Non-Audit fee comprised of following details:

- Smarterware Co., Ltd., an indirect subsidiary with stakeholding 70.14%, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2017 at Baht 200,000.
- Samart Ed-Tech Co., Ltd., an indirect subsidiary with stakeholding 70.14%, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2017 at Baht 100,000.
- Siam Sport Television Co., Ltd., an indirect subsidiary with stakeholding 35.74%, paid professional fee to EY Office Limited for review revenue from the licenses granted by National Broadcasting and Telecommunications Commission (NBTC) totaling Baht 60,000.

# The Board of Directors, Managements and Company Secretary of Smart Corporation Public Company Limited

- The Board of Directors of Smart Corporation Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. Dr. Tongchat Hongladaromp</b> - Chairman - Independent Director - Audit Committee Member - Chairman of the Nominating & Compensation Committee  <i>(To be appointed as a director on Apr. 25, 2008)</i>	79	- Ph.D (Civil Eng.), Northwestern University, Chicago, USA - M.Eng. (Civil), Asian Institute of Technology Bangkok - B.Eng. (Civil), Chulalongkorn University, Bangkok - National Defence course (Class 32), National Defence College of Thailand in 1989 <b>Training courses from Thai Institute                      of Directors Association (IOD) :</b> - Director Accreditation Program (DAP) in 2005 - Finance for Non-Finance Director Program in 2005	-	-	2008-Present	Chairman / Independent Director / Audit Committee Member	Smart Corporation Pcl.
					2008-Present	Chairman of the Nominating & Compensation Committee	Smart Corporation Pcl.
					2007-Present	<b>Position in other listed companies</b> Chairman	Linde (Thailand) Plc.
					1994-Present	Independent Director	Sahaviriya Steel Industries Pcl.
					2007-Present	Chairman of the Risk Management Committee	Sahaviriya Steel Industries Pcl.
					2003-Present	Senior Advisor	PTT Pcl.
					Present	Senior Advisor	PTT Global Chemical Pcl.
					Present	Advisor to the Board of Directors	PTT Exploration and Production Pcl.
					2013-Present	<b>Position in non-listed companies</b> Chairman / Chairman of the Audit Committee / Independent Director	Thai Light Block & Panel Co., Ltd.
					2007-Present	Chairman	Chuchawal-Royal Haskoning Co., Ltd.
					2006-Present	Chairman	C. T. Land Co., Ltd.
					2002-Present	Chairman	The University Council King Mongkut's University of Technology Thonburi
					1999-Present	Director	West Coast Engineering Co., Ltd.

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
% of total number of voting rights



Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>2. Mr. Pradang Prichayangkun</b> - Vice Chairman - Independent Director - Chairman of the Audit Committee - Corporate Governance Committee Member - Nominating & Compensation Committee Member  <i>(To be appointed as a director on Apr. 25, 2008)</i>	83	- Bachelor Degree in Law, Thammasat University - National Defence Course (Class 31), National Defence College of Thailand - Financial reporting to comply with new accounting standard, The Stock Exchange of Thailand <b>Training courses from Thai Institute of Directors Association (IOD) :</b> - Director Certification Program (DCP) in 2004 - Audit Certification Program (ACP) in 2005	0.05% 500,000 shares	-	2008-Present	Vice Chairman / Independent Director / Chairman of the Audit Committee	Samart Corporation Pcl.
					2008-Present	Corporate Governance Committee Member / Nominating & Compensation Committee Member	Samart Corporation Pcl.
						<b>Position in other listed companies</b> -	
						<b>Position in non-listed companies</b> -	
<b>3. Mr. Seri Suksathaporn</b> - Independent Director - Audit Committee Member - Nominating & Compensation Committee Member - Chairman of the Corporate Governance Committee  <i>(To be appointed as a director on Feb. 12, 1999)</i>	81	- Master of Public Administration (MPA), University of Southern California, USA - Bachelor Degree in Political Science, Chulalongkorn University <b>Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2003</b>	0.09% 927,750 shares	-	1999-Present	Independent Director / Audit Committee Member	Samart Corporation Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart Corporation Pcl.
					2008-Present	Chairman of the Corporate Governance Committee	Samart Corporation Pcl.
						<b>Position in other listed companies</b> -	
						<b>Position in non-listed companies</b> Budget Director Level 11 Budget Director for Security Affairs Budget Analyst Level 7 First Grade Budget Officer Public Service Division	Bureau of the Budget Thailand Bureau of the Budget Thailand Bureau of the Budget Thailand Bureau of the Budget Thailand
					Former		
					Former		
					Former		

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Mr. Prinya Waiwatana</b> - Independent Director - Corporate Governance Committee Member  <i>(To be appointed as a director on Apr. 27, 2010)</i>	70	- Bachelor Degree in Accounting, Chulalongkorn University <b>Training courses from Thai Institute            of Directors Association (IOD) :</b> - Director Accreditation Program (DAP) in 2005 - Audit Committee Program (ACP) in 2005 - Director Certification Program (DCP) in 2006 - Monitoring the System of Internal Control and Risk Management (MIR) in 2008 - Role of Compensation Committee (RCC) in 2010	-	-	2010-Present	Independent Director / Corporate Governance Committee Member	Samart Corporation Pcl.
					2010-Present	<b>Position in other listed companies</b> Independent Director / Investment Committee Member / Nominating & Compensation Committee Member / Chairman of the Risk Management Committee	Ira Capital Pcl.
					2005-Present	Independent Director / Chairman of the Audit Committee / Nominating & Compensation Committee Member / Chairman of the Corporate Governance Committee	Thai Steel Cable Pcl.
						<b>Position in non-listed companies</b> -	
<b>5. Mrs. Siripen Vilailuck</b> - Director  <i>(To be appointed as a director on Feb. 25, 1993)</i>	78	- Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2004	0.59% 5,960,250 shares	Mr. Charoenrath's Mr. Watchai's and Mr. Thananan's mother	1993-Present	Director	Samart Corporation Pcl.
						<b>Position in other listed companies</b> -	
					1975-Present Present	<b>Position in non-listed companies</b> Director Director	Samart Engineering Co., Ltd. Vilailuck International Holding Co., Ltd. and its subsidiaries

**Remark :** <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the item of the “4. Disclosure and Transparency”) % of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>6. Mr. Sirichai Rasameechan</b> - Director - Corporate Governance Committee Member  <i>(To be appointed as a director            on Feb. 20, 1996)</i>	67	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University <b>Training courses from Thai Institute            of Directors Association (IOD) :</b> - Director Certification Program (DCP) in 2000 - Finance for Non-Finance Director Program in 2000	-	-	1986-Present 2005-Present	Director Corporate Governance Committee Member	Samart Corporation Pcl. Samart Corporation Pcl.
					2000-Feb. 2017 2004-Feb. 2017	Executive Vice Chairman Risk Management Committee Member	Samart Corporation Pcl. Samart Corporation Pcl.
					2013-Feb. 2017	Vice Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					<b>Position in other listed companies</b>		
					1988-Present May 2017-Present	Director Corporate Governance Committee Member	Samart Telecoms Pcl. Samart Telecoms Pcl.
					2000-Feb. 2017 2016-Feb. 2017	Executive Director Risk Management Committee Member	Samart Telecoms Pcl. Samart Telecoms Pcl.
					2013-Present	Director / Risk Management Committee Member / Corporate Governance Committee Member	One To One Contacts Pcl.
					2013-Mar. 2017 2008-May 2016	Executive Director Nominating & Compensation Committee Member	One To One Contacts Pcl. Samart Digital Pcl. <sup>(*)</sup>
					Aug. 2014- Dec. 2015	Director	Samart Digital Pcl. <sup>(*)</sup>
					2005-Dec. 2015	Risk Management Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries (as details in Directors and Managements in subsidiaries and related companies).
					Present	Speaker	Thai Institute of Directors Association (IOD)
					2000-2013	Director	One To One Contacts Co., Ltd.

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
 % of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>7. Mr. Charoenrath Vilailuck</b> - Authorized Director - Executive Chairman & CEO - Chairman of the Risk Management Committee  <i>(To be appointed as a director on Feb. 25, 1993)</i>	57	- Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - Leadership Program (Class 19), Capital Market Academy (CMA) in 2014 - Chief Executive Course for Urban Development Management, class 1, Urban Green Development Institute Bangkok in 2012 - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand in 2005-2006 - Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA) in 2017 <b>Training courses from Thai Institute of Directors Association (IOD) :</b> - Director Certification Program (DCP) in 2004 - Director Accreditation Program (DAP) in 2004	11.20% 112,734,960 shares	Mrs. Siripen's son and Mr. Watchai's and Mr. Thananan's elder brother	1993-Present 1995-Present 2008-Present	Director Executive Chairman & CEO Chairman of the Risk Management Committee	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl.
						<b>Position in other listed companies</b>	
					2003-Present May 2016-Present	Director Risk Management Committee Member	Samart Digital Pcl. <sup>(*)</sup> Samart Digital Pcl. <sup>(*)</sup>
					1996-Present 2016-Present	Director / Executive Director Risk Management Committee Member	Samart Telecoms Pcl. Samart Telecoms Pcl.
					2013-Present	Director / Executive Director / Risk Management Committee Member	One To One Contacts Pcl.
						<b>Position in non-listed companies</b>	
					Present	Director	Vilailuck International Holding Co., Ltd. and its subsidiaries.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in subsidiaries and related companies).
					2000-2013	Director	One To One Contacts Co., Ltd.

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the item of the “4. Disclosure and Transparency”) % of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>8. Mr. Watchai Vialluck</b> - Authorized Director - President - Executive Director - Chief Operating Member of the Risk Management Committee - Chairman of the Sustainable Development Committee - Acting Chief Operating Officer of Call Center LOB - Acting Chief Operating Officer of Utilities and Transportations LOB and Technology Related Services LOB - Head of Digital LOB  <i>(To be appointed as a director            on Feb. 25, 1993)</i>	55	- Bachelor Degree in Accounting, Faculty of Commerce and Accounting, Thammasat University - Certificate of Management Program, United Kingdom in 1985 - Certificate of Strategic Planning & Implementation, University of Michigan Business School, Singapore in 2000 - <b>Director Accreditation Program            (DAP), Thai Institute of Directors            Association (IOD) in 2004</b> - Diploma in National Defence for The Joint State-Private Sector Course (Class 21), National Defence College of Thailand in 2008-2009 - Leadership Program (Class 11), Capital Market Academy (CMA) in 2010-2011 - The Programme for Senior Executives on Justice Administration Batch 15, National Justice Academy, Office of Judiciary in 2011-2012 - ASEAN Executive Management Programme (Class 2), The Secretariat of the Prime Minister, Office of the Civil Service Commission (OCSC), Office of the National Economic and Social Development Board, Ministry of Foreign Affairs and Sasin Graduate Institute of Business Administration, Chulalongkorn University in 2013	12.52% 126,005,535 shares	Mrs. Siripen's son and Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	1993-Present	Director / Executive Director	Samart Corporation Pcl.
					2000-Present	President	Samart Corporation Pcl.
					2004-Present	Chief Operating Member of the Risk Management Committee	Samart Corporation Pcl.
					2013-Present	Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					May 2014-Present	Acting Chief Operating Officer of Call Center LOB	Samart Corporation Pcl.
					Present	Acting Chief Operating Officer of Utilities and Transportations LOB and Technology Related Services LOB	Samart Corporation Pcl.
					Nov. 2016-Present	Head of Digital LOB	Samart Corporation Pcl.
						<b>Position in other listed companies</b>	
					2003-Present	Director	Samart Digital Pcl. <sup>(*)</sup>
					Nov. 2016-Present	CEO / Executive Chairman / Chairman of the Risk Management Committee	Samart Digital Pcl. <sup>(*)</sup>
					2003-Dec. 2015	Chief Executive Officer / Executive Chairman	Samart Digital Pcl. <sup>(*)</sup>
					2005-Dec. 2015	Chairman of the Risk Management Committee	Samart Digital Pcl. <sup>(*)</sup>
					1996-Present	Director	Samart Telcoms Pcl.
					2000-Present	Executive Chairman & Chief Executive Officer	Samart Telcoms Pcl.
					2016-Present	Chairman of the Risk Management Committee	Samart Telcoms Pcl.
					2013-Present	Director / Chairman of the Risk Management Committee	One To One Contacts Pcl.
					May 2016-Present	Executive Director	One To One Contacts Pcl.
					2013-May 2016	Executive Chairman	One To One Contacts Pcl.

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
 % of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
8. Mr. Watchai Vialluck (cont.)		<ul style="list-style-type: none"> <li>- The 5<sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013-Aug. 2014</li> <li>- Top Executive Program in Energy Literacy for a Sustainable Future (Class 6), Thailand Energy Academy (TEA) in 2015</li> <li>- Top Executive Program in Industrial Development and Investment (Class 2), Institute of Business and Industrial Development (IBID) in 2015</li> <li>- Academy of Business Creativity (ABC) (Class 6), Sripatum University in 2017</li> </ul>			Present	Position in non-listed companies Director	Vialluck International Holding Co., Ltd. and its subsidiaries.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in subsidiaries and related companies).
					2000-2013	Director	One To One Contacts Co., Ltd.

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the item of the “4. Disclosure and Transparency”)  
% of total number of voting rights

<sup>(2)</sup> Formerly known as Samart I-Mobile Public Company Limited

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>9. Mr. Thananan Vitailuck</b> - Authorized Director - Executive Director - Risk Management Committee Member - Sustainable Development Committee Member - Executive Vice Chairman-Corporate Strategy  <i>(To be appointed as a director on Apr. 20, 2016)</i>	51	- Master of Engineering, University of Florida, USA - Bachelor Degree in Engineering, Kasetsart University - <b>Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004</b> - The Joint State - Private Sector Course in Public Order Administration Police College Police Education Bureau (Class 4) in 2017	2.71% 27,238,500 shares	Mrs. Siripen's son and Mr. Charoenrath's and Mr. Watchai's younger brother	Apr. 2016-Present	Director	Samart Corporation Pcl.
					Dec. 2015-Present	Executive Vice Chairman-Corporate Strategy	Samart Corporation Pcl.
					2007-Present	Executive Director	Samart Corporation Pcl.
					2009-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					2006-Nov. 2015	President of Mobile Multimedia LOB	Samart Corporation Pcl.
					<b>Position in other listed companies</b>		
					2016-Present	Director / Executive Director	Samart Telcoms Pcl.
					2016-Present	Risk Management Committee Member	Samart Telcoms Pcl.
					2013-Present	Director / Risk Management Committee Member	One To One Contacts Pcl.
					2011-Present	Director	Siam Sport Syndicate Pcl.
					2003-Nov. 2015	Executive Director	Samart Digital Pcl. <sup>(*)</sup>
					2005-Nov. 2015	Risk Management Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					2013-Nov. 2015	Chairman of the Sustainable Development Committee	Samart Digital Pcl. <sup>(*)</sup>
					2012-Nov. 2015	Acting Managing Director-Mobile Business	Samart Digital Pcl. <sup>(*)</sup>
					2006-Nov. 2015	President	Samart Digital Pcl. <sup>(*)</sup>
					2003-Apr. 2016	Director	Samart Digital Pcl. <sup>(*)</sup>
					<b>Position in non-listed companies</b>		
					Present	Director	Vitailuck International Holding Co., Ltd. and its subsidiaries.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in subsidiaries and related companies).

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
 % of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited



Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>10. Mr. Pracha Phathayakorn</b> - Authorized Director - Executive Director - Executive Vice President (Finance and Accounting) - Risk Management Committee Member - Sustainable Development Committee Member  <i>(To be appointed as a director on Apr. 25, 2017)</i>	55	- Master of Business Administration with major in Finance and International Business, Sasin Graduate Institute of Business Administration, Chulalongkorn University - Bachelor Degree in Accounting, Chulalongkorn University <b>Training courses from Thai Institute of Directors Association (IOD) :</b> - Director Certification Program (DCP) in 2009 - Monitoring the System of Internal Control and Risk Management (MIR) in 2008 - Monitoring the Internal Audit Function (MIA) in 2008 - Monitoring the Quality of Financial Reporting (MFR) in 2007 - Audit Committee Program (ACP) in 2006 - Director Accreditation Program (DAP) in 2005 - Leadership Succession Program (LSP) (Class 8), Institute of Research and Development for Public Enterprises in 2017	0.03% 310,000 shares	-	Apr. 2017-Present	Director	Samart Corporation Pcl.
					2011-Present	Executive Vice President (Finance and Accounting)	Samart Corporation Pcl.
					May 2017-Present	Executive Director	Samart Corporation Pcl.
					May 2017-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					2012-May 2016	Risk Management Committee Member	Samart Corporation Pcl.
					2013-Present	<b>Position in other listed companies</b> Director / Executive Director / Risk Management Committee Member	One To One Contacts Pcl.
					Aug. 2015-Present	Director	Samart Digital Pcl. <sup>(*)</sup>
					2014-Present	Executive Director / Risk Management Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					Nov. 2013-Present	Sustainable Development Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					Aug. 2015-Feb. 2016	Chief Operating Officer	Samart Digital Pcl. <sup>(*)</sup>
					2012-Aug. 2015	Executive Vice President	Samart Digital Pcl. <sup>(*)</sup>
					2015-Present 2013-Present	<b>Position in non-listed companies</b> Director Director	Euromill Hotel Co., Ltd. Subsidiaries and Related Companies (as details in Directors and Managements in subsidiaries and related companies).

**Remark :** <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the item of the “4. Disclosure and Transparency”)  
% of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited

● Executives & Managements of Smart Corporation Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. Mr. Charoenrath Vilailuck</b>  <i>(To be appointed as an executive director on Feb. 25, 1993)</i>						- See details in "The Board of Directors of Smart Corporation Pcl." -	
<b>2. Mr. Watchai Vilailuck</b>  <i>(To be appointed as an executive director on Feb. 25, 1993)</i>						- See details in "The Board of Directors of Smart Corporation Pcl." -	
<b>3. Mr. Thananan Vilailuck</b>  <i>(To be appointed as an executive director on Feb. 28, 2007)</i>						- See details in "The Board of Directors of Smart Corporation Pcl." -	

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Mr. Jong Dioksombat</b> - Executive Director - Sustainable Development Committee Member - President of ICT Solution and Service LOB  <i>(To be appointed as an            executive director            on Mar. 19, 2012)</i>	58	- Master of System Science, University of Louisville, USA - Bachelor Degree in Electrical Engineering, Chulalongkorn University - Certificate of Strategic Planning & Implementation, University of Michigan Business School, Singapore in 2000 - Certificate of Crisis Management Master Class, VMAC Business Group (M) Sdn Bhd Premier Provider of Business Intelligence in 2009 - Certificate of Executive Development Program, Faculty of Commerce and Accountancy, Thammasat University in 2005 - <b>Director Accreditation Program            (DAP), Thai Institute of Directors            Association (IOD) in 2004</b> - Capital Market Leader Program, The Securities and Exchange Commission and Sasin Graduate Institute of Business Administration of Chulalongkorn University in 2014 - National Defence Course (Class 57), National Defence College of Thailand in 2015	-	-	2012-Present 2013-Present	Executive Director Sustainable Development Committee Member	Samart Corporation Pcl. Samart Corporation Pcl.
					2012-Present	President of ICT Solutions and Services LOB	Samart Corporation Pcl.
					2009-May 2016	Risk Management Committee Member	Samart Corporation Pcl.
					<b>Position in other listed companies</b>		
					2012-Present	Director / Executive Director / President / Corporate Governance Committee Member	Samart Telcoms Pcl.
					2013-Present	Chairman of the Sustainable Development Committee	Samart Telcoms Pcl.
					2016-Present	Risk Management Committee Member	Samart Telcoms Pcl.
					2012-2016	Chairman of the Risk Management Committee	Samart Telcoms Pcl.
					2005-May 2016	Corporate Governance Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					2005-Nov. 2015	Risk Management Committee Member	Samart Digital Pcl. <sup>(*)</sup>
					2003-Nov. 2015	Director / Executive Director	Samart Digital Pcl. <sup>(*)</sup>
					2003-Jan. 2012	Chief Operating Officer	Samart Digital Pcl. <sup>(*)</sup>
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies (as details in Directors and Managements in subsidiaries and related companies).

**Remark :** <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the item of the “4. Disclosure and Transparency”) % of total number of voting rights

<sup>(\*)</sup> Formerly known as Samart I-Mobile Public Company Limited

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>5. Mr. Pracha Phathayakorn</b>  <i>(To be appointed as an executive director on May 1, 2011)</i>					- See details in "The Board of Directors of Samart Corporation Pcl." -		

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the item of the "4. Disclosure and Transparency")  
% of total number of voting rights

● Company Secretary of Smart Corporation Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in Company <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>Mrs. Jirawan Rujisonthi</b> - Assistant Vice President - Corporate Secretary  <i>(To be appointed as the Company                      Secretary on Dec. 19, 2014)</i>	43	- Master of Business Administration (MBA), Kasetsart University - Bachelor Degree in Business Administration, Rajamangala University of Technology Thanyaburi - Effective Minute Taking, Board of Trade of Thailand in 2006 - Fundamental Practice for Corporate Secretary (FPCS - Class 18), Thai Listed Companies Association in 2008 - Operation Excellent Program, Faculty of Commerce and Accountancy, Thammasart University in 2008 - <b>Effective Minute Taking</b> <b>(EMT-Class 14), Thai Institute of</b> <b>Directors Association (IOD) in 2002</b>	0.001% 7,600 shares	-	Dec. 2014-Present	Assistant Vice President - Corporate Secretary	Smart Corporation Pcl.
					May 2015- May 2017	Sustainable Development Committee Member	Smart Corporation Pcl.
					2000-Nov. 2014	Assistant Company Secretary	Smart Corporation Pcl.
						<u>Position in other listed companies</u> -	
						<u>Position in non-listed companies</u> -	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

## Company Secretary's Role and Responsibilities

The Board of Directors has appointed Mrs. Jirawan Rujisonthi as the Company Secretary.

**Roles and responsibilities of the appointed Company Secretary are as follows:**

1. Perform her duty with responsibility, due care and loyalty as well as has to comply by laws and any other related regulations;
2. Support the Board of Directors for their activities including provide consultation with related to Company's Articles of Association, and any other regulations from related authorities;
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company's Objectives, Articles of Association, laws and related regulations;
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors' and shareholders' meetings as well as the reports of such meeting and the annual report, etc;
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within 7 business days from the date on which the Company has received the report.

In case where the Company Secretary vacates her position or is incapable of performing her duty, the Nominating & Compensation Committee shall select a new Company Secretary to propose for consideration and approval of the Board of Directors to appoint the new Company Secretary within 90 days from the date on which the Company Secretary has vacated her position or has been incapable of performing her duty; in this regards the Board of Directors shall be empowered to assign any director to perform the duty as the substitutes during such period.

**The Company has specified the qualifications of the Company Secretary as follows:**

1. Having well-rounded knowledge and understanding of the Company's businesses;
2. Understand roles and duties of the Company Secretary;
3. Having knowledge and understanding concerning legal matters, regulations of the Office of SEC and the Stock Exchange of Thailand;
4. Do not exploit the Company's business opportunity for personal benefits as well as preserve the confidential information of the Company;
5. Having good human relationship and can coordinate and contact with other agencies inside and outside the Company;
6. Possess English proficiency;
7. Having working experiences on the Company Secretary at least 3-5 years.

**During the past year, the Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:**

- "SD Forum 2/2017 : Sustainability Strategy : Key Blueprint for Business Growth" from SET;
- "Guidelines for using electronic to report of changes in securities holding of Director, Executive and Auditor (Form 59-2)" from SEC;
- "Enhancing Good Corporate Governance based on CGR Scorecard" from Thai Listed Companies Association and SET;
- "Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)" from Thai Institute of Directors;
- "Listed Companies Preparation for New Corporate Governance Code : CG Code" from SET in association with Thai Listed Companies Association;
- "Qualification specification for Chief Financial Officer (CFO) and Accountant" from SET;
- Smart Disclosure Program (SDP) from SEC in associate with SET;
- AGM Checklist from Thai Investors Association.





## Board of Directors & Committees' list

Directors of Sub-Committees	Board of Directors	Executive Board	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. Dr. Tongchat Hongladaromp	x		/			x	
2. Mr. Pradang Prichayangkun	/		x		/	/	
3. Mr. Seri Suksathaporn	/		/		x	/	
4. Mrs. Sirpen Vilailuck	/						
5. Mr. Charoenrath Vilailuck	/	x		x			
6. Mr. Watchai Vilailuck	/	/		/			x
7. Mr. Sirichai Rasameechan	/				/		
8. Mr. Prinya Waiwatana	/				/		
9. Mr. Thananan Vilailuck	/	/		/			/
10. Mrs. Sukanya Vanichjakvong							/
11. Mr. Jong Diloksombat		/					/
12. Mr. Pracha Phathayakorn	/	/		/			/
13. Mr. Teerachai Phongpanangam		/					/
14. Mrs. Phongsri Saluckpetch							/
15. Miss Kanokwan Chanswangpuvana							/

*Remark : x = Chairman, / = Director, Committee Member*

## Directors' list of Major Subsidiaries

Name of Directors	Subsidiaries				
	Samart Digital Pcl.	Samart Telcoms Pcl.	Samart Comtech Co., Ltd.	Samart Communication Services Co., Ltd.	Cambodia Air Traffic Services Co., Ltd.
1. Mr. Charoenrath Vilailuck	/	//	x	x	x
2. Mr. Watchai Vilailuck	//	//	/	/	/
3. Mr. Sirichai Rasameechan		//			
4. Mr. Piyapan Jumpasut	x				
5. Dr. Chotivid Chayavadhanangkur	/				
6. Mr. Kunthit Arunyananda	/				
7. General Sumpun Boonyanun		x			
8. Ms. Rapeepan Luangaramrut		/			
9. Mr. Vichai Pokasamrit		/			
10. Mr. Kajornvut Tayanukorn		/			
11. Mr. Thananan Vilailuck		//			
12. Mr. Jong Diloksombat		//	/	/	
13. Mrs. Sukanya Vanichjakvong	//				
14. Mr. Pracha Phathayakorn	//				
15. Mr. Pornchai Krivichian			/	/	
16. Mr. Suchart Duangthawee			/		
17. Miss Chotika Kamloonsesruch			/		
18. Mr. Teerachai Phongpanangam					/
19. Mr. Threeraphat Kulikijamjorn					/

*Remarks : x = Chairman, / = Director, // = Executive Director*

The Board of Directors, Managements and Company Secretary of Major Subsidiaries Samart Digital Public Company Limited (“SDC”) formerly known as Samart I-Mobile Pcl.

- The Board of Directors of Samart Digital Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. Mr. Piyapan Champasut</b> - Chairman of the Board - Independent Director - Audit Committee Member  <i>(To be appointed as a director on Mar. 1, 2016)</i>	69	- Honorary Doctorate of Philosophy, Ramkhamhaeng University - Honorary Master of Laws, Ramkhamhaeng University - Honorary Master of Arts (Public Administration), the National Institute of Development Administration (NIDA) - Bachelor of Laws, Chulalongkorn University - <b>Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2008</b>	-	-	Mar. 2016-Present	Chairman of the Board of Directors / Independent Director / Audit Committee Member	Samart Digital Pcl.
					2009-2011	<b>Position in other listed companies</b> Chairman of the Board of Directors	Airports of Thailand Public Company Limited (AOT)
					2012-Present	<b>Position in non-listed companies</b> Chairman of the Board of Directors	Terabyte Net Solution Public Company Limited
					1996-Present 2008-2011 2006-2011	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors	P S Member Co., Ltd. Bangkok Mass Transit Authority The Transport Co., Ltd.

**Remarks :** <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>2. Dr. Chotivud Chayavadhanangkur</b> - Independent Director - Chairman of the Audit Committee - Chairman of the Corporate Governance Committee - Nominating & Compensation Committee Member  <i>(To be appointed as a director on Sep. 30, 2003)</i>	70	- Doctorate of Ph.D. in Electrical Engineering, University of Minnesota, USA - Master Degree in M.S. Electrical Engineering, University of Minnesota, USA - Bachelor Degree in Engineering (1 <sup>st</sup> Class Honour), Chulalongkorn University - <b>Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004</b>	0.07% 3,000,000 shares	-	2009-Present	Chairman of the Audit Committee	Samart Digital Pcl.
					2003-2009	Audit Committee Member	Samart Digital Pcl.
					2003-Present	Independent Director	Samart Digital Pcl.
					2008-Present	Chairman of the Corporate Governance Committee	Samart Digital Pcl.
					2005-Present	Nominating & Compensation Committee Member	Samart Digital Pcl.
<b>3. Mr. Kunthit Arunyananda</b> - Independent Director - Audit Committee Member - Chairman of the Nominating & Compensation Committee - Corporate Governance Committee Member  <i>(To be appointed as a director on Sep. 30, 2003)</i>	51	- Mini MBA, Business Administration, Thammasat University - Bachelor Degree in Accounting, The Rajamongkol Institute of Technology - <b>Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2004</b>	0.02% 800,000 Shares	-	2005-Present	<b>Position in other listed companies</b> -	
					2005-Present	<b>Position in non-listed companies</b> Director	Greens Spot Co., Ltd.
					2002-Present	Chairman of the Board of Directors	BITIC Co., Ltd. Bangkok Servex Co., Ltd.
					2009-Present	Chairman of the Nominating & Compensation Committee	Samart Digital Pcl.
					2008-2009	Nominating & Compensation Committee Member	Samart Digital Pcl.
					2003-Present	Independent Director / Audit Committee Member	Samart Digital Pcl.
					2008-Present	Corporate Governance Committee Member	Samart Digital Pcl.
					2005-2008	Chairman of the Corporate Governance Committee	Samart Digital Pcl.
					2014-Present	<b>Position in other listed companies</b> Executive Director	Kuang Pei San Food Product Plc.
					2001-Present	<b>Position in non-listed companies</b> Director	Sam Nak-Ngan AM.C. Co., Ltd.

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Plc.)

% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Mr. Charoenrath Vilailuck</b> - Director - Risk Management Committee Member <i>(To be appointed as a director on Sep. 30, 2003)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	-				- See details in “The Board of Directors of Samart Corporation Pcl.” -
<b>5. Mr. Watchai Vilailuck</b> - Authorized Director - Chief Executive Officer - Executive Chairman - Chairman of the Risk Management Committee <i>(To be appointed as a director on Sep. 30, 2003)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.18% 7,781,000 shares				- See details in “The Board of Directors of Samart Corporation Pcl.” -

Remark : <sup>(1)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>6. Mrs. Sukanya Vanichjakkong</b> - Authorized Director - President - Executive Director - Risk Management Committee Member - Corporate Governance Committee Member - Nominating and Compensation Committee Member - Chairman of the Sustainable Development Committee  <i>(To be appointed as a director on Nov. 12, 2015)</i>	51	- Master Degree in International Marketing, Chuo University Tokyo, Japan - Bachelor Degree in Journalism and Mass Communication, Thammasat University - The 6 <sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice - Advanced Security Management Program, National Defense College - Top Executive Program in Commerce and Trade : TEPCoT 10 - <b>Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2013</b>	0.34% 14,900,000 shares	Mr. Charoenrath's and Mr. Watchai's younger sister	May 2016-Present	Corporate Governance Committee Member / Nominating and Compensation Committee Member	Samart Digital Pcl.
					Nov. 2015-Present	Director / President / Executive Director / Chairman of the Sustainable Development Committee / Risk Management Committee Member	Samart Digital Pcl.
					May 2016-Present 2013-Present	<b>Position in other listed companies</b> Executive Chairman Director / Risk Management Committee Member / Chairman of the Sustainable Development Committee	One to One Contracts Pcl. One to One Contracts Pcl.
					May 2016-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and Related Companies in 56-1 Form and the Annual Report 2017 of Samart Digital Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>7. Mr. Pracha Phathayakorn</b> - Authorized Director - Executive Director - Risk Management Committee Member - Sustainable Development Committee Member  <i>(To be appointed as a director on Aug. 13, 2015)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	-			- See details in “The Board of Directors of Samart Corporation Pcl.” -	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
 % of total number of voting rights

Remark : (\*) Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights



Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>3. Mrs. Sumonthip Srimek</b> - Vice President - Account <i>(To be appointed as a Executive Director on Sep. 30, 2003)</i>	58	- Master Degree, Business Administration, Kasetsart University - Bachelor Degree in Accounting, Chiang Mai University	-	-	2004-Present	Vice President - Account	Samart Digital Pcl.
						<u>Position in other listed companies</u> -	
						<u>Position in non-listed companies</u> -	
<b>4. Mr. Suchat Satprasert</b> - Vice President - Network Community <i>(To be appointed as Management on Jul. 1, 2017)</i>	51	- Master Degree in Business Administration, the National Institute of Development Administration (NIDA) - Bachelor Degree in Electronic Engineering, King Mongkut's Institute of Technology Ladkrabang	0.03% 1,265,600 shares	-	Jul. 2017-Present	Vice President - Network Community	Samart Digital Pcl.
						<u>Position in other listed companies</u> -	
					2007-Jun. 2017	<u>Position in non-listed companies</u> Acting Vice President	Samart Communication Service Co., Ltd.
<b>5. Miss. Sirintra Saipavun</b> - Vice President - Digital Network <i>(To be appointed as Management on Jul. 1, 2017)</i>	38	- Master Degree in Business Administration, with major in Marketing, University of the Thai Chamber of Commerce - Bachelor Degree in Accounting, with major in Cost Accounting, University of the Thai Chamber of Commerce	-	-	Jul. 2017-Present	Vice President - Digital Network	Samart Digital Pcl.
					Dec. 2016-Jun. 2017	Vice President - Corporate Marketing	Samart Digital Pcl.
					2008-2014	<u>Position in other listed companies</u> Device Channel Management Manager	Total Access Communication Plc.
					2014-2016	<u>Position in non-listed companies</u> Business Manager	Intel Microelectronics (Thailand) Co., Ltd.

Remark : <sup>(1)</sup> includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
6. Mr. Hiran Phanbanlaem  - Acting Vice President-Finance  (To be appointed as Management on Jul 1, 2017)	54	- Master Degree in Business Administration, with major in Finance, Ramkhamhaeng University	0.0005% 20,000 shares	-	Jul. 2017-Present	Acting Vice President-Finance	Samart Digital Pcl.
					2015-Jun. 2017	AVP-Finance Operation & Corporate Treasury	Samart Digital Pcl.
					2012-2014	Sr. Manager Finance	Samart Digital Pcl.
					<u>Position in other listed companies</u>		
					<u>Position in non-listed companies</u>		

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Digital Pcl.)  
% of total number of voting rights

● Company Secretary of Samart Digital Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SDC <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>Miss Boonrut Mongkolratanakorn</b> - Company Secretary - Secretary to Sub-Committees - Sustainable Development Committee Member  <i>(To be appointed as the Company Secretary on Oct. 31, 2003)</i>	55	- Mini MBA, Business Administration, Thammasat University - Bachelor Degree in Accounting, Thammasat University - Law and Regulations for Company Secretary, Chulalongkorn University in 2003 - Internal Auditing Certificate Program, Federation of Accounting Professions in 2003 - Graduation certificate in Advanced Accounting, Thammasat University in 1986  (Role and responsibilities of the Company Secretary, please see in the Annual Report 2017 of Samart Digital Pcl.)	0.0016% 70,000 shares	-	Nov. 2013-Present	Sustainable Development Committee Member	Samart Digital Pcl.
					Aug. 2013-Present	Company Secretary	Samart Digital Pcl.
					2003-July 2013	Head of Internal Audit and Company Secretary	Samart Digital Pcl.
					2003-Present	Secretary to Sub-Committees	Samart Digital Pcl.
						<b>Position in other listed companies</b> -	
						<b>Position in non-listed companies</b> -	

Remark : <sup>(1)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

# Directors and Managements in Major Subsidiaries

## Samart Digital Public Company Limited

### Directors and Managements in Subsidiaries and Related Companies as of December 31, 2017

	Company	Subsidiaries												Related Companies																																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47						
Directors and Managements	SDC <sup>(1)</sup>	SMS	SDM	ZA	TCN	I-SPORT <sup>(2)</sup>	ENT <sup>(2)</sup>	IMP <sup>(2)</sup>	I-SPORT M <sup>(2)</sup>	SSTV <sup>(2)</sup>	S2A	TBS	SC	STC	SCT	SBS	OTO	SE	PN	SCS	SIF	SAET	SUT	SEC	CATS	KPP	CS	CIO	TTN	STW	SH	SRT	OTP	PTN	VIH	VSS	OTOC	TEDA	TS	SUM	SGE	SLA	NST	NMD	ITAB	SCI	ST						
	1. Mr. Piyapan Jumpasut	x///																																																			
	2. Dr. Chotivid Chayavadhanangkur	////																																																			
	3. Mr. Kunthit Arunyananda	////																																																			
	4. Mr. Charoenrath Vilailuck	/											///	///	x	x	/	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x				
	5. Mr. Watchai Vilailuck	////	x	x	x	x	x	x	x	x	x	x	///	///	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
	6. Mrs. Sukanya Vanichjakkong	////	/	/	/	/	/	/	/	/	/	/					/																/		/																		
	7. Mr. Pracha Phathayakorn	////	/	/	/			/			/	/	///				/							/								/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				
	8. Mrs. Sumonthip Srimek	///																																																			
	9. Mr. Suchat Satprasert	///										/																																									
	10. Ms. Sirintra Saipavun	///																																																			
11. Mr. Hiran Phanbanlaem	///																																																				

Remarks : 1) x = Chairman, / = Director, // = Executive Director, /// = Audit Committee/Independent Director, //// = Management

2) Companies Symbol:

- SDC = Samart Digital Pcl.
- SMS = Samart Mobile Services Co., Ltd.
- SDM = Samart Digital Media Co., Ltd.
- ZA = ZECUREASIA Co., Ltd.
- TCN = Teleconnect Co., Ltd.
- I-SPORT = I-Sport Co., Ltd.
- ENT = Entertainment Tree Co., Ltd.
- IMP = I-Mobile Plus Co., Ltd.
- I-SPORT M = Siam Sport Television Co., Ltd.
- S2A = SIMZASSET Co., Ltd.
- S2A = Siam Sport Television Co., Ltd.
- TBS = Thai Base Station Co., Ltd.
- SC = Samart Corporation Pcl.
- STC = Samart Telecoms Pcl.
- SCT = Samart Comtech Co., Ltd.
- OTO = One To One Contacts Pcl.
- SE = Samart Engineering Co., Ltd.
- PN = Posnet Co., Ltd.
- SCS = Samart Communication Service Co., Ltd.
- SIF = Samart Infonet Co., Ltd.
- SUT = Samart U-Trans Co., Ltd.
- SEC = Suvannabhum Environment Care Co., Ltd.
- CATS = Cambodia Air Traffic Service Co., Ltd.
- KPP = Kampot Power Plant Co., Ltd.
- CS = Cambodia Samart Co., Ltd.
- CIO = Contact-In-One Co., Ltd.
- TTN = Thai Trade Net Co., Ltd.
- STW = Samart Inter Holding Co., Ltd.
- SH = Samart Paditech Co., Ltd.
- VIH = Vision and Security System Co., Ltd.
- VSS = Vision and Security System Co., Ltd.
- OTOC = One To One Professional Co., Ltd.
- PTN = Portanet Co., Ltd.
- S36 = Vialiluck International Holding Co., Ltd.
- S36 = Vialiluck International Holding Co., Ltd.
- OTOC = One To One Professional Co., Ltd.
- SLA = SLA Asia Co., Ltd.
- TEDA = Transec Power Services Co., Ltd.
- SLA = SLA Asia Co., Ltd.
- SGE = Samart Green Energy Co., Ltd.
- NST = Net Service (Thailand) Co., Ltd.
- ITAB = IT Absolute Co., Ltd.
- SCI = SECUREINFO Co., Ltd.
- STR = Samart Transolutions Co., Ltd.
- IMP = I-Mobile Plus Co., Ltd.
- TBS = Thai Base Station Co., Ltd.
- SBS = Samart Broadband Services Co., Ltd.
- SCS = Samart Communication Service Co., Ltd.
- SEC = Suvannabhum Environment Care Co., Ltd.
- CIO = Contact-In-One Co., Ltd.
- SRT = Samart Paditech Co., Ltd.
- VSS = Vision and Security System Co., Ltd.
- SUM = Samart U-Trans (Myanmar) Co., Ltd.
- NMD = Net Media Co., Ltd.

3) <sup>(1)</sup> Formerly known as Samart I-Mobile Public Company Limited (SIM)

<sup>(2)</sup> Direct held by Samart Digital Media Co., Ltd.

<sup>(3)</sup> Direct held by I-Sport Co., Ltd.

## Samart Digital Public Company Limited Board of Directors and Committees’ list

Directors of Committees’ Member	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. Mr. Piyapan Champasut	x		/				
2. Dr. Chotivid Chayavadhanangkur	/		x		x	/	
3. Mr. Kunthit Arunyananda	/		/		/	x	
4. Mr. Charoenrath Vilailuck	/			/			
5. Mr. Watchai Vilailuck	/	x		x			
6. Mrs. Sukanya Vanichjakvong	/	/		/	/	/	x
7. Mr. Pracha Phathayakorn	/	/		/			/
8. Miss Boonrut Mongkolratanaorn							/

*Remark : x = Chairman, / = Director*

## Directors’ list of Major Subsidiaries<sup>(\*)</sup>

- N/A -

*Remark : <sup>(\*)</sup> Subsidiaries which its revenue represent over 10% of Group revenue. (SDC)*

## Samart Telcoms Public Company Limited (“SAMTEL”)

### ● The Board of Directors of Samart Telcoms Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. General Sumpun Boonyanun</b> - Independent Director - Authorized Director - Chairman - Chairman of the Nominating & Compensation Committee - Audit Committee Member  <i>(To be appointed as a director on Apr. 24, 2008)</i>	74	- Bachelor of Science, Chulachomkiao Royal Military Academy, Class 15 - The regular main course, Command and General Staff College, Class 55 - National Defence Course, Class 35 National Defence College of Thailand <u>Training courses from Thai Institute            of Directors Association (IOD) :</u> - Director Certification Program (DCP) in 2009 - Director Accreditation Program (DAP) in 2008 - Role of Compensation Committee (RCC) in 2008 - Audit Certification Program (ACP) in 2008 - Anti-Corruption for Executive Program (ACEP) in 2014	0.016% 100,000 shares	-	Dec. 2017-Present	Chairman	Samart Telcoms Pcl.
					2008-Present	Independent Director	Samart Telcoms Pcl.
					Dec. 2017-Present	Audit Committee Member	Samart Telcoms Pcl.
					2008-Present	Chairman of the Nominating & Compensation Committee	Samart Telcoms Pcl.
					2008-Nov. 2017	Chairman of the Audit Committee	Samart Telcoms Pcl.
					2008-Nov. 2017	Corporate Governance Committee Member	Samart Telcoms Pcl.
					<b>Position in other listed companies</b>		
					-		
					<b>Position in non-listed companies</b>		
					2016-Present	Director	Tipwarin Watana Co., Ltd.
					2016-Present	Consulting	GML Exhibition (Thailand) Co., Ltd.

**Remark :** <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
2. Mr. Vichai Pokasamrit - Independent Director - Chairman of the Audit Committee Member - Chairman of the Corporate Governance Committee - Nominating & Compensation Committee Member  (To be appointed as a director on Apr. 21, 2011)	68	- Master of Arts in Political Science, Western Michigan University, U.S.A. - Bachelor Degree in Laws, Thammasat University - National Defence Program for Government, Public and Political Sectors, The National Defence College in 2014 - Certificate of Urban Development Management, Australia - Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2011	0.016% 100,000 shares	-	2011-Present	Independent Director	Samart Telcoms Pcl.
					Dec. 2017-Present	Chairman of the Audit Committee	Samart Telcoms Pcl.
					2011-Present	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2012-Present	Chairman of the Corporate Governance Committee	Samart Telcoms Pcl.
					2011-Nov. 2017	Audit Committee Member	Samart Telcoms Pcl.
						<u>Position in other listed companies</u>	
						-	
						<u>Position in non-listed companies</u>	
						-	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights



Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>3. Miss Rapeepan Luangaramrut</b> - Independent Director - Audit Committee Member - Corporate Governance Committee Member - Nominating & Compensation Committee Member  <i>(To be appointed as a director on Apr. 24, 2008)</i>	61	- Master of Business Administration, Chulalongkorn University - Bachelor Degree in Business Administration, Silpakorn University - Certificate of Competition & Strategy Program, Harvard Business School, USA. - Certificate of Advanced Management Program (AMP), Harvard Business School, USA. - <b>Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2003</b> - Leadership Program (Class 9), Capital Market Academy - National Defence College, (Class 22) - National Defence College of Thailand - Advanced Political and Electoral Development Institute (Class 3) - Chief Executive Course for Urban Development Management (Class 1), Urban Green Development Institute Bangkok - The 4 <sup>th</sup> Training Course on Administrative Justice for Executive, Institute of Administrative Justice - Top Executive Program in Energy Literacy (Class 6), Thailand Energy Academy - RE-CU CEO-PREMIUM IN MODERN REAL-ESTATE BUSINESS (Class 2), The Real Estate Executive Association of Chulalongkorn University	-	-	2008-Present	Independent Director / Audit Committee Member	Samart Telcoms Pcl.
					2013-Present	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					Dec. 2017-Present	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2008-2013	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2010-Present	<b>Position in other listed companies</b> Director	TPT Petrochemicals Pcl.
					2016-Present	Consulting	Gunkul Engineering Pcl.
					2013-Present	<b>Position in non-listed companies</b> Consulting President	Dream House Co., Ltd.
					2012-Present	Director	Entertainment Tree Co., Ltd.
					2005-Present	Director	R Property Co., Ltd.
					2004-Present	Executive Chairman	Khun Reed Corporation Co., Ltd.
					2004-Present	Executive Director	Derma Belle Co., Ltd.
					2000-Present	Executive Chairman	110 Vipha Co., Ltd.
					2005-Present	Director	Siam Solvay Foundation

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Mr. Kajornvut Tayanukorn</b> - Director - Corporate Governance Committee Member <i>(To be appointed as a director on Apr. 29, 2004)</i>	62	- Master of Business Administration, Thammasat University - <b>Director Accreditation Program            (DAP), Thai Institute of Directors            Association (IOD) in 2005</b>	0.081% 500,000 shares	-	2004-Present 2013-Present	Director Corporate Governance Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					2008-2013	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2001-Present	<b>Position in other listed companies</b> Executive Vice President	Bangkok Bank Pcl.
<b>5. Mr. Sirichai Rasameechan</b> - Director - Corporate Governance Committee Member <i>(To be appointed as a director on Jul. 1, 1998)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.024% 150,000 shares		2013-Present	<b>Position in non-listed companies</b> Executive Director	Processing Center Co., Ltd.
					- See details in “The Board of Directors of Samart Corporation Pcl.” -		
<b>6. Mr. Charoenrath Vialluek</b> - Authorized Director - Executive Director - Risk Management Committee Member <i>(To be appointed as a director on Jul. 26, 1996)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.462% 2,854,600 shares		- See details in “The Board of Directors of Samart Corporation Pcl.” -		
<b>7. Mr. Watchai Vialluek</b> - Authorized Director - Executive Chairman & Chief Executive Officer - Chairman of the Risk Management Committee Member <i>(To be appointed as a director on Jul. 26, 1996)</i>		- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.267% 1,650,010 shares		- See details in “The Board of Directors of Samart Corporation Pcl.” -		

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>8. Mr. Thananan Vilailuck</b> - Director - Executive Director - Risk Management Committee Member  <i>(To be appointed as a director on Apr. 29, 2016)</i>		- See details in "The Board of Directors of Samart Corporation Pcl." -	0.008% 50,000 shares				- See details in "The Board of Directors of Samart Corporation Pcl." -
<b>9. Mr. Jong Diloksonbat</b> - Director - Executive Director - President - Chairman of the Sustainable Development Committee - Corporate Governance Committee Member - Risk Management Committee Member  <i>(To be appointed as a director on Jan. 11, 2012)</i>		- See details in "Executives and Managements of Samart Corporation Pcl." -	0.065% 400,000 shares				- See details in "Executives and Managements of Samart Corporation Pcl." -

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

● Executives & Managements of Samart Telcoms Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years	
					During	Position / Department
<b>1. Mr. Watchai Vilailuck</b> (To be appointed as management on Mar. 16, 2000)	- See details in “The Board of Directors of Samart Corporation Pcl.” -	- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.267% 1,650,010 shares	- See details in “The Board of Directors of Samart Corporation Pcl.” -	- See details in “The Board of Directors of Samart Corporation Pcl.” -	- See details in “The Board of Directors of Samart Corporation Pcl.” -
<b>2. Mr. Jong Diloksombat</b> (To be appointed as management on Jan. 11, 2012)	- See details in “Executives and Managements of Samart Corporation Pcl.” -	- See details in “Executives and Managements of Samart Corporation Pcl.” -	0.065% 400,000 shares	- See details in “Executives and Managements of Samart Corporation Pcl.” -	- See details in “Executives and Managements of Samart Corporation Pcl.” -	- See details in “Executives and Managements of Samart Corporation Pcl.” -
<b>3. Mr. Pornchai Krivichian</b> - Executive Vice President - Network Solutions Business Group - Sustainable Development Committee Member (To be appointed as a director on Mar. 1, 2005)	52	- Master of Engineering, Bridgeport University, USA.	0.007% 42,000 shares	-	2015-Present 2013-Present 2005-2016 2011-2015	Executive Vice President - Network Solutions Business Group Sustainable Development Committee Member Risk Management Committee Member Executive Vice President - Network Services Business Group and System Integration Business Group <b>Position in non-listed companies</b> - <b>Position in non-listed companies</b> Director Subsidiaries and Related Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)

**Remark :** <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Miss Chotika Kamloonwesarnuch</b> - Executive Vice President-Enhanced Technology Solutions Business Group - Sustainable Development Committee Member  <i>(To be appointed as management on Mar. 15, 2016)</i>	50	- Master of Engineering, King Mongkut's University of Technology North Bangkok	0.023% 140,000 shares	-	2016-Present	Executive Vice President-Enhanced Technology Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					Present	<b>Position in other listed companies</b> - <b>Position in non-listed companies</b> Director	Subsidiaries (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)
<b>5. Mr. Suchart Duangthavee</b> - Executive Vice President-Business Application Business Group - Sustainable Development Committee Member  <i>(To be appointed as management on Mar. 15, 2016)</i>	59	- Bachelor Degree of Engineering, King Mongkut's University of Technology North Bangkok	0.075% 466,000 shares	-	Feb. 2017-Present	Executive Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Jan. 2017	Senior Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					Present	<b>Position in other listed companies</b> - <b>Position in non-listed companies</b> Director	Subsidiaries (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>6. Mrs. Aroonluck Dilokwanich</b> - Vice President - Corporate Accounting <i>(To be appointed as management on Sep. 1, 2003)</i>	59	- Master of Accounting, Bridgeport University, USA - Bachelor of Accounting, Thammasat University	-	-	2003-Present	Vice President-Corporate Accounting	Samart Telcoms Pcl.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	
<b>7. Mr. Dhiokpat Nisamaneevong</b> - Vice President-Finance & Investor Relations <i>(To be appointed as management on Feb. 1, 2014)</i>	48	- Master of Business Administration, Major Finance, Long Island University, School of Business, Booklyn Campus, New York - Bachelor of Business Administration, concentration of Finance, Kasetsart University - Digital Economy for Management Course (Class 5), Institute of Research and Development for Public Enterprises (IRDP) in 2017	-	-	2014-Present	Vice President-Finance & Investor Relations	Samart Telcoms Pcl.
					2014-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2002-2014	<u>Position in other listed companies</u> Vice President-Lob Finance	Samart Digital Pcl.
					Present	<u>Position in non-listed companies</u> Director	Subsidiaries (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children (See the securities holding information in the Annual Report 2017 of Samart Telcoms Pcl.)

% of total number of voting rights

● Company Secretary of Samart Telcoms Public Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SAMTEL <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>Mr. Somchai Bunsupaporn</b> - Vice President - Internal Audit and Company Secretary  <i>(To be appointed as Vice President - Internal Audit and Company Secretary on Oct. 28, 2003)</i>	60	- Master of Business Administration, Kasetsart University - Bachelor of Accounting, Chulalongkorn University - Internal Audit operations Course 1 (Class 27), The Institute of certified Accountants and Auditors of Thailand (Federation of Accounting Professions) - Laws and regulations for company secretary course 3, Research Center for Law and Development, Faculty of Law, Chulalongkorn University.  (Role and responsibilities of the Company Secretary, please see in the Annual Report 2017 of Samart Telcoms Pcl.)	0.000% 100 shares	-	Jul. 2017-Present	Vice President - Internal Audit and Company Secretary	Samart Telcoms Pcl.
					2003-Jun. 2017	Assistant Vice President - Internal Audit and Company Secretary	Samart Telcoms Pcl.
					2013-2016	Sustainable Development Committee Member	Samart Telcoms Pcl.
					<b>Position in other listed companies</b>		
					-		
					<b>Position in non-listed companies</b>		
					-		

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights



Directors and Managements in Subsidiaries and Related Companies as of December 31, 2017

Remarks : 1) x = Chairman, / = Director, // = Executive Director, # = Management

1. STC	=	Smart Telecoms Pcl.	2. SOS	=	Smart Communication Services Co., Ltd.	3. SCT	=	Smart Comtech Co., Ltd.	4. SBS	=	Smart Broadband Services Co., Ltd.
5. PN	=	Posnet Co. Ltd.	6. TTN	=	Thai Trade Net Co., Ltd.	7. STW	=	Smartware Co., Ltd.	8. SJF	=	Smart Infonet Co., Ltd.
9. SAET	=	Smart Ed-Tech Co. Ltd.	10. NMD	=	Net Media Co., Ltd.	11. ITAB	=	IT Absolute Co., Ltd.	12. PTN	=	Portanet Co., Ltd.
13. NST	=	Net Service (Thailand) Co., Ltd.	14. SCD	=	Secureinfo Co., Ltd.	15. SLA	=	SLA Asia Co., Ltd.	16. SC	=	Smart Corporation Pcl.
17. SUT	=	Smart U-Trans Co., Ltd.	18. VSS	=	Vision and Security System Co., Ltd.	19. SE	=	Smart Engineering Co., Ltd.	20. SRT	=	Smart Reditech Co., Ltd.
21. CS	=	Cambodia Smart Co., Ltd.	22. SH	=	Smart Inter Holding Co., Ltd.	23. TEDA	=	Teda Co., Ltd.	24. SGE	=	Smart Green Energy Co., Ltd.
25. SUM	=	Smart U-Trans (Myanmar) Co., Ltd.	26. STR	=	Smart Transolutions Co., Ltd.	27. TS	=	Transac Power Services Co., Ltd.	28. KPP	=	Kamport Power Plant Co., Ltd.
29. CATS	=	Cambodia Air Traffic Services Co., Ltd.	30. CIO	=	Contact-In-One Co., Ltd.	31. SDC	=	Smart Digital Pcl. (Formerly named Smart I-Mobile Pcl. "SIM")	32. SMS	=	Smart Mobile Services Co., Ltd.
33. SDM	=	Smart Digital Media Co., Ltd.	34. IMP	=	I-Mobile Plus Co., Ltd.	35. TCN	=	Teleconnect Co., Ltd.	36. ZA	=	Zecureasia Co., Ltd.
37. SZA	=	SIM2Asset Co., Ltd.	38. TBS	=	Thai Base Station Co., Ltd.	39. I-SPORT	=	I-SPORT Co., Ltd.	40. ENT	=	Entertainment Tree Co., Ltd.
41. I-SPORT M	=	I-Sport Media Co., Ltd.	42. SSTV	=	Siam Sport Television Co., Ltd.	43. OTO	=	One To One Contacts Pcl.	44. OTP	=	One To One Professional Co., Ltd.
45. OTOC	=	One To One (Cambodia) Co., Ltd.	46. VIH	=	Vialluch International Holding Co., Ltd.						

## SAMART 4.0

"Transformation to Success and Beyond"

## Samart Telcoms Public Company Limited

### Board of Directors & Committees' list

Directors of Sub-Committees	Board of Directors	Executive Board	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. General Sumpun Boonyanun	x		/			x	
2. Miss Rapeepan Luangaramrut	/		/		/	/	
3. Mr. Vichai Pokasamrit	/		x		x	/	
4. Mr. Kajornvut Tayanukorn	/				/		
5. Mr. Charoenrath Vilailuck	/	/		/			
6. Mr. Watchai Vilailuck	/	x		x			
7. Mr. Thananan Vilailuck	/	/		/			
8. Mr. Sirichai Rasameechan	/				/		
9. Mr. Jong Diloksombat	/	/		/	/		x
10. Mr. Pornchai Krivichian							/
11. Miss Chotika Kamloonwesaruch							/
12. Mr. Suchart Duangthawee							/
13. Mrs. Nisachol Udomwongwiwat							/
14. Miss Kanokwan Chanswangpuvana							/

*Remark : x = Chairman, / = Director, Committee Member*

### Directors' list of Major Subsidiaries<sup>(\*)</sup>

Name-Surname	Samart Communication Services Co., Ltd.	Samart Comtech Co., Ltd.	Portalnet Co., Ltd.
1. Mr. Charoenrath Vilailuck	x	x	x
2. Mr. Watchai Vilailuck	/	/	/
3. Mr. Jong Diloksombat	/	/	/
4. Mr. Pornchai Krivichian	/	/	
5. Mr. Suchart Duangthawee		/	/
6. Miss Chotika Kamloonwesaruch		/	
7. Mr. Dhilokpat Nisamaneevong			/

*Remarks : 1) x = Chairman, / = Director*

*2) <sup>(\*)</sup> Subsidiaries which its revenue represent over 10% of Group Revenue.*

## Samart Comtech Company Limited (“SCT”)

### ● The Board of Directors of Samart Comtech Company Limited as of December 31, 2017

Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years	
					During	Position / Department / Company / Type Business
<b>1. Mr. Charoenrath Vialliluck</b> - Chairman <i>(To be appointed as a Director on May 3, 1955)</i>	- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.00008% 2 Shares	- See details in “The Board of Directors of Samart Corporation Pcl.” -			
<b>2. Mr. Watchai Vialliluck</b> - Director <i>(To be appointed as a Director on May 3, 1955)</i>	- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.00008% 2 Shares	- See details in “The Board of Directors of Samart Corporation Pcl.” -			
<b>3. Mr. Jong Diloksombat</b> - Director <i>(To be appointed as a Director on Dec. 28, 2012)</i>	- See details in “The Executives and Managements of Samart Corporation Pcl.” -	-	- See details in “The Executives and Managements of Samart Corporation Pcl.”			

*Remark : <sup>(1)</sup> Includes holding by spouse and minor children  
% of total number of voting rights*

Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>4. Mr. Pornchai Krivichian</b> - Director  <i>(To be appointed as a Director on Oct. 12, 2007)</i>	52	- Master of Engineering, Bridgeport University, USA.	-	-	2007-Present	Director	Samart Comtech Co., Ltd.
					2015-Present	<b>Position in other listed companies</b> Executive Vice President-Network Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2005-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2011-2015	Executive Vice President-Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>5. Miss Chotika Kamloonsesaru</b> - Director - Managing Director and Vice President - Sales Group  <i>(To be appointed as a  Director on Dec. 21, 2010)</i>	50	- Master of Engineering, King Mongkut's University of Technology North Bangkok.	-	-	2010-Present	Director	Samart Comtech Co., Ltd.
					2013-Present	Managing Director and Vice President-Sales Group	Samart Comtech Co., Ltd.
					2004-2013	Vice President-Engineering Consultant	Samart Comtech Co., Ltd.
					2016-Present	<b>Position in other listed companies</b> Executive Vice President-Enhanced Technology Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
<b>6. Mr. Suchart Duangthavee</b> - Director - Vice President - Airport Business Management  <i>(To be appointed as a  Director on Dec. 1, 2006)</i>	59	- Bachelor Degree of Engineering, King Mongkut's University of Technology North Bangkok.	-	-	2010-May 2016	Risk Management Committee Member	Samart Telcoms Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)
					2006-Present	Director	Samart Comtech Co., Ltd.
					2013-Present	Vice President-Airport Business Management	Samart Comtech Co., Ltd.
					2011-2013	General manager	Samart Comtech Co., Ltd.
					Feb. 2017-Present	<b>Position in other listed companies</b> Executive Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Jan. 2017	Senior Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

● Executives & Managements of Samart Comtech Company Limited as of December 31, 2017

Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. Miss Chotika Kamboonwesaruch</b> - Managing Director - Vice President-Sales Group  <i>(To be appointed as a Management on Oct. 1, 2013)</i>	50	- Master of Engineering, King Mongkut's University of Technology North Bangkok.	-	-	2010-Present	Director	Samart Comtech Co., Ltd.
					2013-Present	Managing Director and Vice President-Sales Group	Samart Comtech Co., Ltd.
					2004-2013	Vice President-Engineering Consultant	Samart Comtech Co., Ltd.
					2016-Present	<b>Position in other listed companies</b> Executive Vice President-Enhanced Technology Solutions Business Group	Samart Telcoms Pci.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pci.
					2010-May 2016	Risk Management Committee Member	Samart Telcoms Pci.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pci.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>2. Mr. Suchart Duangthavee</b> - Vice President - Airport Business Management  <i>(To be appointed as a  Management on Oct. 1, 2013)</i>	59	- Bachelor Degree of Engineering, King Mongkut's University of Technology North Bangkok.	-	-	2006-Present	Director	Samart Comtech Co., Ltd.
					2013-Present	Vice President-Airport Business Management	Samart Comtech Co., Ltd.
					2011-2013	General manager	Samart Comtech Co., Ltd.
					Feb. 2017-Present	<b>Position in other listed companies</b> Executive Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Jan. 2017	Senior Vice President-Business Application Business Group	Samart Telcoms Pcl.
					2016-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
<b>3. Mr. Danaisak Khonsue</b> - Vice President-Engineering Consultant  <i>(To be appointed as a  Management on Dec. 1, 2013)</i>	46	- Bachelor Degree of Engineering, Saint John's University	-	-	Present	<b>Position in non-listed companies</b> Director	Subsidiaries Companies (as details in the second table attached in 56-1 Form and the Annual Report 2017 of Samart Telcoms Pcl.)
					2013-Present	Vice President-Engineering Consultant	Samart Comtech Co., Ltd.
					2009-2013	Assistant Vice President-Engineering Consultant	Samart Comtech Co., Ltd.
						<b>Position in other listed companies</b> -	
						<b>Position in non-listed companies</b> -	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights



Name-Surname / Position / Date of Appointment	Age	Education / Training	Shareholding in SCT <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Korn Vajanapoom, Ph.D. - Vice President-Implementation  (To be appointed as a Management on Feb. 1, 2016)	41	- Doctor of Telecommunications Engineering, University of Pittsburgh	-	-	2016-Present	Vice President-Implementation	Samart Comtech Co., Ltd.
					2015-2016	Acting Vice President-Implementation	Samart Comtech Co., Ltd.
					2013-2015	Assistance Vice President- Implementation	Samart Comtech Co., Ltd.
					<u>Position in other listed companies</u>		
					-		
<u>Position in non-listed companies</u>			-				

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

# Samart Comtech Company Limited

## Directors and Managements in Related Companies as of December 31, 2017

		Company		Related Companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Directors and Managements		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
			STC <sup>(1)</sup>	SCS	SBS	PN	TTN	STW	SIF	SAET	NMD	ITAB <sup>(2)</sup>	PTN	NST <sup>(3)</sup>	SC <sup>(3)</sup>	SLA <sup>(4)</sup>	SC <sup>(1)</sup>	SUT <sup>(5)</sup>	VSS <sup>(5)</sup>	SE <sup>(5)</sup>	SRT <sup>(5)</sup>	CS <sup>(5)</sup>	SH <sup>(5)</sup>	SGE <sup>(5)</sup>	SUM <sup>(5)</sup>	STR <sup>(5)</sup>	KPP <sup>(7)</sup>	CATS <sup>(8)</sup>	CIO <sup>(9)</sup>	SDC <sup>(1)</sup>	SMS <sup>(10)</sup>	SDM <sup>(10)</sup>	IMP <sup>(10)</sup>	TCN <sup>(10)</sup>	ZA <sup>(10)</sup>	SZA <sup>(10)</sup>	TBS <sup>(10)</sup>	I-SPORT <sup>(11)</sup>	ENT <sup>(11)</sup>	I-SPORT M <sup>(12)</sup>	SSTV <sup>(12)</sup>	OTO <sup>(1)</sup>	OTP <sup>(12)</sup>	VH																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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Remark : 1) x = Chairman, / = Director, // = Executive Director, # = Management

2) The Companies' name

1. SCT = Samart Comtech Co., Ltd.
2. TTN = Thai Trade Net Co., Ltd.
3. SCS = Samart Telecoms Pcl.
4. SBS = Samart Communication Services Co., Ltd.
5. PN = Posnet Co., Ltd.
6. NMD = Net Media Co., Ltd.
7. STW = Smarterware Co., Ltd.
8. SIF = Samart Infonet Co., Ltd.
9. SAET = Samart Ed-Tech Co., Ltd.
10. NMD = Net Media Co., Ltd.
11. ITAB = IT Absolute Co., Ltd.
12. PTN = Portanet Co., Ltd.
13. NST = Net Service (Thailand) Co., Ltd.
14. SCI = Secureinfo Co., Ltd.
15. SLA = SLA Asia Co., Ltd.
16. SC = Samart Corporation Pcl.
17. SUT = Samart U-Trans Co., Ltd.
18. VSS = Vision and Security System Co., Ltd.
19. SE = Samart Engineering Co., Ltd.
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29. SDC = Samart Digital Pcl. (Formerly named Samart I-Mobile Pcl. "SIM")
30. SMS = Samart Mobile Services Co., Ltd.
31. SDM = Samart Digital Media Co., Ltd.
32. IMP = I-Mobile Plus Co., Ltd.
33. TCN = Teleconnect Co., Ltd.
34. ZA = Zecureasia Co., Ltd.
35. S2A = SIM2Asset Co., Ltd.
36. TBS = Thai Base Station Co., Ltd.
37. I-SPORT = I-SPORT Co., Ltd.
38. ENT = Entertainment Tree Co., Ltd.
39. I-SPORT M = I-Sport Media Co., Ltd.
40. SSTV = Siam Sport Television Co., Ltd.
41. OTO = One To One Contacts Pcl.
42. OTP = One To One Professional Co., Ltd.
43. VH = Vialluck International Holding Co., Ltd.

- 3) (1) Listed Companies (2) Held by SBS (3) Held by SCT (4) Held by SCS (5) Held by SC (6) Held by STR (7) Held by SUT (8) Held by SE (9) Held by OTO (10) Held by SDM (11) Held by SC (12) Held by I-SPORT (13) Held by OTO

## Samart Communication Services Company Limited (“SCS”)

- The Board of Directors of Samart Communication Services Company Limited as of December 31, 2017

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in SCS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>1. Mr. Charoenrath Vilailuck</b> - Chairman <i>(To be appointed as a Director on Nov. 11, 1991)</i>	- See details in “The Board of Directors of Samart Corporation Pcl.” -	- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.00004% 2 Shares	- See details in “The Board of Directors of Samart Corporation Pcl.” -			
<b>2. Mr. Watchai Vilailuck</b> - Director <i>(To be appointed as a Director on Nov. 11, 1991)</i>	- See details in “The Board of Directors of Samart Corporation Pcl.” -	- See details in “The Board of Directors of Samart Corporation Pcl.” -	0.00004% 2 Shares	- See details in “The Board of Directors of Samart Corporation Pcl.” -			
<b>3. Mr. Jong Diloksombat</b> - Director <i>(To be appointed as a Director on Feb. 13, 2012)</i>	- See details in “The Executives and Managements of Corporation Pcl.” -	- See details in “The Executives and Managements of Corporation Pcl.” -	-	- See details in “The Executives and Managements of Corporation Pcl.” -			

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in SCS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>4. Mr. Pornchai Krivichian</b> - Director  (To be appointed as a Director on Aug 1, 1999)	52	- Master of Engineering, Bridgeport University, USA.	-	-	1999-Present	Director/Managing Director	Samart Communication Services Co., Ltd.
					2017-Present	Acting - Account Manager 1	Samart Communication Services Co., Ltd.
					2015-Present	<b>Position in other listed companies</b> Executive Vice President-Network Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2005-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2012-2015	Executive Vice President-Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

## ● Executives & Managements of Samart Communication Services Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SCS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>1. Mr. Pornchai Krivichian</b> - Managing Director - Acting - Account Manager 1  <i>(To be appointed as a Management on Aug. 1, 1999)</i>	52	- Master of Engineering, Bridgeport University, USA.	-	-	1999-Present	Director/Managing Director	Samart Communication Services Co., Ltd.
					2017-Present	Acting - Account Manager 1	Samart Communication Services Co., Ltd.
					2015-Present	<b>Position in other listed companies</b> Executive Vice President-Network Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2005-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2012-2015	Executive Vice President-Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies of Samart Telcoms Pcl.)

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in SCS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>2. Mr. Bordin Larbhongsang</b> - Assistance Vice President - Account Manager 2  (To be appointed as a Management on Jan. 1, 2008)	46	- Master of Business Administration, Kasetsart University	-	-	2008-Present	Assistance Vice President - Account Manager 2	Samart Communication Services Co., Ltd.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	
<b>3. Mr. Senee Somma</b> - Vice President - Service  (To be appointed as a Management on Sep. 1, 2014)	50	- Bachelor Degree of Engineering, Rajamagala Institute of Technology	-	-	2014-Present	Vice President - Service	Samart Communication Services Co., Ltd.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

## Directors and Managements in Related Companies as of December 31, 2017

[illegible]

Remark : 1) x = Chairman, / = Director, // = Executive Director, # = Management

2) The Companies' name

- [illegible]



## Cambodia Air Traffic Services Company Limited (“CATS”)

- The Board of Directors of Cambodia Air Traffic Services Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in CATS <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years	
					During	Position / Company / Department
<b>1. Mr. Charoenrath Vilailuck</b> - Chairman (To be appointed as a director on Apr. 5, 2001)	- See details in “The Board of Directors of Samart Corporation Pcl.” -	-	-	-	- See details in “The Board of Directors of Samart Corporation Pcl.” -	-
<b>2. Mr. Watchai Vilailuck</b> - Director (To be appointed as a director on Apr. 5, 2001)	- See details in “The Board of Directors of Samart Corporation Pcl.” -	-	-	-	- See details in “The Board of Directors of Samart Corporation Pcl.” -	-
<b>3. Mr. Teerachai Phongpanangam</b> - Director (To be appointed as a director on Apr. 5, 2001)	51	- Bachelor of Engineering (Electronic), King Mongkut’s Institute of Technology Ladkrabang - Master of Engineering (Engineering Management), California State University Northridge, USA	-	-	2001-Present 2001-2015  2012-Present 2015-Present  2012-Present 2011-2015	Director Managing Director  <b>Position in other listed companies</b> Executive Vice President Utilities and Transportations LOB Executive Director  <b>Position in non-listed companies</b> Managing Director Managing Director  Cambodia Air Traffic Services Co., Ltd. Cambodia Air Traffic Services Co., Ltd.  Samart Corporation Pcl. Samart Corporation Pcl.  Samart U-Trans Co., Ltd. Kampot Power Plant Co., Ltd.

Remark : <sup>(1)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in CATS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Mr. Theeraphat Kulkijamjorn</b> - Director <i>(To be appointed as a director on Sep. 30, 2017)</i>	48	- Bachelor of Industrial Education (Electrical Engineering). King Mongkut's University of Technology North Bangkok - Master of Economics, University of the Thai Chamber and Commerce	-	-	Sep. 2017-Present	Director	Cambodia Air Traffic Services Co., Ltd.
					2016-Present	Managing Director	Cambodia Air Traffic Services Co., Ltd.
					2010-2015	Senior Vice President	Cambodia Air Traffic Services Co., Ltd.
						<u>Position in other listed companies</u>	
						-	
						<u>Position in non-listed companies</u>	
					2016-Present	Managing Director	Kampot Power Plant Co., Ltd.
					2010-2015	Senior Vice President	Kampot Power Plant Co., Ltd.

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

● Executives & Managements of Cambodia Air Traffic Services Company Limited as of December 31, 2017

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in CATS <sup>(1)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. <b>Mr. Theeraphat Kulkijamjorn</b> - Managing Director  (To be appointed as a management on Jan. 1, 2016)	48	- Bachelor of Industrial Education (Electrical Engineering). King Mongkut's University of Technology North Bangkok - Master of Economics, University of the Thai Chamber and Commerce	-	-	Sep. 2017-Present	Director	Cambodia Air Traffic Services Co., Ltd.
					2016-Present	Managing Director	Cambodia Air Traffic Services Co., Ltd.
					2010-2015	Senior Vice President	Cambodia Air Traffic Services Co., Ltd.
2. <b>Mr. Saichon Pinsakul</b> - ATS Operation Director  (To be appointed as a management on Mar. 1, 2010)	70	- Bachelor of Education, Phranakorn Rajabhat University	-	-		<u>Position in other listed companies</u>	
						-	
						<u>Position in non-listed companies</u>	
3. <b>Mr. Krirkchai Thanon</b> - Engineering Director  (To be appointed as a management on Jan. 1, 2016)	43	- Bachelor of Electrical Engineering (Telecommunication). Mahanakorn University of Technology	-	-	2016-Present	Engineering Director	Cambodia Air Traffic Services Co., Ltd.
					2012-2015	Engineering Senior Manager	Cambodia Air Traffic Services Co., Ltd.
						<u>Position in other listed companies</u>	
						-	
						<u>Position in non-listed companies</u>	

Remark : <sup>(1)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

Name-Surname / Position / Appointing Date	Age	Education / Training	Shareholding in CATS <sup>(*)</sup> (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>4. Ms. Siriporn Jannuch</b> - Accounting and Finance Director <i>(To be appointed as a management on Jan. 1, 2016)</i>	50	- Bachelor of Accounting, Siam University	-	-	2016-Present 2011-2015	Accounting and Finance Director Accounting and Finance Senior Manager	Cambodia Air Traffic Services Co., Ltd. Cambodia Air Traffic Services Co., Ltd.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	
<b>5. Ms. Kamonrat Chanmee</b> - Human Resource Director <i>(To be appointed as a management on Jan. 1, 2016)</i>	48	- Bachelor of Accounting, Ramkhamhaeng University	-	-	2016-Present 2014-2015	Human Resource Director Human Resource Senior Manager	Cambodia Air Traffic Services Co., Ltd. Cambodia Air Traffic Services Co., Ltd.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	PTT (Cambodia) Co., Ltd.
<b>6. Mr. Kamon Kongsang</b> - Administrative Director <i>(To be appointed as a management on Jan. 1, 2014)</i>	50	- Bachelor of Law, Ramkhamhaeng University	-	-	2014-Present 2010-2013	Administrative Director General Affair Director	Cambodia Air Traffic Services Co., Ltd. Cambodia Air Traffic Services Co., Ltd.
					-	<u>Position in other listed companies</u>	
					-	<u>Position in non-listed companies</u>	

Remark : <sup>(\*)</sup> Includes holding by spouse and minor children  
% of total number of voting rights

## Directors and Management in Related Companies as of December 31, 2017

Remarks : 1) x = Chairman, / = Director, // = Executive Director, /// = Managements

1. CATS = Cambodia Air Traffic Services Co., Ltd. 2. SDC = Samart Digital Pcl. 3. SMS = Samart Mobile Services Co., Ltd. 4. SDM = Samart Digital Media Co., Ltd.

- | (1)              | (2)         | (3)             | (4)         | (5)          |
|------------------|-------------|-----------------|-------------|--------------|
| Listed Companies | Held by SDC | Held by STC     | Held by SCT | Held by OTO  |
| (6)              | (7)         | (8)             | (9)         | (10)         |
| Held by STR      | Held by SIH | Held by SE      | Held by SUT | Held by TEDA |
| (11)             | (12)        | (13)            | (14)        |              |
| Held by SBS      | Held by SDM | Held by I-SPORT | Held by SCS |              |

# Curriculum Vitae of Head of Internal Audit

Educational background and work experience of Miss. Nantana Khangui, Manager - Internal Audit is as follows:

**Education :** - Bachelor Degree in Business Administration, Secretary Branch at Bangkok University

**Training :**

- CG Forum : “The Threat of Internal Fraud can prevention and control” from The Stock Exchange of Thailand
- Internal Control of the company prepared to be listed in Stock Exchange of Thailand from Dharmniti Seminar and Training
- Preparation for Collective Action Coalition Against Corruption Project (CAC) from Thai Listed Companies Association
- Anti - Corruption in practice from PACT Network
- CG Forum “Risk Oversight : High Priority Roles Of the Board” from SET
- IT Audit for Non - IT Auditor Master class (IT auditor with COBIT5) from NSTDA

**Training courses from The Institute of Internal Auditors of Thailand**

- Raise the Red Flag : IA Guide to Prevent & Detect Fraud
- Internal Audit and Sustainable Development
- Analytical Thinking for Professional Internal
- Core competencies of Internal auditor in best practice in concept.
- Fraud case study and knowledge sharing for Internal Audit
- Internal Audit Technology at Forefront
- IT Governance and Business impact
- Certified Professional Internal Auditor of Thailand (CPIAT) Course
- Tools and Technique of Audit Manager
- Audit method to achieve the Audit Plan
- Fraud Audit for internal auditor
- Audit Technique with Internal Audit work
- Audit Report Writing according to international standards

**Work Experience :**

2014 - Present	Manager - Internal Audit	Samart Corporation Pcl.
2011 - 2014	Sr. Officer - Internal Audit	Samart Corporation Pcl.
1999 - 2011	Sr. Officer - Debt Management Center	Samart Corporation Pcl.

**During the past year, The head of Internal Audit has attended trainings and seminars of concerned for internal auditing as follows:**

- Enterprise Risk Management from Samart Corporation PCL.
- Smart Disclosure Program (SDP) from The Stock Exchange of Thailand

**Training courses from The institute of Internal Auditors of Thailand :**

- Auditor-in-Charge Tools and Techniques
- Cyber security in e-payment and fintech
- How Modern IA Audit Fraud in New Technology World

## General and Other Information

### Samart Corporation Public Company Limited

<b>Company</b>	:	<b>Samart Corporation Public Company Limited</b>
Head Office	:	99/1 Moo 4 Software Park, 35 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120, Thailand
Registration No.	:	0107536000188
Home Page	:	<a href="http://www.samartcorp.com">http://www.samartcorp.com</a>
Telephone	:	0-2502-6000
Fax.	:	0-2502-6186
Registered Capital	:	Baht 1,207,804,692
Number of shares sold	:	1,006,503,910 shares
Par Value	:	Baht 1 per share

### Other References

<b>Company registrar</b>	:	<b>Thailand Securities and Depository Co., Ltd.</b> 93, The Stock Exchange of Thailand Building, 14 <sup>th</sup> floor, Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel. 0-2009-9000, 0-2009-9378 Fax. 0-2009-9476
<b>Auditor</b>	:	<b>Ms. Siriwan Suratepin</b> Certified Public Accountant (C.P.A.) license No. 4604 <b>EY Office Limited</b> 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek road, Klongtoey, Bangkok 10110 Tel. 0-2264-0777 Fax. 0-2264-0789-90
<b>Investor Relations</b>	:	<b>Mr. Pongthep Vichaikul</b> Email: <a href="mailto:Pongthep.V@samartcorp.com">Pongthep.V@samartcorp.com</a> Tel. 0-2502-6583 Fax. 0-2502-6186
<b>Corporate Secretary</b>	:	<b>Mrs. Jirawan Rujisonthi</b> Email: <a href="mailto:Jirawan.R@samartcorp.com">Jirawan.R@samartcorp.com</a> Tel. 0-2502-6042 Fax. 0-2502-6043
<b>Internal Audit</b>	:	<b>Ms. Nantana Khangui</b> Email: <a href="mailto:Nantana.K@samartcorp.com">Nantana.K@samartcorp.com</a> Tel. 0-2502-6192 Fax. 0-2502-6186

More information have been disclosed on Company's website ([www.samartcorp.com](http://www.samartcorp.com)) via Annual Information Disclosure of the Company (56-1 Form) and SEC's website ([www.sec.or.th](http://www.sec.or.th))







# ***SAMART***

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