



SAMART 4.0

TRANSFORMATION

TO SUCCESS AND BEYOND

Annual Report

2017

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SAMART 4.0

“Transformation to Success and Beyond”

In the digital 4.0 world where the rapid changes are causing all businesses to face critical challenges,

Samart Telcoms Group is set to grow rapidly from strength to strength in this digital age with three key business drivers :

Transformation - to build up on our success

Innovation - to grasp at new opportunities

Elevation - to achieve even better standards

We are ready to deliver products, services, and solutions all of excellence to both government and private organizations while creating the best experience for end customers.

Transformation

To build up on our success

We focus on adjustments in and transformations of business, technology, work processes, as well as staff to enhance our competitive edge in the digital 4.0 world.





Innovation

To grasp at new opportunities

We bring in digital technology to develop creative and distinguished products, services, and solutions in meeting the goals and satisfying the needs of our clients, while creating business opportunities and sustainable income for the organization.

Elevation

To achieve even better standards

We keep elevating our products, services, and solutions to another performance level by incorporating world-standard quality, thereby building clients' confidence in our work. Companies in our group have been notably granted ISO 9001, ISO 20000 accreditation and a CMMI Level 3 certificate.



Vision

Samart Telcoms Group

is committed to offering a comprehensive range of
ICT products and services
that meets the **international standard**
and ensures the **maximum satisfaction**
of our customers, **both in public and private sectors.**

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

Constantly develop and customize a strong portfolio of advanced and innovative ICT solutions to fully serve demands and requirements of our customers with utmost benefit delivered to users.

Employees

Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge, skills, and service mind and support their learning and growth.

Organization

Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and effectiveness in the way we do business sustainably and to be organization of innovation.

Partners

Strengthen relationships with business partners to create sustainable success for all parties and contribute to the creation of vibrant business environment through knowledge transfer to lift up the service quality.

Shareholders

Ensure a sustainable return on investment for shareholders and investors with stable revenues by expanding customer base and continuously seeking new business opportunities.

Society and Communities

Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes the creation of "People of Quality, Society of Morality".

Messages from the Board of Director



Dear Shareholders

The Thai economy in 2017 expanded healthily due to global economy recovery, growth of exports of goods, tourism expansion and recovery of private investment and government consumption. Government also continuously launched economic stimuli although government investment growth declined in 2017.

Our deep gratitude must be expressed to committee, executives and employees of the Company for their synergy and commitment in capability development and business operations and thus we could see success in 2017 that the Company could deliver total ICT solutions and services with quality and efficiency, reaching customer satisfaction. Consequently, the Company gained trusts from organizations in public and private sectors to conduct new projects with total value of Baht 6,300 million and in 2017 the Company generated revenue in total for Baht 6,982 million Baht much higher than that in 2016 and also had backlog at end of 2016 over Baht 8,300 million. In addition, rated by Thai Institute of Directors (IOD), the Company received rate of "Excellent" in Corporate Governance Report of Thai Listed Company. Moreover, the Company has continuously maintained certified global standards such as ISO 20000 for IT service management, ISO 9001 for quality management and operation and CMMI for process of quality software development.

For 2018, it is expected that the Thai economy will grow in the range close to the expansion rate in 2017 with significant rise in government investment. The government will encourage Thailand 4.0 policy with several measures to promote Digital Economy more seriously and more practically. Government investment will be more on ICT infrastructure in high-speed data communication, data connectivity as data exchange gateway and digital platform for government's fundamental services. In private sectors, enterprises has adopted digital transformation in order to align technology for leveraging competency in business competition. Consequently, year 2018 will be challenging and fascinating which we will see application in new technologies deployed more in business, for example, Internet of Things (IOT), big data analytics, Artificial Intelligence (AI) and Cognitive System and other various technologies adopted in order that business can better serve customers. Competition will increase with more creativity in products, services and business model, from both existing and new players together with Digital Tech Startups.

2018 will be considered a challenging year with full of business opportunities for the Company, which is ready from continuous development in capability of management and employees to emphasize technology creativity and innovation, including value added to solutions and services and from synergy with strong marketing-leading business partners, aiming to be a country leader in ICT solution and service provider. Also, in 2018, the Company cultivates the concept of "4Excellence" to improve people, process and technology for excellence in works delivered to customers comprising: 1. Digital Solutions Excellence integrating advance technologies and various application; 2. Service Excellence implanted into standards of operation; 3. Operation Excellence for efficiency leading to success; 4. Offering Excellence for satisfaction of customers at all level. Furthermore, indispensable parts of the success are risk management, good corporate governance reflecting from "Excellence" rating in Corporate Governance appraisal and commitment in social responsibility and stakeholders in order to achieve the goal of the Company for stable and sustainable growth.

On behalf of the Board of the Directors, I would like to extend sincere gratitude to our shareholders, valued customers, partners and all stakeholders for trusts and consistent supports to the Company. It is worth confiding that the Board of the Directors, all executives and employees will determine to elevate and create innovation in ICT for the country and be a part that encourages development of Digital Economy and society sustainably.



General Sumpun Boonyanun
Chairman

Dear Shareholders,

2017 was the year that Thailand's economy grew at higher rate than in 2016 and it was resulted from expansion in value of exports, government's stimulus packages and increasing consumer confidence making more investment and consumption from private sector higher, despite of decline in government consumption, especially in public investment. However, the Company operated the business with stable and sustainable growth and could generate revenue for Baht 6,982 million with net profit for Baht 220 million significantly higher than the year earlier. The Company gained trusts from customers in order to provide services and new projects with total value of Baht 6,300 million, for example, procurement, development and maintenance services of Core Banking System and Loan Origination System for Government Housing Bank and Cadastral Mapping Database and Land Appraisal of 32 Million Land Parcels for Treasury Department. These projects were considered large projects from new customers. There were also new projects from existing customer such as Implementation of Military Communication Network System for the Royal Thai Armed Forces Headquarters and Transmission Upgrade for Backhaul Network for CAT Telecom Public Company Limited as well as Management and Service Operations for Common Use Terminal Equipment at Donmuang International Airport. Furthermore, the Company also expanded products and services to customers in private sector especially electronic payment system for commercial banks and retail business.

Positive direction of growth would continue in 2018 and Thai economy would expand at higher rate due to public investment that has larger fiscal budget framework, especially in transportation infrastructure and logistics development as well as development of Eastern Economic Corridor (EEC) expected to attract public and private investment for Baht 1.5 trillion combined in the next five years. 2018 would also be the year that ICT investment and expenditure would expand to encourage Thailand 4.0 and Digital Economy on which government place high priority. Such ICT investment would be to develop nationwide hi-speed broadband Internet, hub and gateway for data exchange and digital platform for government's fundamental services in order to enhance Digital Government and enter the Year of Government Data in 2018. Moreover, government also encourages private sector to involve and invest in development of Smart City for large cities and promotes ICT investment for Industry 4.0. In 2018, we would see growth in various technologies more quickly and practically, for example, Big Data Analytics, Internet of Things, Next-Generation Cyber Security and especially Cognitive and Artificial Intelligence System that could be integrated into other technologies.

The Company fully supports market demands and technology growth with products and services under the operation of three business groups: Network Solutions, Enhanced Technology Solutions and Business Application. In order to cope with competition and sustainability for the Company and all stakeholders, the Company focuses on the direction in Transformation to be a leading ICT outsourcing and Service Provider to generate more recurring revenue, Innovation in solutions and services to deliver more values to end customers and Elevation in collaboration with world's leading partners and in standard of operations and services. The Company can achieve the implementation of the direction with 3S for success foundation guideline as for Synergy of teams and partners, Standards for operation quality and Satisfaction of customers, the common goal to reach.

Executive Board of Samart Telcoms agree and are fully confident that 2018 will be the year with full of business opportunities and with readiness, commitment, quality, capability and experiences of management and employees, the Company will achieve, grow and be the leader in ICT Solutions and Services, leading to stability and sustainability of all stakeholders.



Mr. Watchai Vilailuck
Executive Chairman / Chief Executive Officer

Report of the Executive Board





Board of Directors

1. General Sumpun Boonyanun

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

2. Mr. Vichai Pokasamrit

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

3. Miss Rapeepan Luangaramrut

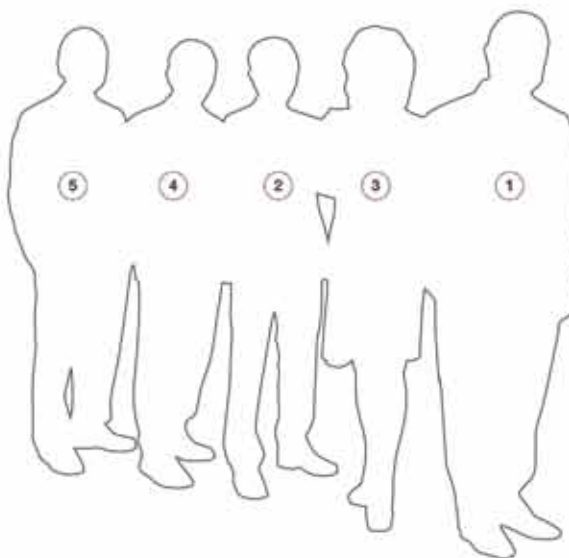
- Independent Director
- Audit Committee Member
- Corporate Governance Committee Member
- Nominating & Compensation Committee Member

4. Mr. Kajornvut Tayanukorn

- Director
- Corporate Governance Committee Member

5. Mr. Sirichai Rasameechan

- Director
- Corporate Governance Committee Member





6. Mr. Charoenrath Vilailuck

- Executive Director
- Risk Management Committee Member

7. Mr. Watchai Vilailuck

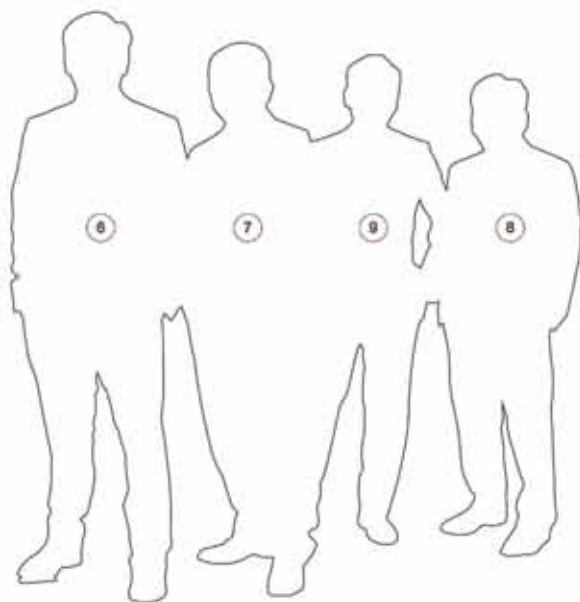
- Executive Director
- Executive Chairman & Chief Executive Officer
- Chairman of the Risk Management Committee

8. Mr. Thananan Vilailuck

- Executive Director
- Risk Management Committee Member

9. Mr. Jong Diloksombat

- Executive Director
- President
- Chairman of the Sustainable Development Committee
- Corporate Governance Committee Member
- Risk Management Committee Member



Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Samart Telcoms Public Company Limited comprises of three independent qualified committee members as follows: Mr. Vichai Pokasamrit, Chairman of the Audit Committee, General Sumpun Boonyanun and Miss. Rapeepan Luangaramrut, committee members and Mr. Somchai Bunsupaporn as Secretary. All members possess adequate qualifications for their posts specified by the Audit Committee Charter and in accordance with the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand regulations and best practice guidelines.

The Audit Committee operates independently and performs its duties and responsibilities as assigned by the Board of Directors in overseeing the corporate governance and the internal control systems to ensure that the Company's business operations are carried out for the interests of its shareholders and other stakeholders and that the management execute their duties with integrity, and in accordance with the Company's policies. The Audit Committee conducted 5 meetings in 2017. To discuss and share opinions with management, external auditors and internal auditors on matters related to the meeting agenda which was summarized below:

- 1. Reviewed of interim and annual financial statements** as of 2017, in consultation with management and external auditors. The Audit Committee's opinion was that the financial statements were correct adhering to the general acceptable accounting principles and promptly disclose for the benefit of shareholders, investor and users of such statements for the purpose of making informed investment decisions.
- 2. Reviewed the operation information together with its internal control systems** and their efficacy towards ensuring that the Company's business was efficiently and effectively conducted in the pursuit of achieving performance goals. In 2017, based on the COSO-ERM Framework, (The Committee of Sponsoring Organizations of the Tread way Commission - Enterprise Risk Management), the Audit Committee reviewed internal audit reports. Assessment results regarding effectiveness of internal controls and risk management systems disclosed that there are no significant deficiency, have appropriate asset safeguarding, correct, complete and reliable information disclosure. In addition, the Audit Committee evaluated the internal control system in compliance to the Practice of the Securities and Exchange Commission. They commend that the Company possesses good internal control system monitoring the operations of its subsidiaries adequately, appropriately and efficiently. Also, the Company realized the importance of the internal control in information technology system, hence engagement of external advisors in auditing, pursuing, and recommending annually.
- 3. Reviewed of internal audit**, by considering the mission, scope of work, duties and responsibilities, independency, manpower and budget of the Internal Audit Division. Reviewed and approved the amendment of the Internal Audit Charter as appropriate, up to date and in compliance with the internal audit practice manual of the Stock Exchange of Thailand. Approval of 2018's audit plans that linked on the internal control evaluation basis and covering crucial working systems of the Company. The Audit Committee also commend that the Company had an internal control was adequate, appropriate and effective. Also have developed the audit quality in personnel training and audit work on par with international standard for the Professional Practice of Internal Auditors.
- 4. Reviewed of the Charter of the Audit Committee.** The Audit Committee has reviewed the Company's Audit Committee Charter. Unedited and revised charter. Due to comply with the rules and practices consistent with the Principles of Good Corporate Governance. And the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 5. Reviewed connected transactions, or transactions that may lead to conflicts of interest.** This is to ensure that they were in compliance with the laws, rules and regulations prescribed by the Capital Market Supervisory Board of the Securities and Exchange Commission and other regulatory bodies and were reasonable and for the highest benefit of the Company.

The Audit Committee concluded, that the aforementioned transactions that were conducted by management was fair, without conflict of interest maximizing the benefit to the Company and shareholders on an arm's length basis and under normal commercial terms. Therefore, the resolution came to propose that to the Board of Directors' Meeting for approval and disclosure to Stock Exchange of Thailand.

6. **Establishing a self assessment** for Audit Committee member and the Audit Committee annually in compliance with Best Practice Guideline for Audit Committee. The evaluation result revealed that the Audit Committee's performance is completely fulfilled according to its Charter and complied with the good principles, effectively enhancing the good corporate governance.
7. **Conducted the Report of the Audit Committee's** Activities to the Board of Directors for acknowledgement for every Audit Committee meetings and provided useful management performance recommendation, which were subsequently adopted. To comply with Best Practice Guideline for Audit Committee and Regulations of the Stock Exchange of Thailand.
8. **Considered appointing the External Auditors and their Remuneration for the year 2017** to be proposed to the Board of Directors to ask for approval of Annual Shareholder's Meeting for the year 2017, which the Audit Committee considered the performance, independency and remuneration and concluded to propose appointing Mrs. Sarinda Hirunprasurtwutti, Certified Public Accountant Registration number 4799, or Miss. Kamontip Lertwitworatep, Certified Public Accountant Registration number 4377, or Mr. Wichart Lokatekrawee, Certified Public Accountant Registration number 4451 of EY office Limited to serve as the Company's external auditor for the year 2017, with the remuneration of 2,150,000 Baht. The Audit committee has the opinions regarding the external auditors as follows:
 - Based on past performance, the external auditors performed their duties with knowledge, professional competency, independency in performing their duties, and giving recommendations regarding internal control system and various risks.
 - The proposed remuneration was appropriate, increasing from Baht 1,970,000 to Baht 2,150,000 per annum which is Baht 180,000 increased from previous year due to changes in accounting standard resulting in more work in audit and information disclosure.
 - There was compliance with Regulation of the Office of the Securities and Exchange Commission (SEC) with regards to the changing of the financial statements signatory external auditor every 5 years. If such auditors are appointed to be the external auditors for the year 2017, it shall be 2 consecutive years.
 - The external auditors had no relation with the Company and subsidiaries.

The Audit Committee performed its duties and responsibilities with appropriate knowledge, ability, carefulness and sufficient independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. Furthermore, the Audit Committee gave comments and recommendations which were beneficial to all of the Company's stakeholders.

In summary, the Audit Committee had fulfilled the responsibility of the Audit Committee Charter that was approved by the Board of Directors and found that the Board of Directors, Management, and Executive Directors all performed ethically with the intent to conduct their job functions professionally and in pursuit of the Company's performance goals. Furthermore, it has been concluded that the Company was fully committed to effective Corporate Governance. The Company disclosed financial and operation information correctly, had appropriate and effective internal control and audit; risk management, complied with laws, regulations and obligations, disclosed the connected transactions correctly and performed duties in compliance with the Good Corporate Governance principles, with transparency and reliability. Also developed operation systems to be more qualified and fit with the changing business environment on a continuing basis.



(Mr. Vichai Pokasamrit)
Chairman of the Audit Committee

Report of the Risk Management Committee

Dear Shareholders,

The Board of Directors realizes the importance of Risk Management as it can drive the Company's business operations smoothly and continually has appointed Risk Management Committee, which consists of Directors 5 members by the Executive Chairman as Chairman of the Risk Management Committee. Moreover, also appointed a working group Risk Management, which comprises the President as the Chairman of working group Risk Management and all concerned department heads total of 8 members to the evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly. To propose a management plan and follow-up performance on risk management to the Risk Management Committee for consideration.

In 2017, the Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors as summarized below:

1. The consultation recommended guidelines for risk management with the management in all relevant agencies.
2. Consider counseling annual risk management plan, management of all related agencies that conduct risk assessments that cover various aspects. That will have an impact on the business operations of the Company's and prioritization of risks and the impact it occurred. Determining the effect of those risks and making a strategic planning on how to minimize and as much as possible preventing and anticipating those things to happen and assigned responsibility for implementation.
3. Monitoring progress of risk management from various agencies involved and reviewing the compliance with risk management plan pursuant regarding risk management policy and framework. Assuring that the Company has systematically and effectively conduct risk management as well as providing important advice to contribute to the development of the risk management of the Company to be more efficient, by assigning the internal audit department to make a follow up and review the risk management measures of each company to ensure that the goal has been achieved.
4. Support and promote for improvement and development of risk management system within the Company continually so that the material risks can be managed in the acceptable level.

According to the issues and tasks mentioned above, the Risk Management Committee responsibilities assigned by the Board of Directors and ensured that the Corporate Risk-Management operations have been carried out efficiently and effectively in line with the Good Corporate Governance Principle, sufficient internal control including compliance with the law and regulations concerning Company's business.



(Mr. Watchai Vilailuck)

Chairman of the Risk Management Committee

Report of the Corporate Governance Committee

Dear Shareholders,

The Board of Directors realizes the importance on promotion and emphasis on corporate governance, the business ethics together with the social and environmental responsibility as well as support its improvement to develop corporate governance system for greater efficiency and transparent management in order to build a strong circle of trust with the ultimate objectives of the equitable treatment to every stakeholder, leading to the sustainable development.

To this end, the Board of Directors has assigned the Corporate Governance Committee to be responsible to propose corporate governance guidelines and oversee the conduct of directors and the management to ensure conformance to corporate governance principles, SET's corporate governance principles, and in accordance with the good corporate governance practices in both national and international standards which the Chairman is an independent director.

In 2017, the Corporate Governance Committee arranged 3 meetings to evaluate and follow up the performance with authorities and responsibilities according to the Charter for the Corporate Governance Committee. including developing its policy on corporate governance on a continued basis, to maintain companies with good corporate governance 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 Company's corporate governance policy, business ethics and all committee's charters.**
In 2017, the Corporate Governance Committee has revised and improved the corporate governance policy, Business Ethics and the Charter for Sustainable Development, related to sustainable development policy and responsibilities of the Sustainability Committee. It covers three areas of sustainability: economy, society and environment. In addition, Corporate Governance Committee resolved to approve Corporate Governance Code for listed companies in 2017 to delineate the business leadership concept, as well as the board's roles and responsibilities for the company's long-term sustainable value creation.
- **The Self-assessment of the Board of Directors, both as a group and as an individual, Sub-committee, the Chief Executive Officer and Company Secretary.**
Oversaw and encouraged the Board of Directors' self-assessment, both as a group and individual, Sub-committee as well as annual assessment of the Chief Executive Officer and the Company Secretary shall be assessed every year. Results from such assessments and recommendations shall be used to improve, rectify and develop for better efficiency and proposed to the Board of Directors and the shareholders for their acknowledgement.
- **Review of the Company's Corporate Governance Report disclosed in the Annual Report.**
The review was conducted in accordance with the principles of good corporate governance to comply with the new regulations of the Stock Exchange of Thailand and the various regulatory agencies define additional.
- **Agenda and enquiries for AGM.**
Encourage the minority shareholders to propose the agenda and submit any enquires for consideration in the Annual General Meeting of Shareholders. To promote shareholders' rights and equality to ensure orderly, transparent and efficient organization of the AGM according to good corporate governance guidelines and in compliance with the AGM Checklist.

In 2017, the Company was also recognized through the following honors for consistently making good corporate governance a priority, thus several awards received for the evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), in 2017, the Company was rated "Excellent" and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,000 million and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association, in 2017, the Company was rated "Excellent".

The Company will still adhere to the policies on good corporate governance which ensuring that Company strictly adheres to its Good Corporate Governance Policy and Business Code of Conduct. and support its improvement and development as well as indoctrinating the employees to realize and recognize business ethics by promoting the policies to the Company's employees and also promote the Company's corporate governance principles to be up-to-date and meet international standards ; which supports the Company to gain more trust and acceptance by all stakeholders.



(Mr. Vichai Pokasamrit)

Chairman of the Corporate Governance Committee

Report of the Nominating & Compensation Committee

Dear Shareholders,

The Board of Directors has appointed the Nominating & Compensation Committee consisting all independent directors to be responsible for recruiting and nominating candidates who is qualified by the relevant laws and regulations together with qualification, experience, knowledge and ability that is advantageous and beneficial to the Company for the Board position and executive levels and proposing compensation policies and guidelines for remuneration packages for the Board of Directors, the Committees' members, and top Executives as well as the employees of the Company by taking into consideration the best interests of all parties.

In 2017, the Nominating & Compensation Committee has performed roles in accordance with its charter and the scope of authority, with due care and independence held 3 meetings to consider numerous matters concerning the company. The member who has an interest in any matter considered shall be refrained from voting. Results from the meeting including comments and recommendations have been reported to the Board of Directors for considerations which can be summarized as follows;

- **Nominate and proposed personnel to assume the Board in replacement of Directors retiring by resignation and rotation, and the appointment of a new Company's Directors.**

The Nominating & Compensation Committee has considered, nominated and proposed personals for replacement of Directors after resignation and rotation, and the appointment of a new Company's Directors. The Nominating & Compensation Committee shall select personnel who have completed and appropriated qualifications as per specified by the Office of the Securities and Exchange Committee and the Stock Exchange of Thailand who do not have any prohibited characteristics as per specified by the laws by taking into account the qualifications, experiences and capabilities which shall be beneficial to the Company to further propose to the Board of Directors' meeting prior to the approval of Shareholders' meeting.

- **Nominate and proposed personnel to assume the Committees' member**

The Nominating & Compensation Committee has considered, nominated and proposed personals to succeed the Committees' member every year and propose to the Board of Directors for further approval.

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

The Nominating & Compensation Committee has considered the 2017 remuneration for the Board Directors and Committees consisting the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee to further propose to the Board of Director and the Shareholders' meeting for consideration and approval, taking into the appropriateness of role and responsibility in accordance with the results of operations, as well as to be competitive with listed companies of the same industry and comparable business size; compensation must attract quality directors and executives to achieve the goals and directions as defined by the Company.

- **Determine appropriate Bonus and Salary Increase**

The Nominating & Compensation Committee has considered the criteria on salary increase for 2018 and bonus for 2017 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 Company's performance.

The Nominating & Compensation Committee reported its performance to the Board of Directors for acknowledgement on a regular basis, which completely carried out its duties as assigned with due care, due diligence, transparency and independence and has provided straightforward comments for the ultimate benefits of shareholders, investors and all stakeholders.



(General Sumpun Boonyanun)

Chairman of the Nominating & Compensation Committee

Report of the Sustainable Development Committee

Dear Shareholders,

The Company always realizes about the importance of sustainable development, hence, the Board of Directors has appointed the Sustainable Development Committee from the members of Board of Directors and all concerned management on each department which comprises 6 members, with the President as the Chairman of the Sustainable Development Committee whose main duties are to specify policies, action plan in order to comply with the Company's business operation in term of economy, society and environment, and to encourage and support the Company's sustainable development activities including regulate, review, follow the operational progress and evaluate the effectiveness of sustainable development policy implementation and report the Company's sustainable development operation to the Board of Directors.

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

1. To review the Company's sustainable development policy and responsibility of the Company's Sustainable Development Committee which covering 3 components of the sustainable development guidelines; economic, society and environment;
2. 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 as well 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 develop and oversee social development and environmental responsibility throughout the organization;
3. To monitor operational results on social responsibility activities of the Company in 2017;
4. To conduct the Sustainable Development 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;
5. To prepare reports on duties of the Sustainable Development Committee during the past year to propose to the shareholders as well as to disclose in the annual report.

The Sustainable Development Committee is confident that the Company will develop the organization's sustainable growth and become a transparent organization with true corporate governance and responsibility as well as to maintain the benefits of the stakeholders and society, including development of personnel to become good people with both efficiency and righteousness for ultimate sustainability of the Company.



(Mr. Jong Diloksombat)

Chairman of the Sustainable Development Committee

Corporate Social Responsibility Report

(Sustainability Development Report)

Overall and Policy

The Company realizes 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, 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.

Sustainability Development Policy (SD Policy)

1. To conduct business based on good governance principle as well as social and environmental responsibility including other related SD projects and activities by primarily taking into consideration benefits of all stakeholders;
2. To build up corporate culture that can encourage all employees to have conscious mind while performing duties and also to have volunteer spirit which is willing to devote efforts and personal time for benefits of communities as a whole;
3. To promote and educate the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and sustainable development throughout the organization;
4. To encourage on creation of social and environmental projects or activities including other related SD projects and activities.

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 Telcoms Group is committed to offering a comprehensive range of ICT products and services that meets the international standard and ensures the maximum satisfaction of our customers, both in public and private sectors.

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

Constantly develop and customize a strong portfolio of advanced and innovative ICT solutions to fully serve demands and requirements of our customers with utmost benefit delivered to users.

Employees

Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge, skills, and service mind and support their learning and growth.

Organization

Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and effectiveness in the way we do business sustainably and to be organization of innovation.

Partners

Strengthen relationships with business partners to create sustainable success for all parties and contribute to the creation of vibrant business environment through knowledge transfer to lift up the service quality.

Shareholders

Ensure a sustainable return on investment for shareholders and investors with stable revenues by expanding customer base and continuously seeking new business opportunities.

Society and Communities

Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes the creation of "People of Quality, Society of Morality"

Details of policies for all stakeholders and implement of policies in the previous year were disclosed in the section "Corporate Governance" under the topic "1.2 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 "1.2 Business Ethics" and posted on the Company's website at www.samtel.com. The Sustainable Development Policy comprise 9 operating principles of conduct as follows:

1. Organization Governance
2. Fair Operating Practice
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

One of the Company's concentrated stakeholders is employees. The Company highly regards all of the employees as invaluable resources and indispensable assets that propel the Company to meet all objectives and future successes. The Company offer fair hiring with adequate trainings and education from both internal and external organization for employee development. Details regarding employee policy were disclosed in "5. Fair Labor Practices" and policy in Human Resources Management and Development Policy were disclosed in the section "Management Structure" under "Human Resource" in the topic "Human Resources Management and Development Policy".

Progress of 9 operating principles of conduct were as follows:

1. Organization Governance

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

The Board of Directors realized 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 and the competition capability of the Company. Thus written Corporate Governance Policy and Business Ethics, which complied with the Principles of Good Corporate Governance of SET and Corporate Social Responsibility Guidelines, have been provided for practices of directors, management and employees of the Company under the policy guiding principle of being a good corporate citizen, who is accountable to employees, customers and shareholders, and being socially responsible. The Company Secretary Division is a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. In 2017, the Company performed in relation to good corporate governance of which details shown in “Corporate Governance”.

In 2017, the Company has strongly observed the Corporate Governance Principles, as a result, the Company has received for the evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), in 2017 was rated “Excellent” and being ranked in Top Quartile of the group of companies with a market capitalization of since Baht 3,000 - 9,999 million upwards and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association, in 2017, the Company was rated “Excellent”.

2. Fair operating practice

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

The Company conducted business and manage the Company’s operation ethically. The Board of Directors has provided the Business Ethics manual for the Company’s directors, executives and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. The Business Ethics was posted on the Company’s website (www.samtel.com). It also covers the administration of all stakeholders, i.e. shareholders, employees, customers, competitors, business partner, lenders including societies and environment. Moreover, the Board of Directors also assigns the Corporate Governance Committee to oversee performance of directors, executives and employees to ensure that they strictly adhere to this practice. More details on the treatment of stakeholders are disclosed in the topic “Corporate Governance” in the topic “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.samtel.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 the Company 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 emphasizes on human right as common practice, all employee shall not act or 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 non violation of human right has been stated in the Company’s Business Ethics 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:**
 - The Company treats all employees equitable, no person shall be discriminated against regardless of race, nationality, language, religion, sex, age and education.
 - The employee shows respect to and acceptance of others, and acts appropriate with job as the Company’s regulation and tradition without disgrace.
 - The Company has opportunity for the employee to show their capability by set appropriate remuneration and has opportunity for more education both in higher education, and short-term/long-term training.
 - Deliberation related to hiring and judgment of performance should be accurate and fair.
 - In performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, sex, 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 highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. The Company must respect and obey the laws and ethics in order to establish justice, stability and peace in the society. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare in the following aspects:

1. Respect for the right to work pursuant to the fundamental human right principles. For more details, please see in "Corporate Governance" under "Business Ethics" in the topic "Non violation of the human right policies and practices"
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 “1.2 Business Ethics” in the item of “Employee Policies”.

4. Specify to have “Human Resources Management and Development Policy”, The Company achievement depends on qualified and high caliber employees, the Company 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 the Company’s business vision, missions, operation, and corporate culture simultaneously. For more details, please see in “Management Structure” under “Human Resource” in the topic “Human Resources Management and Development Policy”

Development of Employees’ Quality of Life

The Company always recognizes employees as most valuable asset and therefore encourages development of quality of life and support Work-Life Balance in order to make employees work happily in Happy Work Place. In 2017, several activities had been conducted with employee participation and the purpose to make happiness at work. Those activities were:

1. 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 business operations and other processes.

2. All for One & CSR Activity

Activities to raise awareness and create a culture for employees responsible for promoting moral and ethical values in society. The activities and contribution to child care. They also provided useful and necessary items at the Pattaya Orphanage, Chonburi Province, on August 5, 2017.



3. Employee Voice

Purposes of the activity targeted employee at every level working at every places to acknowledge and understand the direction, business goals and collaboration guideline in order for the Company to achieve goals, to increase work motivation and to drive sustainable business growth. This activity is also a two-way communication channel for employees to place their inquiries and suggestions regarding work improvement to the Company.



4. English for U

The games were to continuously promote learning and development of English language usage for employees. The activity encouraged self-study and self-learning and reduced stress from work through several types of English learning activities and media, for example, Games, Tip & Trick, Board, Motto, Contest, etc.



5. Internal Coaching

The activity was to increase work efficiency by transferring knowledge, ideas and working skills from management in each work function to employees through coaching including exchanging of opinions.



6. Happy Workplace

The Company strives to be an organization that encourages employees to enjoy working. Happy Workplace activities through activities such as mobility are equal to physical activity, drug donation, clothing donation and books and school supplies donation to the management and employees to participate in the happiness together.



7. Change Your Working Space

To focus on the involvement of management and employees in creative thinking, improved workspace and environment As one of the leading approaches to the organization of happiness and engage your organization.



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 satisfy 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.

For more details, please see in the section “Corporate Governance” in the topic “Customer policies”.

Therefore, Samart Comtech Co., Ltd. as a subsidiary by Airport Operation Management department has been certified ISO 20000 IT services from Bureau Veritas Certification Thailand limited as an organization that is an efficiency and professional standard in IT services.



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 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 provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, 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)”

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 policies to support the employee's knowledge and training in subject of environment for fostering the employee to response to the environment as follows:

1. The Company campaigns environment and nature resource awareness through continuous participated activities of employee.
2. The Company supports environment conservation to social and other organization as well as public environment news for making image and good understanding of the Company's environment management.
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.

The activities arranged by the Company during the year 2017 are as follows:

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

We have developed products and services in line with environmental conservation and environmental safety standards. For example, we have helped with the Provincial Electricity Authority's Automatic Meter Reading Project etc.

- **Inculcation of Green Mind**

The Company has promoted environmental care and efficient use of resources among its employees via both internal communications and the "Reduce and Reuse" project 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. 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 dissemination with responsibility in social, environmental and stakeholders.

Samart Innovation Award Project is an important activity that Samart Group of Companies conducted continually for more than 15 years with aims to encourage the youth and the new generation entrepreneurs to develop their creativity and capability which can lead to technology innovation. After the end of the contest in each year, the Company has disseminated qualified and winning projects to the public via activities and public relations media constantly. This project cannot only be used as commercial promotion to the contestants but it can also motivate the Thai new innovative developers. For the past year, there were 96 news coverage, publicized via newspaper, radio, television and on-line 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

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 **“People of Quality, Society of Morality”** which comprise of the following projects and activities:

Creation of quality people

1. **SAMART INNOVATION:** This project covers a Technology Innovation Contest, Scholarships, and Technology Training to enhance telecommunication-technology knowledge and work skills namely:

- 1.1 **Samart Innovation Award 2017** was held for the 15th 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 2nd 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 University, King Mongkut’s Institution of Technology Ladkrabang, Kasetsart University, and Mahidol University. 3 scholarships of 20,000 Baht were given to each institution, with the total value of Baht 300,000.



2. Sponsorship for KNOWLEDGE-SHARING CONFERENCES

- 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.



- **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 “Charity cycling event”** the Company supported charity cycling event, fundraising to provide classroom and sports equipment and scholarships for students of Ban Manang, Manang district, Satun, for Baht 30,000.
- > **Support for “Scholarship and Classroom equipment”** for schools in Saraburi, 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. The Company donated Baht 11,000 to this project.





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.

- **Samart Telcoms Co-Hosted the Royal Funeral Rite of His Majesty the Late King Bhumibol Adulyadej**
 Samart Telcoms Group co-hosted the royal funeral rite and laid a wreath in remembrance of His Majesty the Late King Bhumibol Adulyadej to commemorate his life and as royal merit-making. The board of committee, management and staff all attended the ceremony at Dusit Mahaprasat Throne Hall, the Royal Palace.
- **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 3rd 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 4th year that gives “Samart Dee Club” members funds to organize community service projects. There were 4 awards of Baht 48,000.



• **Samart Telcoms Group Signed MOU in Collaboration of Road Safety**

Samart Telcoms Group signed the Memorandum of Understanding (MOU) in collaboration for road safety under policy of Public-Private Collaboration for Society with more than 55 organizations from public, private and civil society sectors to elevate road safety management and cultivate sense of safety in road usage within organization and for public.



- **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.

- **SAMART MIND POWER** is a project that encourages application of Buddhist principles in daily life through the activities of Mind Enhancement activity which includes praying, walking, meditating, and discussing about Buddhist principles, every Thursday evening.

- **BLOOD DONATON** : 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.

- **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:** The Company donated Baht 10,000 through the Metropolitan Electricity Authority to support Phra Dabos Foundation, in the 59th anniversary of the Metropolitan Electricity Authority establishment.
- > **Support for the environmental charity project:** The Company donated Baht 10,000 to support the environmental charity project, in the 50th 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.samtel.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”.

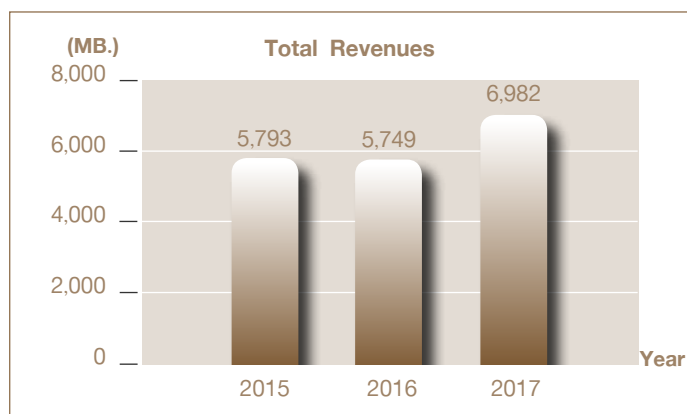


Financial Highlights

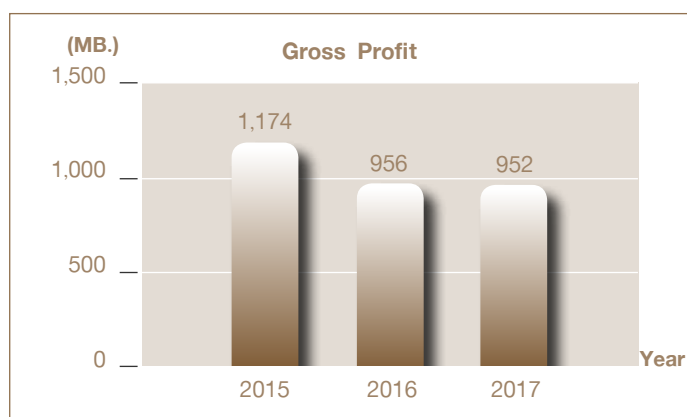
		2015	2016	2017
Operating Results (Baht Million)				
Total revenues		5,793	5,749	6,982
Gross profit		1,174	956	952
Net profit		402	184	220
Financial Status (Baht Million)				
Total assets		10,040	10,019	9,284
Total liabilities		6,581	6,543	5,751
Shareholders' equity		3,459	3,476	3,533
Financial Ratio				
Net Profit Margin	(%)	6.95	3.20	3.16
Return on equity	(%)	11.60	5.29	6.26
Return on asset	(%)	4.24	1.83	2.28
Debt to equity	(Time)	1.90	1.88	1.63
Earning per Share	(Baht)	0.65	0.30	0.36
Dividend per share	(Baht)	0.40	0.20	0.33*
Dividend payout ratio**	(%)	61.44	67.20	92.50
Book value per share	(Baht)	5.60	5.62	5.72
Par value per share	(Baht)	1	1	1
No. of Shares	(Million Share)	618.0	618.0	618.0

* Dividend per share payment for the year 2017 operation was paid from January - June 2017 operating result at Baht 0.15 and other Baht 0.18 will be proposed to annual general meeting of shareholders in the 2018.

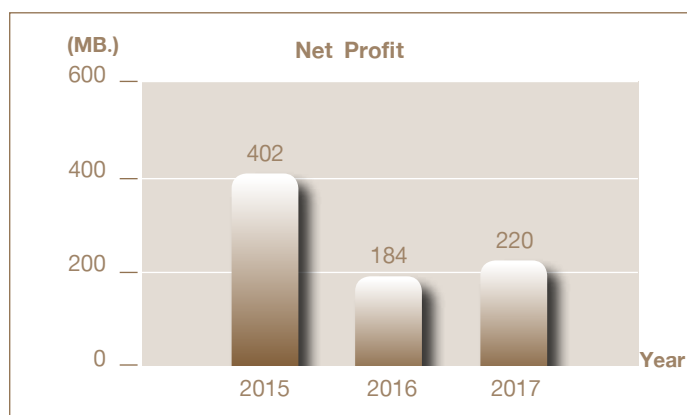
** % of consolidated net profit after deduction of all reserves complied with the Company's Articles of Association and related laws.



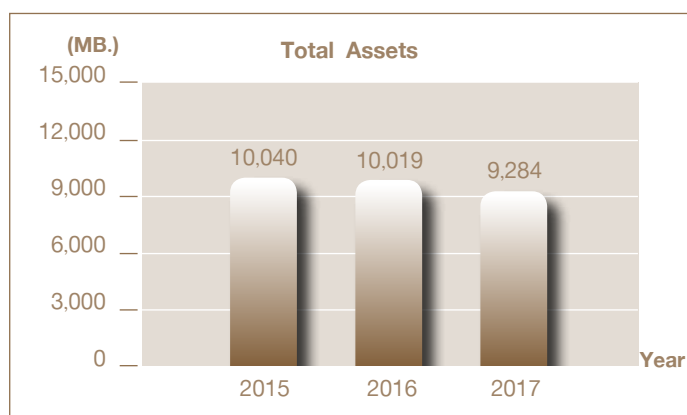
In 2017, total revenues was Baht 6,982 million, increased from 2016 by Baht 1,233 million or 21.5%. Revenue from sales contract work and services was Baht 6,949 million, Increased by Baht 1,228 million or 21.5% comparing to 2016, increased in revenue from sales contract work and services. Other income was Baht 33 million, increased by Baht 5 million from 2016.



In 2017, gross profit was Baht 952 million, decreased by Baht 4 million or 0.4% from 2016. Gross profit margin was 13.7% slightly decreased from 16.7% in 2016 due to decreasing in gross profit of turnkey projects.



In 2017, net profit was Baht 220 million, increased by Baht 37 million or 19.9% from 2016. Net profit margin was 3.16% in 2017, slightly decreased from 3.2% in 2016.



Total assets as of December 31, 2017 were Baht 9,284 million decreased by Baht 735 million or 7.3% from the end of 2016, mainly resulted from a decrease of Property, plant and equipment and accrued income.

Results of Customer Satisfaction Survey

The Company 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.

Policy and Overview on Business Operation

Business Overview

Samart Telcoms Public Limited Company ("The Company" or "SAMTEL") with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million was founded on July 18th, 1986 with initial registered capital of Baht 5 million and the business purpose of provision in Satellite Telecommunication Services. The Company has registered in terms of the Public Limited Company and become a listed company of the Stock Exchange of Thailand since 1996. Currently, the Company has been organized into three Business Groups: Network Solutions, Enhanced Technology Solutions and Business Application.

Overview of Business Operation of its Subsidiaries

The Company focuses on conducting business to provide solutions and services in Information and Communication Technology (ICT) and classify business structure to cover all ranges of advanced solutions and technologies into 3 Business Groups: Network Solutions, Enhanced Technology Solutions and Business Application. Based on customer needs, subsidiaries provide various service models as:

- System integrator, applying and integrating various technologies and solutions with service ranging from consulting, system design, installation, project management for delivery of quality works meeting the needs, including maintenance services and after-sales service at the international standard level;
- ICT Service Provider, providing network services for both wireline and wireless networks including satellite networks, specialized IT services and software application services for business;
- ICT Outsourcing Provider, providing consulting and system implementation along with team of experts to run the system operation under international standard process to support customers' tasks or core business efficiently.

Corporate Vision, Mission, Goals and Strategies

Vision

Samart Telcoms Group is committed to offering a comprehensive range of ICT products and services that meets the international standard and ensures the maximum satisfaction of our customers, both in public and private sectors.

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

Constantly develop and customize a strong portfolio of advanced and innovative ICT solutions to fully serve demands and requirements of our customers with utmost benefit delivered to users.

Employees

Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge, skills, and service mind and support their learning and growth.

Organization

Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and effectiveness in the way we do business sustainably and to be organization of innovation.

Partners

Strengthen relationships with business partners to create sustainable success for all parties and contribute to the creation of vibrant business environment through knowledge transfer to lift up the service quality.

Shareholders

Ensure a sustainable return on investment for shareholders and investors with stable revenues by expanding customer base and continuously seeking new business opportunities.

Society and Communities

Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes the creation of “People of Quality, Society of Morality”.

Business Goals and Strategies

The Company aims to be the leading, complete ICT service provider with strategies focusing on providing services to organization of customers and directly to end users in order to generate recurring revenue for sustainability. The Company also emphasizes obtaining challenging, large-scale projects, and expanding customer base in both government and private sectors with innovation in technologies delivered in various business models to customers. With readiness and capability derived from high expertise and experiences, together with strong synergy among subsidiaries in Samart Group, good relationship with world-class business partners, retention of certified international standards such as CMMI for quality software development, ISO 20000 for IT service management and ISO 9001 for service quality, the Company can be capable of providing advanced and high standard ICT services serving all needs of customers with value added and differentiated products and services to customers efficiently improving convenience, speed and operation cost reduction, resulting in customer confidence and satisfaction.

Business Goals in 3-5 years

Within the next 3-5 years, the Company expected the Information Technology and Communications (ICT) industry to steadily grow resulting from ICT investment and spending in 3 sectors, government, private, and household sectors, including new services in various business models emerging from ICT transformation in market. In public sector, contributing factors are from policies regarding the drive of Digital Economy, Thailand 4.0 that accelerates economy with innovation, Digital Government development, Smart City as well as development of Eastern Economic Corridor (EEC). In private sector, enterprises tend to increase investment and spending in ICT to enhance capability in business competition. In household sector, lifestyles of people have become more relying on technology to do online financial transactions, buy products and services, including online entertainment and use of social network over the Internet, which increase significantly. These are all factors contributing overall industry expansion.

The Company therefore focuses on increasing revenue from recurring revenue from customers in government and private sectors, including individuals as end users through three groups of solutions and services: Network Solutions, Enhanced Technology Solutions and Business Application. Furthermore, The Company targets in expanding customer base and making higher proportion of revenue from private sectors, in order to achieve sustainable growth responding to the Company's vision and missions.

Business operations of the Company in 3 business groups

The Company deploys the policy and guidelines in categorizing its business operations into three business groups based on types and characteristics of products and services covering all ranges of solutions and technologies in order to suitably respond to the needs in rapidly changing world, to reach every desire in every industry, and drive values of customers with social and environmental responsibility. Three Business Groups are:

1. Network Solutions Business Group

Network Solutions Business Group conducts business in providing total solutions and services regarding advanced technologies in telecommunications and data communication networks, from consulting services, survey, design, installation and implementation including along with management services including professional maintenance services. Trusted by leading organizations in both government and private sectors, the Network Solutions Business Group is versatile in and capable of providing customers turnkey solutions and outsourcing services under expertise and experience of engineers and excellence in project management which ensures quality of project delivery, including high level of service quality complying with ISO 20000 for quality IT service management and ISO 9001 for service quality control, along with 30 service centers nationwide and Network Operation Center (NOC) that always ready for customer supports, problem analysis, and troubleshoots for 24/7 to meet customer satisfaction. Solutions and services are:

Solutions and Services on high-speed wireline-based network:

- Services on complete design, installation, implementation, and maintenance of high-speed fiber optic networks using advanced technologies such as DWDM (Dense Wavelength Division Multiplexing) and FTTX (Fiber to the X)
- Solutions and Services on various types of networks such as Leased Line, MPLS (Multiprotocol Label Switching), DSL (Digital Subscriber Line) , Frame Relay, ATM (Asynchronous Transfer Mode), Software Defined WAN (SD-WAN) and more.

Solutions and Services on wireless technologies:

- Solutions for 3G / 4G / LTE Technologies
- Solutions and Services for Digital Trunked Radio System and handset devices
- Satellite Communication services through VSAT (Very Small Aperture Terminal), SCPC (Single Channel Per Carrier) and iPStar technologies

2. Enhanced Technology Solutions Business Group

Enhanced Technology Solutions Business Group conduct business in providing advanced solutions and services, which integrate and apply varieties of information technologies to achieve various customer needs and customer expectations, which become more complex. Solutions and services in this Business Group also include advanced, specialized technology to support customers' critical tasks requiring accuracy, reliability, and stability, customized specifically for each customer for efficiency.

This Business Group ranges its services from consulting, engineering design and software development, implementation under professional project management, including outsourcing services and maintenance services for both government and private clients. This Business Group maintains international standard regarding service quality, ISO 9001, and CMMI, international standard for development of quality software widely accepted in the industry. Samart Comtech Co.,Ltd, a leading company of this Business Group, Samart Telcoms PCL and Smarterware Co.,Ltd. are all certified with CMMI Level 3. Various solutions and services in this Business Group include:

- Airport Solutions: for example, Common Use Terminal Equipment (CUTE), Common Use Self Service (CUSS), Airport Information Management System, including Advance Passenger Processing System (APPS);
- Automatic Meter Reading (AMR) and Advanced Metering Infrastructure (AMI);
- Multimedia Solutions: IPTV, Video Conference System, etc;
- Security Solutions: CCTV Systems, Suspect Alert/Search, Finger Print Security and Cyber Security;
- Geographic Information System (GIS);
- Digital TV Solutions: Transmission, Media Asset Management, Studio & Control Room System;
- Energy Savings: Building Energy Management System (BEMS);
- Cloud Computing, Data Center and Big Data Analytic Solutions.

3. Business Application Business Group

Business Application Business Group provides solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for government agencies to serve citizens more efficiently, and for corporate clients to gain more competitiveness and increase customer satisfactions. Solutions and services in this Business Group are:

- Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Human Capital Management (HCM).
- Core Banking Solutions for banks and finance institutes
- E-Payment Solutions and Services, Electronic Data Capture (EDC) System, Electronic Signature Capture System, Smart Card System, Loyalty Services, QR Payment System supporting QR-PromptlyPay, AliPay and WeChat Pay including application for Kiosk for selling products and services.
- Electronic Data Interchange (EDI) Services and Supply Chain Management System, including Cloud Services.
- e-Learning, e-Courseware, and Digital Content development, including Mobile Application development.

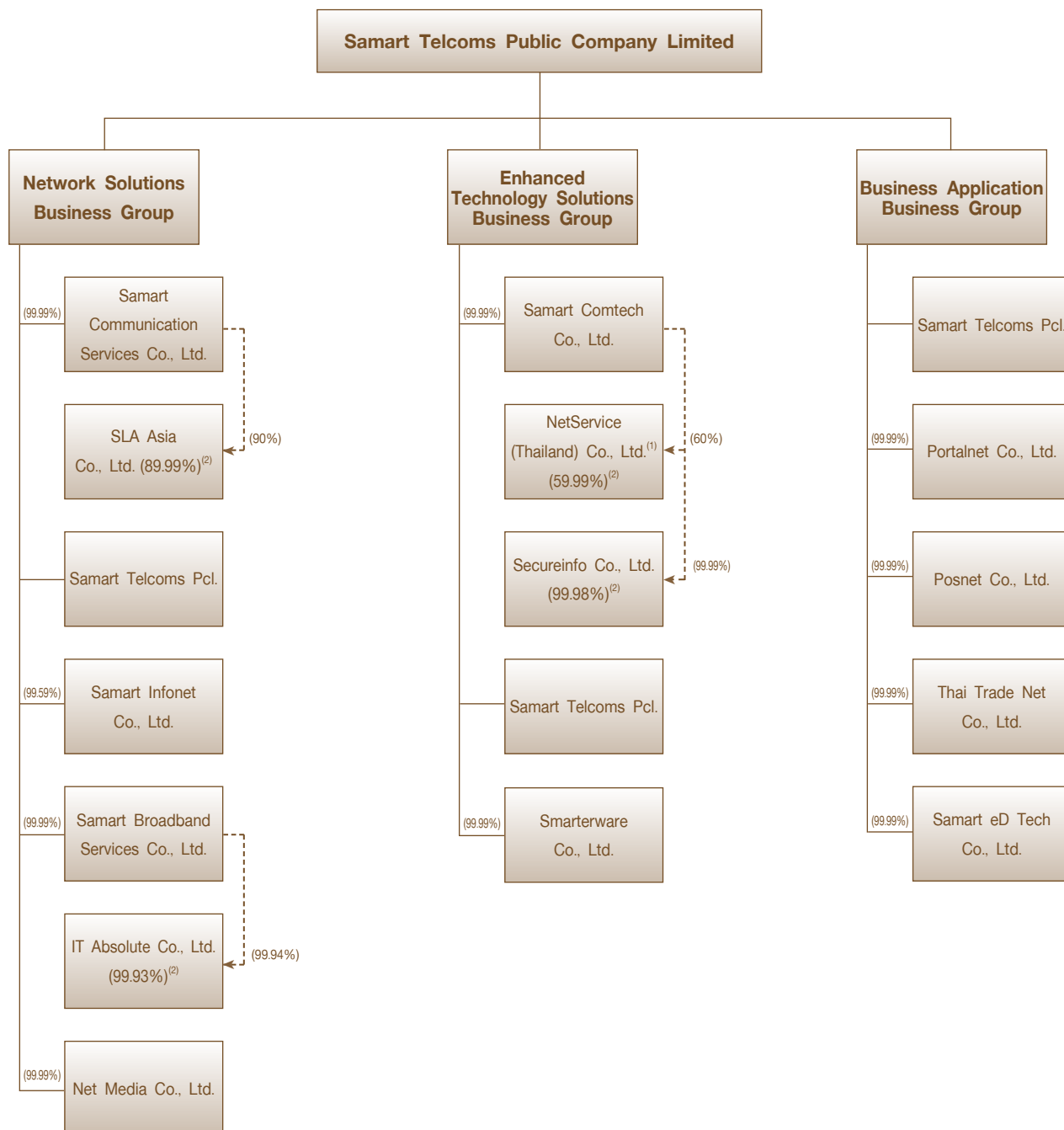
Nature of Business

Samart Telcoms Public Limited Company (“The Company” or “SAMTEL”), with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million, founded in July 18, 1986 with initial registered capital of 5 million baht and the business objectives to provide telecommunication satellite telecommunication services. The Company has registered in terms of the Public Limited Company and turned to be a listed company of the Stock Exchange of Thailand since 1996.

Nature of Business Operations of the Company and Subsidiaries in each business group as follows:

1. Network Solutions Business Group	
Samart Communication Services Co., Ltd.	Providing telecommunication and data communication network solutions and services including procurement, implementation and maintenance services including repair of telecommunication equipment, working under standard certified of ISO 9001 and ISO 20000, international standard for IT service management.
Samart Telcoms Pcl.	1. Rental of the high-speed, satellite communication network via iSTAR and VSAT technology 2. Complete implementation of high-speed communication networks using various fiber-optic technologies, high-speed wireless technology such as Digital Trunked Radio System and satellite communication system.
Samart Infonet Co., Ltd.	Providing high-quality Internet Services for government and corporate organizations with FTTx, G.SHDSL, MPLS, Leased Line, Gigabit Internet and Software-Defined WAN (SD WAN), including Co-Location and Cloud Hosting services.
SLA Asia Co., Ltd.	Providing services regarding design and implementation of telecommunication and IT system including trading and maintenance of IT equipment in CLMV countries comprising countries in Southeast Asia such as Cambodia, Lao, Myanmar and Vietnam.
Samart Broadband Services Co., Ltd.	Providing data communication services over local broadband networks.
IT Absolute Co., Ltd.	Distributor of electronic and technologies equipment.
Net Media Co., Ltd.	Providing video compression services and communication link for satellite uplink.
2. Enhanced Technology Solutions Business Group	
Samart Comtech Co., Ltd	Providing consulting, design, installation, operation management and maintenance services regarding information technology, communication system including advanced, specialized technologies.
Samart Telcoms Pcl.	Providing complete design, development, installation, management, system operation services and maintenance services regarding information and communication system for both turnkey and outsourcing services.
Smarterware Co., Ltd.	Conducting business in providing consulting services and complete software development, including special services in software engineering.
NetService (Thailand) Co., Ltd.	Providing services on development of IT system including software design and development for government and private sectors.
Secureinfo Co., Ltd.	Providing total solutions and services of cyber securities.
3. Business Application Business Group	
Samart Telcoms Pcl.	Providing distance learning and e-learning solutions and solutions and Core Banking and Finance Solutions for banks and finance institutes
Portalnet Co., Ltd.	Providing design, implementation and outsourcing services of Enterprise Resource Planning (ERP) system including analyzing business requirements and offering suitable services as total solution, including Customer Relationship Management (CRM) System and Human Capital Management (HCM) System for customers in government and private sectors.
Posnet Co., Ltd.	1. Providing total solutions and services for electronic payment system including Electronic Data Capture (EDC), Electronic Signature Capture and QR-Payment System. 2. Solution provider for smart card solutions and development of smart card application for commercial banks in Thailand and for non-bank credit card service providers. 3. Providing services for loyalty system.
Thai Trade Net Co., Ltd.	1. Providing trading data communication through Electronic Data Interchange (EDI) services including consulting services on workflow designed for customers to reduce business process with their trading partners. 2. Providing application software and services regarding Supply Chain Management and Workflow Management system.
Samart Ed-Tech Co., Ltd.	Providing services and development of Learning Management System including education institute management system and end-to-end education technology as well as courseware development for learning and training. Development of digital content such as e-Magazines and e-Books including mobile application development are also in the scope of services.

Business Structure



Remarks : Registered Capital of Samart Telcoms PCL. is Baht 738,000,000 and Paid-up Capital as of December 31, 2017 is Baht 618,000,000

⁽¹⁾ The remaining 40% of shares, holding by persons who have not conflict of interest.

⁽²⁾ (xx.xx%) Direct & Indirect stakeholding as of December 31, 2017

Revenue Structure

The revenue structure of the Company and Subsidiaries as of December 31, 2015-2017

Unit: Million Baht

Business Group	Operated by ⁽¹⁾	% of Holding 2017 ⁽²⁾	2015		2016		2017	
			Revenue ⁽³⁾	%	Revenue ⁽³⁾	%	Revenue ⁽³⁾	%
1. Network Solutions Business Group	SCS	99.99%	1,203.6	20.8	808.0	14.1	1,416.5	20.3
	STC	-	612.4	10.6	564.1	9.8	1,017.0	14.6
	SIF	99.59%	76.0	1.3	79.7	1.4	68.8	1.0
	Other subsidiaries	-	0.13	0.0	0.21	0.0	2.21	0.0
Subtotal			1,892.1	32.7	1,452.0	25.3	2,504.5	35.9
2. Enhanced Technology Solutions Business Group	SCT	99.99%	2,232.6	38.5	2,541.7	44.2	2,954.7	42.3
	STC	-	534.1	9.2	331.8	5.8	303.5	4.3
	Other subsidiaries	-	61.7	1.0	38.0	0.6	5.8	0.1
Subtotal			2,828.4	48.7	2,911.5	50.6	3,264.0	46.7
3. Business Application Business Group	PTN	99.99%	839.5	14.5	991.6	17.2	806.3	11.6
	STC	-	5.7	0.1	0.6	0.0	0.1	0.0
	PN	99.99%	189.2	3.3	337.0	5.9	361.7	5.2
	Other subsidiaries	-	37.8	0.7	55.9	1.0	45.4	0.6
Subtotal			1,072.2	18.6	1,385.1	24.1	1,213.5	17.4
Grand total			5,792.7	100.0	5,748.6	100.0	6,982.0	100.0

Remarks : ⁽¹⁾ SCS = Samart Communication Services Co.,Ltd. SCT = Samart Comtech Co.,Ltd.

STC = Samart Telcoms Pcl. PTN = Portalnet Co., Ltd.

SIF = Samart Infonet Co., Ltd. PN = Posnet Co.,Ltd.

⁽²⁾ Direct & Indirect stakeholdings on December 31, 2017.

⁽³⁾ The above revenues are exclusive of Inter-company transactions.

Information of Subsidiaries Companies

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
1. Samart Communication Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th 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 (Ordinary Share)	4,999,994	99.99
2. Samart Comtech Co., Ltd 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing consulting, design, installation, operating management and maintenance services regarding information technology, communication system including advanced, specialized technologies.	225	2,250,000 (Ordinary Share)	2,249,995	99.99
3. Portalnet Co., Ltd. 99/7 Moo 4, Software Park, 29 th 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 (Ordinary Share)	33,699,990	99.99
4. Posnet Co., Ltd. 99/4 Moo 4, Software Park, 32 nd 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 (Ordinary Share)	7,199,993	99.99
5. Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th 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 (Ordinary Share)	5,299,993	99.99
6. Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th 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 (Ordinary Share)	99,993	99.99
7. Samart Infonet Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Internet Service.	62	6,200,000 (Ordinary Share)	6,174,694	99.59
8. Samart Ed-Tech Co., Ltd. 99/29 Moo 4, Software Park, 6 th 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 (Ordinary Share)	199,997	99.99

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
9. Samart Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th 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 (Ordinary Share)	5,524,997	99.99
10. IT Absolute Co., Ltd. 99/2 Moo 4, Software Park, 34 th 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 (Ordinary Share)	22,485,593 ⁽¹⁾	99.94
11. Net Media Co., Ltd. 99/2 Moo 4, Software Park, 34 th 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 (Ordinary Share)	103,198	99.99
12. Net Service (Thailand) Co., Ltd. 62 Thaniya Building, 10 th 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 (Ordinary Share)	1,199,999 ⁽²⁾	60
13. SLA Asia Co., Ltd. 99/7 Moo 4, Software Park, 29 th 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 (Ordinary Share)	270,000 ⁽³⁾	90
14. Secureinfo Co., Ltd. 99/17 Moo 4, Software Park, 19 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing total solution and services of cyber securities.	5	50,000 (Ordinary Share)	49,997 ⁽²⁾	99.99

Remarks : ⁽¹⁾ Held by Samart Broadband Services Co., Ltd.

⁽²⁾ Held by Samart Comtech Co., Ltd.

⁽³⁾ Held by Samart Communication Services Co., Ltd.

Changes During the Year

In 2017, the Company had significant changes as follows:

- Samart Comtech Company Limited, a subsidiary held by the Company of 99.99% of the total share value issued, has invested in the establish a new subsidiary, Secureinfo Company Limited ("SCI"), Providing total solutions and services of cyber securities on June 22, 2017. SCI has registered capital of Baht 5 million (Total 50,000 ordinary shares of Baht 100 each) and Samart Comtech Co., Ltd., holding 99.99%.
- The resolution of the Board of Directors' Meeting No. 4/2017, on May 9, 2017 has approved that Samart Communication Services Company Limited as subsidiary held by the Company of 99.99% of the total issued, has acquired shares in SLA Asia Co., Ltd. from other shareholders of 70%. As of December 31, 2017, Samart Communication Services Company Limited has purchased shares of SLA Asia Co., Ltd. from 180,000 other shareholders or 60%. Therefore, Samart Communication Services Company Limited holding 90% and the general public holding 10%.

The Company has classified the business structure into 3 Business Groups comprising Network Solutions, Enhanced Technology Solutions and Business Application for optimization and efficiency in business operation and to provision market demands. In 2017, each Business Group had significant changes in the following:

1. Network Solutions Business Group

1) Samart Communication Services Co., Ltd. had significant changes as follows:

The Company has been certified for ISO 2000 for quality and efficiency of IT service management in order that the system provided could gain more confidence from customers. The Company also has maintained and elevated for the standard of ISO 9001: 2015, in order that customers could receive quality services increasing their satisfaction. These standards certified can be considered strengths in long-term competitiveness and help to be entrusted to renew several service and maintenance contracts such as Closed Circuit TV (CCTV) network service, Backup Link Services, Satellite Communication Services, Maintenance Services for Network and Telephone Exchange Equipment, Maintenance Services for Base Stations, Maintenance for Core Security System, e-Classroom Maintenance, and Services and maintenance of network equipments for Internet connectivity for schools nationwide.

Moreover, the Company was successful be gaining several important projects in 2017, for example, Implementation of 100-Gbps DWDM equipment, Transmission Equipment Upgrade for Backhaul Network, Core Network Improvement to Support LTE Technology and Implemenation of Network Equipment and Telephone Exchange. Such solutions and services were provided to key customers such as CAT Telecom Public Company Limited, TOT Public Company Limited, the Ministry of Education, the Ministry of Public Health, etc. These projects will be the Company's revenue stream in 2018 and serve as additional revenue sources for maintenance services in the future.

2) Samart Telcoms Public Co., Ltd. had significant changes as follows:

The Company maintained its service standards and capabilities in both knowledge and expertise in technologies and human resource development, making the system and operations more reliable and it could be strengths for long-term competition and also resulted in success for the Company in acquiring several important projects, for example, Digital Trunked Radio System (DTRS), Mobile Handset and Fixed Station Devices, Implementation of Equipment for Bandwidth Expansion for Base Station, Implementation of DTRS Base Station Equipment and Call Detail Record (CDR) system. The major customers were CAT Telecom Public Company Limited and TOT Public Company Limited,

Moreover, the Company gained customers’ trusts in service contract renewal, for example, transponder and high-speed satellite communication services and communication network rental, SCPC satellite communications, digital communications of data and image over the satellite and more. These services has been provided to key customers such as PTT Public Company Limited and PTT Exploration and Production Public Company Limited, Total Access Communication Public Company Limited and Panyapiwat Techno Business, Ministry of Education, Royal Thai Police and Department of Public Administration, Ministry of Interior. These projects will be the Company’s revenue stream in 2018 and serve as additional revenue sources for maintenance services in the future.

3) Samart Infonet Co., Ltd. had significant changes as follows:

Operating with the expertise in providing high-speed broadband Internet services, Co-Location services, and additional service of Software-Defined Wide Area Networking (SD-WAN) as an alternative service to enterprise customers for secure data connectivity between office branches helping reduce network expenses for customers. In the past year, the Company additionally:

- concentrated on Internet services for middle and large organizations and was entrusted to be high-speed communication network provider to more organizations such as Ministry of Justice, Defence Information and Space Technology Department; Ministry of Defence, Naval Medical Department; Ministry of Defence, Industrial Estate Authority of Thailand, Office of the Council of State, National Institute of Educational Testing Service (Public Organization), the Office of the Securities and Exchange Commission, Excise Department; Ministry of Finance, Provincial Electricity Authority, Metropolitan Electricity Authority, Airports of Thailand PCL and Office of The Constitutional Court, etc;
- increased additional network equipment to support growth of customers;
- and elevated customer satisfaction by applying CRM system for service improvement as well as increased staffs’ efficiencies with international standard compliance.

2. Enhanced Technology Business Group

1) Samart Comtech Co., Ltd. had significant changes as follows:

The Company continuously maintained standards of internal work process with efficiency and effectiveness emphasizing development of knowledge known as “Target Knowledge Certification”, enabling sales force, and designing and implementing engineers to deliver high quality works and keep up with business changes in current period and in the future. Besides, the Company has maintained standards of ISO 9001 and CMMI Level 3 and has been certified for ISO 20000, international standard for quality and efficiency in IT service management, for Airport Operation Management department, currently providing services to Airports of Thailand PCL. These standards helps provide better workflow system and services to customers, which are keys for long-term competition. Moreover, in 2017, the Company succeeded in being entrusted to provide improvement of telecommunication system, Cadastral Mapping Database and Land Appraisal, Taxation Support System, Information System for Human Resource Management, Maintenance Service for IP-Phone Conference System, and more. Key customers are Airports of Thailand PCL, Royal Thai Armed Forces Headquarters; Ministry of Justice, Treasury Department, Department of Land, Ministry of Public Health, etc. The Company also has maintained Airport Passenger Processing System (APPS) Services for 6 airports under accountability of Airport of Thailand PCL, including operation and maintainance services for Common Use Terminal Equipment (CUTE) at the Suvarnabhumi Airport, Phuket International Airport, Chiang Mai International Airport, Chiang Rai International Airport, Hat Yai International Airport and Don Mueang International Airport. These projects and services will be the Company’s revenue stream in 2018 and serve as additional revenue sources for maintenance services in the future.

2) Samart Telcoms Public Co., Ltd. had significant changes as follows:

The Company maintained its standard of CMMI Level 3 for development of quality software. The Company also was awarded several projects regarding Time-of-Use (TOU) Meters, 3G Modems and related peripherals for Automatic Meter Reading System, CCTV System for public areas of risk, etc. Key customers were Provincial Electricity Authority, Chonburi Provincial Administrative Organization and more.

3) Smarterware Co., Ltd. had significant changes as follows:

The Company brought its expertise in total services for software development with consulting services for software design including specialized services in software engineering to support business of other companies in the Business Group. During the year, the Company:

- provided staffs training programs for new technologies according to application development direction of the Company;
- has maintained process of software development in compliance with CMMI Level 3, international standard that other leading companies request to be certified by SEI – Software Engineering;
- provided training programs with continuous monitoring process in order for all staffs to gain insights in software development process under CMMI Level 3;
- targeted in development of expertise to increase technical capabilities in GIS, GPS Tracking System and Mobile Application, which is the direction of application development with advanced technology;
- and developed Software Products under the brand of Smarterware to reach both domestic and overseas markets such as Smart Tracking System for logistics business and Service Operation Management System, including development of Chatbot system to increase capabilities of developed systems and IoT device connectivity to monitor and manage events and incidents automatically;

4) NetService (Thailand) Co., Ltd. had significant changes as follows:

The Company brought its expertise in development of IT system, software design and development for government and private sectors to support operation of companies in the Business Group. During the year, the Company:

- focused more on development and improvement of specialized information system for core products e.g. Human Resource Management and Website Management;
- provided internal training programs to transfer knowledge and information technology regarding Website Management and Specialized Information System in order that all staffs could be able to rotate operations and supports continuously and efficiently.

3. Business Application Business Group

1) Samart Telcoms Public Co., Ltd. had significant changes as follows:

The Company has provided solutions and services regarding business application to enhance capability and operation efficiency of customers in both government and private sectors in various industries through subsidiaries in this Business Group such as Portalnet Co., Ltd., Posnet Co.,Ltd., Thai Trade Net, Co., Ltd. and Samart eD Tech Co., Ltd. The Company moreover has implemented Core Banking System trusted by Government Housing Bank to develop, install, provide training and maintenance Core Banking System.

2) Portalnet Co., Ltd. had significant changes as follows:

The Company has conducted the business with expertise in design, implementation and outsourcing services for Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Human Capital Management (HCM). During the year, the Company has still maintained CMMI Level 3 standard, the international standard for quality software development and has:

- continuously maintained the services of core business software for Provincial Electricity Authority nationwide, including preventive and corrective maintenance to sustain operational condition of the system in full capacity at all time;

- started services in development, maintenance, change requests and usage support of SAP software for customers such as Metropolitan Electricity Authority, Metropolitan Waterworks Authority and Samart Corporation PCL;
- been continuously entrusted by Samart Corporation PCL. to provide system service of SAP Success Factors, Human Capital Management application;
- been entrusted by The Electricity Generating Authority of Thailand as a consult to find proper changes in software application and provide terms of requirements for Enterprise Resource Planning (ERP) system;
- been certified “Partner Center of Expertise” by SAP, indicating the Company’s high standard of operation on SAP system;
- and regularly provided staffs necessary training programs, especially topics relating to SAP to increase more staff qualified by SAP and to ensure staffs’ service capability compliant to international standard

3) Posnet Co., Ltd. had significant changes as follows:

The Company has conducted business regarding business application with the expertise in total solutions and services regarding e-payment, smart card and loyalty program. During the year, the Company further expanded Electronic Signature Capture services to provide more service coverage for existing customers and to provide such services for new customers. The Company also further proceeded development of application for new Electronic Data Capture (EDC) devices to support usage of new cards in the country and to support government policy of National e-Payment, improvement in security and protection of data storage and data transmission, development of QR Payment system supporting QR-Promptpay, AliPay and WeChat Pay, and development of Kiosk application for selling products and services of customers. Major customers are Bangkok Bank Public Company Limited, Krungthai Card Public Company Limited, Government Savings Bank, Thanachart Bank Public Company Limited, AEON Thana Sinsap (Thailand) Public Company Limited, Hua Seng Helg Company Limited., Central Retail Corporation Ltd., etc.

4) Thai Trade Net Co., Ltd. had significant changes as follows;

Conducting in business application to support customers’ operations with expertise in Electronic Data Interchange (EDI), Supply Chain Management (SCM) and Workflow Management system, during the year, the Company further proceeded by starting to provide EDI services for Healthcare industry as pilot services for Siriraj Hospital and Vejthani Hospital for electronic process of Purchase Order and Advance Ship Notice with large distributors of medicines and medical supplies. The Company plans to extend such services to other hospitals and medical supply companies.

5) Samart Ed Tech Co.,Ltd. had significant changes as follows;

Conducting business application to support customers’ operations, the Company has expertise in technologies regarding total education, Learning Management System, development of Courseware, Digital Content and Mobile Application development. During the year, the Company further customized and improved Learning Management System (LMS) with additional functions for Cyber-U services and also developed e-Courseware for human resource development and employee training for customers in banking industry, leading enterprises and government organizations such as Government Savings Bank, Kasikornthai Bank Public Company Limited, Siam Commercial Bank Public Company Limited, Krungthai-AXA Life Insurance Public Company Limited, Big-C Supercenter Public Company Limited, IRPC Public Company Limited, PTT Public Company Limited, DKHS Thailand Company Limited, Wine Connection Company Limited, Nestle (Thai) Company Limited, CPF Training Center Company Limited, Department of Trade Negotiations, Ministry of Commerce, Office of the Civil Service Commission, Digital Economy Promotion Agency (DEPA), Excise Department, King Prajadhipok’s Institute, etc.

Industry and Competition

In 2017, Thai economy expanded by 3.9 percent higher than that in 2016 at 3.3 percent¹ better than anticipated, mainly resulted from expansion of exports of goods at 9.7%, growth in number of tourists and recovery of private investment clearly seen in second half of the year². Government consumption grew from 2016 despite of decrease in government investment. Public investment grew at -1.2 percent¹ compared to the growth rate in 2016 at 9.5 percent. Inflation rate was 0.7 percent increasing from 0.2 percent in 2016 due to higher domestic consumption and oil price in global market.

For Information and Communication Technology (ICT) market in 2017, National Broadcasting and Telecommunication Commission (NBTC) estimated only the value of 2017 communication market for Baht 632,120 million³ growing by 9.5 percent from that in 2016. The communication market in 2017 consisted of communication services for Baht 371,011 million expanding by 12.2 percent and communication equipment for Baht 261,109 million increasing by 5.9 percent. The value of communication equipment included Network Equipment and Infrastructure Cabling of Baht 75,459 million, Wireline Equipment of Baht 18,115 million, Wireless Equipment of Baht 47,565 million and Handset of Baht 119,970 million³.

In 2018, Thai economy is expected to expand in the range of 3.6-4.6 supported mainly by government investment. Public investment framework in 2018 budgetary year increases for 10 percent¹ and private sector has more confidence and domestic investment will increase for 3.7 percent. Trading partners' economy tends to increase close to the expansion rate in 2017, resulting in expansion of Thailand's export value of goods. Number of tourists is forecasted to be 38.2 million tourists increasing by 8.0 percent from 2017². The headline inflation is expected to expand in the range of 0.9-1.9 percent resulting from domestic demands and increasing global energy prices.

Overall ICT market in 2018 will still be in intense competition. Kasikorn Research Center forecasted that wireless communication market in 2018 would rise due to competition using marketing strategies from telecommunication operators and behavior of consumers for more usage of mobile broadband Internet reflecting such growth of communication service market. However, the growth rate will slow down because of intense competition in the market⁴.

Government policies and investment will be key supports driving ICT market expansion. Such policies are Thailand 4.0, which align technology to create innovation in various industries to encourage Digital Economy. Government also will invest in ICT to develop Digital Government, bringing technology to serve the operations and to develop infrastructure to facilitate government services and information to citizens as for the year of government data. Such digital infrastructure for government, which must be efficient and accessible throughout the country, includes nationwide high-speed internet infrastructure, hub and gateway for data exchange and digital platform for government's fundamental services⁵. The government also encourages private sector to involve and invest in development of smart cities elevating the country's infrastructure development. Moreover, Eastern Economic Corridor (EEC) could attract public and private investment for Baht 1.5 trillion combined in the next five years for transportation and logistics infrastructure such as airports, seaports, double track railway, high-speed trains, motorways and new cities and communities including related infrastructure.

International Data Corporation (IDC) forecasted that Thailand's IT spending in 2018 would be approximately Baht 440 billion growing by 2.8 percent⁶ from the previous year. Fastest growth will be in the area of IT service followed by IT infrastructure and Software. Telecommunication industry will continuously invest in IT to efficiently manage cost and create new services for customers. In manufacturing areas, IT investment will increase Baht 1.7 billion from the previous year because of intense competition from both domestic and international players in Industry 4.0 transformation requiring technologies such as Internet of Things⁵ and Robotics. Furthermore, IDC expected that technologies regarding Cloud, Mobility, Big Data Analytics and Social Business would still be the core or important platforms affecting the market growth as well as six innovation accelerators such as Augmented and Virtual Reality (AR/VR), Cognitive/AI System, Next-Generation Security, Internet of Things (IoT), 3D Printing and Robotics that would drive market expansion⁶.

Competition in ICT market will be more intense causing by applied technologies and innovation in business. Providers in ICT industry including Digital Tech Startup will compete to create new products and services with new various business model in order to differentiate and meet customer needs, to facilitate and really increase business efficiency for customers and to make end users realizing benefits, convenience, good experiences and satisfaction. ICT market consequently is expected to grow in lower rate due partly to such intense competition in price and marketing strategies. Besides, several risks factors might impact the industry especially if economic factors, such as private consumption and investment including efficiency in government budget spending, fail to meet expectation.

References:

1. Office of the National Economic and Social Development Board. Thai Economic Performance in Q4 and Outlook for 2018. 2018. Available at: [http://www.nesdb.go.th/nesdb_en/article_attach/Economic Report Q4-17_2017 \(ส่งโรงพิมพ์\).pdf](http://www.nesdb.go.th/nesdb_en/article_attach/Economic%20Report%20Q4-17_2017%20(ส่งโรงพิมพ์).pdf)
2. Bureau of Macroeconomic Policy, Fiscal Policy Office, Ministry of Finance. 2018. Thailand's Economic Projections 2017 and 2018. Available at http://www.mof.go.th/home/Press_release/News2018/015.pdf
3. National Broadcasting and Telecommunication Commission (NBTC). 2018. Communication Market 2016 and Outlook 2017. Available at <http://webstats.nbt.go.th/netnbt/DL.php?act=Q29tTUUMjAxNi0xNy5wZGY=&public=true>
4. Kasikorn Research Center. 2017. 2018 Wireless Data Market. Available at: <https://www.kasikornresearch.com/th/k-econanalysis/pages/ViewSummary.aspx?docid=36734>
5. Ministry of Digital Economy and Society. 2018. National Digital Economy Master Plan. Available at: https://www.ega.or.th/upload/download/file__9fa5ae40143e13a659403388d226efd8.pdf
6. International Data Corporation (IDC). 2018. Digital Transformation to Attain Macroeconomic Scale and Impact: IDC Unveils Top Technology Predictions for Thailand for 2018 and Beyond. Available at: <https://www.idc.com/getdoc.jsp?containerId=prAP43495018>

Risk Factors

Risk factors which may affect the Company's and its Subsidiaries business can be classified as follows;

1. Operational Risks

Business and Market Risks

- **Uncertainty of economy**

Thai economy is projected to expand at 4.1 percent (range in 3.6-4.6) higher than that in 2017 at 3.9 percent¹, mainly supported by government consumption with framework of investment in 2018 fiscal budget increasing for 10.0 percent, private sector with more confidence to invest and economic growth rate of trading partners at 3.8 percent close to the rate in 2017 at 3.7 percent¹. However, uncertainty of economy due to several external factors could result in decrease in foreign investment and number of inbound tourists and slow down of private investment in several areas including ICT which could affect business of the Company.

- **Efficiency of government spending**

Government spending efficiency is one of the important factors driving economy. In 2017, government spending of the fiscal budget was at 94.64 percent (Baht 2,586,551 million out of total fiscal budget at Baht 2,733,000 million) higher than that in 2016 for 0.35 percent with spending in investment at 65.86 percent lower than the rate in 2016 for 0.91 percent².

In 2018, government set the target of total spending efficiency not less than 96 percent and spending in public investment not less than 88 percent³. However, if the delay in the bidding process of government projects occurs, government spending could decline and it could delay the bids of major projects for the Company.

- **Risks in Service and Project Delivery**

On-time project delivery to customers has been key strength of the Company, including service quality under Service Level Agreement (SLA). Unexpected incidents could cause delays of project delivery or interrupt the services resulting in damages to both customers and the Company.

- **Competition in the market**

Thailand's ICT market in 2018 is expected to grow under more intense competition in price and marketing strategy. ICT providers may have to place more investment or expenses to create innovation and improve new products and services to differentiate and provide good experience to customers. If the overall economy does not expand as projected and the ICT market slows down, the competition in market could be higher and such competition could affect the Company's business.

One of key factors driving market competition is technology. New technologies or new application may be adopted to replace existing technologies or services that customers currently receive. If the Company does not adapt solutions to pace with such new technologies, others might replace the Company's existing solutions and services.

New various business model adapting Cloud, Mobility and Digital Platform of existing providers and new entrepreneurs as Digital Tech-Startup could make the competition more intense. Customers might lower their capital expenses in ICT and turn to use IT services from providers in the market.

Moreover, other providers from other industries other than ICT could gain parts of the share in ICT market. Product makers could also turn into ICT service provider driving higher competition.

Consequently, the Company emphasize risk management in order to respond to business objectives of stable and sustainable growth, the Company conducts strategies in building business opportunities and expanding customer base by focusing on more efficiency in customer relationship management and gain more customer insights, generating long-term recurring revenue by transformation which emphasizes being ICT Outsourcing and Service Provider, creation of innovation for new products and services with more values added to respond to government policies and market demands with the pace of advanced technologies, Moreover, the Company focuses on elevation in collaboration with world-class partners and standards in operations and services such as CMMI to elevate quality of projects delivered, ISO 9001 and ISO 20000 to increase quality of IT services.

Moreover, the Company maintains policies to manage resources for efficient cost control and improves contingency planning with regular rehearsal in order to alleviate risks from incidents interrupting service operations. The Company also obtains insurance coverage for equipment during implementation phase and system in operation phase. All of these proceedings help the Company to better manage business and market risks.

References:

1. Office of the National Economic and Social Development Board. Thai Economic Performance in Q4 and Outlook for 2018. 2018. Available at: [http://www.nesdb.go.th/nesdb_en/article__attach/Economic_Report_Q4-17__2017_\(ส่งโรงพิมพ์\).pdf](http://www.nesdb.go.th/nesdb_en/article__attach/Economic_Report_Q4-17__2017_(ส่งโรงพิมพ์).pdf)
2. Prachachat Online. 2018. Government Spending Efficiency. Available at: <https://www.prachachat.net/economy/news-51418>
3. Bureau of the Budget. 2018. Measures to increase government spending efficiency for 2018 fiscal budget. Available at: <http://www.bb.go.th/FILEROOM/CABBBIWEBFORM/DRAWER14/GENERAL/DATA0004/00004773.PDF>

Risk associated with Dependence on Large Customers

In 2017, majority of the revenue from government sector and state enterprises was 79%. Should the government and state enterprises delay ICT budget spending, it would significantly impact the Company's operating performance and financial conditions. At present, the major customers of the Company are state enterprises contributing 56% of gross revenues. Nevertheless, the Company has expanded customer base to other government agencies, not to focus on few particular agencies in order to mitigate the risk from budget cut of those agencies.

Risk associated with Dependence on Large Supplier

With regard to the Communication Network and System Installation (Turnkey Projects), the Company orders equipment from many suppliers. Generally, in bids, major equipment technically approved could be supplied from more than 1 vendor, so the Company could select equipment from the vendors with best offer in each project the Company would bid. Therefore, there was no risk in dependence on only one vendor. Furthermore, the risk associated with dependence on large supplier in satellite communication service business is low.

2. Financial Risks

Credit Risk

The Company has continuously proceeded the policy to resolve the overdue receivable problems specifically monitored by the Collection Department. In addition, most of debtors currently are the customers with strong financial status such as state enterprises, government agencies and large corporations. Therefore bad debt is at a low level. During the past year, the Company has faced with payment delays from state enterprises and some government agencies that caused incurring the Company's interest expenses. Because bank loan repayment was tied to project cash flow, the Company consequently did not have liquidity problem.

The Company has the policy to reserve 50% of the doubtful debt provisioning the receivables with payment due exceeding 6 months but not over 12 months. In case of over 12-month overdue debt, the reserve will be fully provisioned. To determine provision for bad debt, the company will also consider each individual customer. In case of government or state enterprises which are considered minimum risk to become bad debt, therefore the company will not record provision for bad debt.

As of 31 December 2017, the Company recorded debts overdue over 12 months for Baht 488 million and set aside an allowance for doubtful accounts of Baht 12 million. Such allowance is considered sufficient for potential loss because most debts are from government and state enterprise projects of customers who have strong financial status as mentioned above.

Foreign Exchange Risk

From the Company's income structure, most income is derived from short-term projects and long-term leasing and services, which contracts were made in Thai Baht. Since the Company imports telecommunication equipment from overseas, a foreign exchange risk occurs. To reduce such risks, the Company takes into account this risk when setting prices. After winning a bid, the Company will buy forward contracts to minimize foreign currency position at the low level. In addition, the Company also considers exchange rate trend and overall business performance to determine a total position.

As at December 31, 2017 the Company has foreign currency financial liabilities that were unhedged against foreign exchange risk approximately US\$ 4.4 million which was 2.07% of total revenue when converted to Baht.

3. Risks affect the rights or investment of securities holders

Risk from major shareholders holding over 50% of the shares.

Major shareholder of the Company is Samart Corporation (Public) Co., Ltd. Holding 433,464,590 shares or 70.14% of Company's paid-up capital and Vilailuck International Holding Co., Ltd., held by the Vilailuck family who is the shareholders of Samart Corporation (Public) Co., Ltd., holding 13,508,910 shares or 2.19% of Company's paid-up capital, the shareholders' resolutions of major issues can be almost absolutely controlled, such as the appointment of Committees and the voting for any issues requiring the majority in the Shareholders' meeting, except for the issues required by laws or Company's regulations to receive three-fourth of votes in the Shareholders' Meeting. Therefore, other shareholders may not be able to combine votes to balance out the major shareholders. (Information based on Thailand Securities Depository on the latest date of closing registration book, December 29, 2017).

The Company appointed the Audit Committee member comprise of 3 members as an independent directors to be responsible for 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.

4. Social and Environmental Risk

In order to maintain the continuity and sustainability of the Company's operation, the Company has to depend on supports 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, Sponsorship for knowledge-sharing conferences, Support for "Classroom equipment, 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 sustainable development policy in recognition of social and environmental responsibility by purpose to be with society in harmony and sustain business growth altogether.

Shareholders

The top ten major shareholders of the Company are:

No.	Name of Shareholders	No. of shares held (Shares)	% of Total Shares
1.	Vilailuck Group ⁽¹⁾	446,973,500	72.33
	- Samart Corporation PCL ⁽²⁾	433,464,590	70.140
	- Vilailuck International Holding Co., Ltd.	7,754,300	1.255
	- Mrs. Sukanya Vanichjakvong ⁽³⁾	1,150,000	0.186
	- Mr. Watchai Vilailuck ⁽³⁾	1,650,010	0.267
	- Mr. Charoenrath Vilailuck ⁽³⁾	2,854,600	0.462
	- Mr. Thananan Vilailuck ⁽³⁾	50,000	0.008
	- Lobburi Industrial Estate Co., Ltd.	50,000	0.008
2.	Bangkok Bank PCL	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 Pumpanmuang	3,396,700	0.55
Total of top ten Major Shareholders		530,944,065	85.91
Total of the Minority Shareholders		87,055,935	14.09
Total paid up shares		618,000,000	100.00

Remarks : Information based on Thailand Securities Depository on the latest date of closing registration book, December 29, 2017.

⁽¹⁾ Samart Corporation PCL, 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;

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

⁽³⁾ Includes holding by spouse and minor child

Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders not less than 50% of its consolidated net profit after deduction of all reserves complied with the Company's Articles of Association and related laws, However, payment depends on future investment, business plan, future necessity and appropriation. The Company's subsidiary companies have policy to pay dividend no less than 50% of their net profit after deduction of all reserves complied with the Company's Articles of Association, related laws, and financial position of the Company.

Historical Dividend in 5 consecutive years.

Historical Dividend	2013	2014	2015	2016	2017*
Net profit per share (Baht)	1.40	1.14	0.65	0.30	0.36
Dividend per share (Baht)	0.75	0.65	0.40	0.20	0.33
Dividend payout ratio (%)	54.01	56.99	61.44	67.20	92.50

*Remark : * Profit was returned to shareholders as a dividend payment. Dividend for 2017 has been being proposed to the annual general meeting of shareholder at Baht 0.33 per share including Baht 0.15 per share interim dividend for the first six months which was paid in September 2017. And the rest dividend Baht 0.18 per share will be paid after shareholders approval. Total dividend payment will be 92.50 % of the consolidated net profit conformed to the Company's dividend policy that dividend payment will be no less than 50% of the consolidated net profit.*

Management Structure

1. Board of Directors as of December 31, 2017 consists of 9 Directors:

Name	Position	Number of attendance/ Number of absence ⁽¹⁾
1. General Sumpun Boonyanun ⁽²⁾	Chairman / Independent Director / Audit Committee Member / Chairman of the Nominating & Compensation Committee	8/8
2. Mr. Vichai Pokasamrit	Independent Director / Chairman of the Audit Committee / Nominating & Compensation Committee Member / Chairman of the Corporate Governance Committee	7/8 ⁽³⁾
3. Miss Rapeepan Luangaramrut	Independent Director / Audit Committee Member / Nominating & Compensation Committee Member / Corporate Governance Committee Member	8/8
4. Mr. Kajornvut Tayanukorn **	Director / Corporate Governance Committee Member	8/8
5. Mr. Sirichai Rasameechan	Director / Corporate Governance Committee Member	8/8
6. Mr. Charoenrath Vilailuck *	Executive Director / Risk Management Committee Member	8/8
7. Mr. Watchai Vilailuck *	Executive Director / Executive Chairman & Chief Executive Officer / Chairman of the Risk Management Committee	8/8
8. Mr. Thananan Vilailuck *	Executive Director / Risk Management Committee Member	6/8 ⁽³⁾
9. Mr. Jong Diloksombat *	Executive Director / President / Risk Management Committee Member / Corporate Governance Committee Member / Chairman of the Sustainable Development Committee	8/8

Remarks: * Representative director from Samart Corporation Public Company Limited a major shareholder with 70.14%

** Representative director from Bangkok Bank Public Company Limited a major shareholder with 4.85%

⁽¹⁾ In 2017, the Board of Directors meeting 8 times;

⁽²⁾ Has been appointed as Chairman on December 1, 2017;

⁽³⁾ Due to has important business abroad.

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 5 members. Not 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. The Audit Committee of not less than 3 members and one member with knowledge and experience in the financial statements of the Company. Further details of Directors and Audit Committee are shown in "Directors, Management and Company Secretary" and Roles and Responsibilities of the Audit Committee is shown in "Corporate Governance" under the topic "2. Committee".

Restriction of Power of the Directors

"General Sumpun Boonyanun or Mr. Charoenrath Vilailuck or Mr. Watchai Vilailuck or Mr. Jong Diloksombat, totaling two persons jointly signs 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, Securities and Exchange Commission, 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;

4. Has various knowledge, experience, and specific skill that suitable for the Company business;
5. Integrity;
6. 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 used to be an Executive director, employee, staff or advisor who receives a salary; or controlling person of the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of appointment;
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling persons, or persons to be nominated as executive or controlling person of the Company or subsidiaries;
4. Neither having nor used to have a business relationship with the Company, parent company, subsidiaries, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, parent company, subsidiaries, affiliates, 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, parent company, subsidiaries, affiliates, 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, parent company, subsidiaries, 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, parent company, subsidiaries, associate companies, 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 appointed as a representative of directors of the Company, 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 cause the inability to express independent opinions with regard to the Company's business operations.

Terms of positions

Pursuant to the Public Company Acts B.E. 2535, at 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 the Company's shareholders.

Roles and Responsibilities of Directors

1. Conduct business with accountability, duty of care, duty of loyalty 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 who 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. Audit Committee, Executive Board, Risk Management Committee, Corporate Governance Committee, Nominating & Compensation Committee, and Sustainable Development Committee.
7. Appoint and consider remuneration package, proposed from the Nominating & Compensation Committee, for top executives of the Company, and Company Secretary;
8. Summarize annual budget and financial statements 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, which are proposed by Audit Committee, prior to propose 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 conducted business and manage the Company's operation ethically and transparently with honesty and due care for the benefit of shareholders and all stakeholders. The Board of Directors has provided the Ethics manual for the Company's directors and executives to adhere as their practical guidelines and posted on the Company's website (www.samtel.com).

Delegation of authority between the Board of Directors and 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 then they shall be further presented to the Board of Directors for approval.

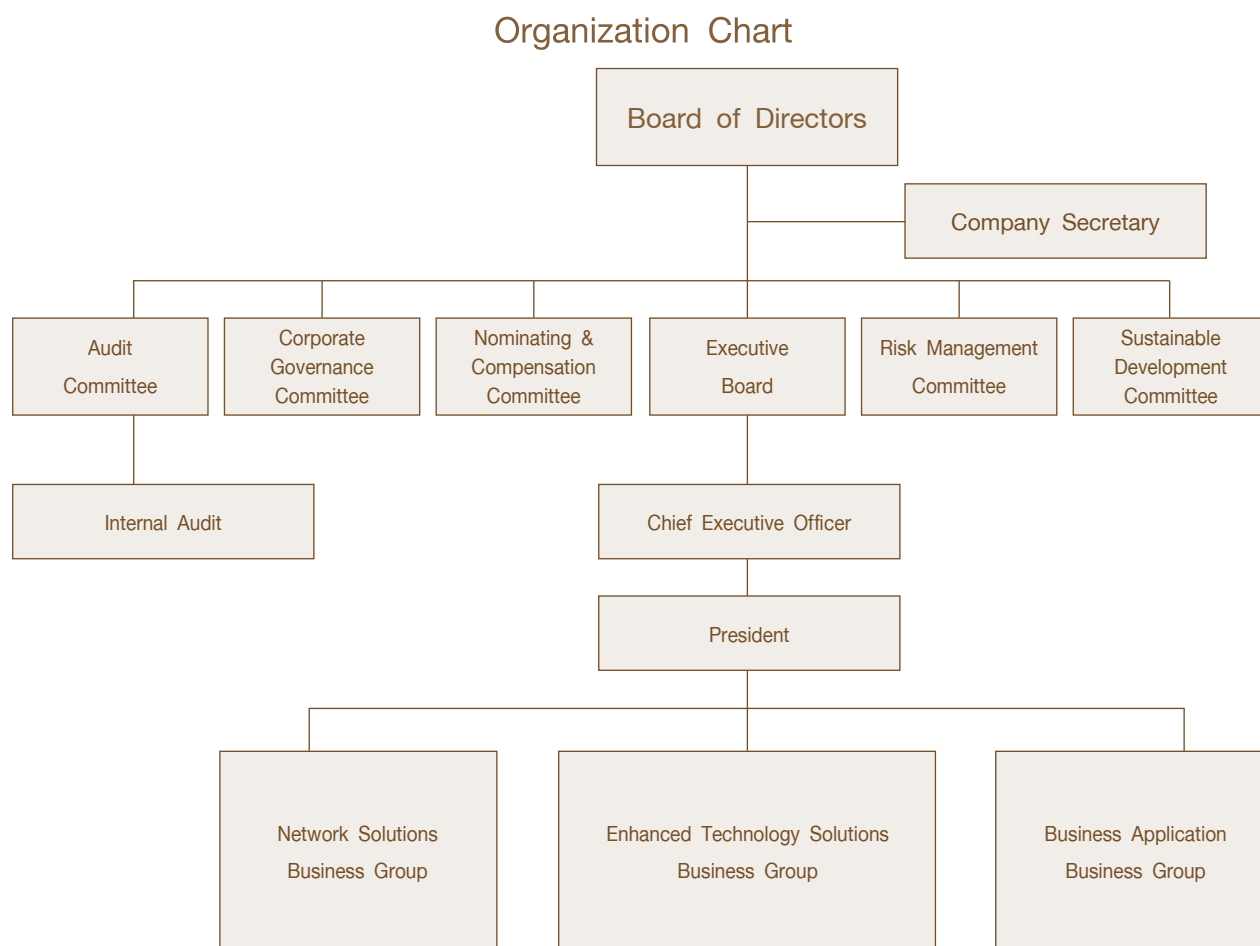
Delegation of authority of the Board of Directors

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.

2. The 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. The organization chart and management of the Company as at December 31, 2017 are as the follows:



Remark : Corporate Accounting and Corporate Treasury are under President;

Management of the Company

- | | | |
|----|--|---|
| 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 ⁽¹⁾ | 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 : ⁽¹⁾ Has been appointed Mr. Suchart Duangthavee as Executive Vice President Business Application Business Group on February 1, 2017.

Further details of management of the Company are shown in “Directors, Management and Company Secretary”.

3. 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. The Board of Directors has appointed Mr. Somchai Bunsupaporn as the Company Secretary since October 28, 2003.

In addition, Mr. Somchai Bunsupaporn has been appointed as secretary to sub-committees such as the Audit Committee, the Executive Committee, the Corporate Governance Committee, the Nominating & Compensation Committee, the Risk Management Committee and the Sustainable Development Committee.

Further details of Company Secretary of the Company are shown in “Directors, Management and Company Secretary” and “Company Secretary Role and Responsibilities”.

4. 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 sub-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 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 Baht 6.5 million the same as previous year which consists of meeting allowance and bonus. The meeting allowance for each meeting participated of the Board of Directors and Committees are as follows:

Board of Directors

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

Audit Committee

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

Corporate Governance Committee

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

Nominating & Compensation Committee

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

Management's Remuneration

Remuneration of the top management shall be in accordance with principles and policies specified by the Remunerating and 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 executives shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top executive. These criteria shall be explained to the executives in advance before they can be used for the assessment at the end of the year. The Nominating & Compensation Committee shall consider prior propose to the Board of Directors for approval.

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

In 2017, the Company paid remuneration to directors and the managements as follows:

1) Cash & Non-Cash Remuneration of Directors and Committees' members of 2017

Directors	Cash Remuneration						Other Remuneration
	Meeting Allowance ⁽¹⁾ (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. General Sumpun Boonyanun ⁽²⁾ Chairman / Independent Director	150,000	135,000	30,000	60,000	100,000	475,000	-
2. Mr. Vichai Pokasamrit ⁽³⁾ Director / Independent Director	105,000	75,000	60,000	30,000	100,000	370,000	-
3. Miss Rapeepan Luangaramrut ⁽⁴⁾ 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 ⁽⁵⁾ 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 ⁽⁶⁾ 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	-

Details of number of meeting attendance of Directors in the Board of Directors and Sub-Committee were shown in the section “Corporate Governance” under the topic “5.5.4) Board & Committees' Meeting”

Remarks : ⁽¹⁾ Meeting allowance shall not be paid to the Executive Board, Risk Management Committee and Sustainable Committee because all members of such Committees are the executives who have remuneration as the executives already;

⁽²⁾ 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;

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

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

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

⁽⁶⁾ Resigned from Chairman and Independent Director on November 28, 2017.

2) Cash & Non-Cash Remuneration of the Executive Board and Management of 2017

Remuneration	Number of Persons	Total Amount
Salary	5	22,416,000.00 Baht
Bonus	5	2,801,000.00 Baht
Provident Fund ⁽¹⁾	5	1,881,600.00 Baht

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

5. Human Resource

Number of employees of the Company and subsidiaries for the pass 3 years.

Company	Number of Employees (Persons)		
	2015	2016	2017
1. Samart Telcoms PCL	92	92	98
2. Samart Communication Services Co., Ltd.	414	385	367
3. Samart Comtech Co., Ltd.	420	375	387
4. Thai Trade Net Co., Ltd.	21	21	20
5. Posnet Co., Ltd.	140	146	179
6. Smartherware Co., Ltd.	62	60	57
7. Samart Infonet Co., Ltd.	33	32	28
8. Samart Ed Tech Co., Ltd.	28	24	22
9. Net Media Co., Ltd.	1	1	1
10. IT Absolute Co., Ltd.	13	13	12
11. Portalnet Co., Ltd.	97	108	120
12. NetService (Thailand) Co., Ltd.	27	23	22
13. SLA Asia Co., Ltd.	3	1	1
14. Secureinfo Co., Ltd.	-	-	4
Total	1,351	1,281	1,318

Expenses related to the employees of the Company and subsidiaries for the pass 3 years of which comprised salary, bonus, provident fund and other remuneration were:

Remuneration	Total Amount (Million Baht)		
	2015	2016	2017
Salary	547.64	549.37	568.30
Bonus	59.67	56.61	59.44
Provident Fund	25.82	27.60	29.24
Other remuneration (Over time, special subsidy and commission)	15.99	14.38	21.46

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, the Company 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 the Company'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 the Company, 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 the Company'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 the Company leading to be the Company's sustainable success.

- **Performance Management and Development Policy:**

The Company 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 the Company. 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 the Company. 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 the Company 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 the Company 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 the Company 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 the Company 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 the Company.

- **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 the Company 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, the Company 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 the Company'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.

Summary of Training to management and employees in 2017

Training	Frequency	Number of Participants
In-House Training		
- Managements	42	466
- Employees	52	1,031
Sub - Total	94	1,497
External Training		
• Samart Telcoms Pcl.		
- Managements	9	10
- Employees	8	9
• Subsidiaries		
- Managements	38	50
- Employees	38	74
Sub - Total	93	143
Total	187	1,640

Training Expenses in 2017

Total 2017, total expenses concerning the employees' participation in the trainings domestically and abroad of the Company and its subsidiaries were Baht 5,585,348.02. Total employees' training hours were 13,657 hours per year or averagely 8.33 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 course internally, externally and abroad were as follows:

Internal Training Courses

- Service mind : Key of Success
- Shift Your Presentation
- CISCO technology Workshop
- Finance for Non-Finance
- HR for non HR
- English E-learning
- ISO 9001 : 2015 Internal Auditor
- IT Trend 2017
- Essential Skill for Modern Manager

External and International Courses

- Project Management
- Test Skill Standard for Electrician
- Digital Economy for Management
- Fast Forward to Recruitment 4.0: Sourcing & Selection Practices
- KPI for Strategic Purchasing
- 1830 PSS8/16/32 HARDWARE ENGINEERING & INSTALLATION R8.X (EMEA/APAC)

Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be is 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 and 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 2012 Principles of Good Corporate Governance by the SET has been resolved by the Board of Directors of the Company on February 27, 2018. In addition, the Corporate Governance Committee has studied on corporate governance in 2017 (CG Code) and prepare to be applied as appropriate to the context of the business of the Company. 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 30, 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.samtel.com). In the “Investor Relations” under

the “Proposal question concerning the Company’s operation in advance of 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. There was only one meeting in 2017, an Annual General Meeting of Shareholders 2017 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. The Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting. The rights of shareholder to participate in the meeting are as follows:

Before the Meeting Date

In the Annual General Meeting of Shareholders 2017, the shareholders have been informed on the date and agenda of the meeting via SET’s communication system 54 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.samtel.com) in the “Investor Relations” under the topic “Shareholders Meeting” 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, 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 22 days prior to the meeting date to be inline with law.

To facilitate the institutional investors to participate in the shareholders’ meeting, the Company tries to contact them in advance to assist them in proxy preparation and registration.

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 arrangement of Barcode system in vote counting for faster voting result.

In the Annual General Meeting of Shareholders 2017, there were 10 directors participated the meeting. Chairman of all committees including the Audit Committee and the Company’s managements external auditors and investor relations also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members and the managements to the shareholders, declared to the meeting that there were 158 shareholders who attended the meeting either in person 21 shareholders and by proxies 137 shareholders with voting rights attended for the Annual General Meeting of Shareholders 2016. Moreover, for transparency on counting the vote in the meeting, the Company has invited the proxy of Bangkok Bank Plc. 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 including the results of an invitation to propose agenda of the 2016 AGM and sending question prior to the 2017 AGM. Then, the Chairman

proceeded 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 sustained, 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 & 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.samtel.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:

- 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 under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
- 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 not 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 not 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 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.samtel.com).

- **Getting profit**

The Company pays back to shareholders in the form of dividends. The Company has the policy to disburse dividends above 50% of net profit after required reserves. In the 2017 Annual General Meeting of Shareholders, the disbursement of dividend for operating results of 2016 was approved for baht 0.33 per share of which equivalent to 92.50% of net profit after required reserves in compliance with the dividend disbursement policy as stated above. In addition, the Board of Directors in its meeting No.5/2017 on August 9, 2017 had approved the interim dividend payment for six months of year 2017 at Baht 0.15 per share of which equivalent to 65.60% of net profit after required reserves. (Details of dividend payment policy and dividend payment in the past 5 years are shown in the topic “Dividend Policy”).

In addition, the rights of shareholders aforementioned. The Company does not obstruct or build obstacle to allow shareholders to communicate.

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’ meetings, 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 ordinary share. 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 3 independent directors also are attached for shareholders consideration as alternative proxy in both Thai & English to facilitate the shareholders. In the Annual General Meeting of Shareholders 2017, which held on April 25, 2017 were 104 proxies 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. In addition, the Company set criteria about Inside Information Monitoring of which details is shown in the topic “5. Inside Information Control”.

3. Attention to 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 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. Thus, general rules and practices have been set for directors, management and employees in the Company’s Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company’s website (www.samtel.com). (More details on the treatment of stakeholders are disclosed in the topic “1.2 Business Ethics”).

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, the Company has been published the Management Discussion and Analysis (MD&A) every quarter on the Company’s website and via SET’s Communication system.

- Criteria on provision of remuneration to the directors and the managements have been clearly disclosed. For more details, please see in the topic “Management Structure” under the topic “4. Remuneration of Directors and Management”.
- Shareholding information of the directors and the managements has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring the directors and the managements to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred 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 managements shall be reported to the Board of Directors’ meeting every time. The 2017 securities holding information of the directors and the managements were as follows:

Number of ordinary shares held in the Company ⁽¹⁾

Director / Executive	31/12/2016	Acquisition in 2017 Buy via SET	Disposition in 2017	31/12/2017	Increase (Decrease)
1. General Sumpun Boonyanun Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
2. Mr. Vichai Pokasamrit Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
3. Miss Rapeepan Luangaramrut Spouse and minor children	- -	- -	- -	- -	- -
4. Mr. Kajornvut Tayanukorn Spouse and minor children	500,000 -	- -	- -	500,000 -	- -
5. Mr. Sirichai Rasameechan Spouse and minor children	150,000 -	- -	- -	150,000 -	- -
6. Mr. Charoenrath Vilailuck Spouse and minor children	2,854,600 -	- -	- -	2,854,600 -	- -
7. Mr. Watchai Vilailuck Spouse and minor children	1,650,010 -	- -	- -	1,650,010 -	- -
8. Mr. Thananan Vilailuck Spouse and minor children	50,000 -	- -	- -	50,000 -	- -
9. Mr. Jong Diloksombat Spouse and minor children	400,000 -	- -	- -	400,000 -	- -
10. Mr. Pornchai Krivichian Spouse and minor children	42,000 -	- -	- -	42,000 -	- -
11. Miss Chotika Kamloonwesaruch Spouse and minor children	140,000 -	- -	- -	140,000 -	- -
12. Mr. Suchart Duangthawee Spouse and minor children	466,000 -	- -	- -	466,000 -	- -
13. Mrs. Aroonluck Dilokwanich Spouse and minor children	- -	- -	- -	- -	- -
14. Mr. Dhilokpat Nisamaneevong Spouse and minor children	- -	- -	- -	- -	- -

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest (see more details in the topic “Connected Transactions”).

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

- 1) The director and the management 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 management pursuant to the specified report form.
- 2) The Director and the management 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.samtel.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 ensure the Company not only provide all significant information of the Company in the Company’s Annual report but also on the Company’s website (www.samtel.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 (56-1), etc.

Investors Relation

The Company has also set up an Investors Relation section to provide Company’s information and activities for investors, shareholders, analysis and general public via Company’s website, Road Shows, analysis meetings and conference calls etc. The Company’s Investor Relations could be contacted at phone number 0-2502-6628 or sending your question via the Company’s website at www.samtel.com or sending the e-mail to Dhilokpat.N@samtel.samartcorp.com. The Company has specified the investor relation ethics to practice follow:

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 announcement on the Company’s financial performance have been arranged for public, investors and analysis by quarterly basis with participation of the executives.

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

- One on One Meeting with Analysis & Meeting and Road Show 30 Times
- Announcement of Company’s Performance and Image 6 Times

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

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee;
- Directors Remunerations: Policy of Directors’ Remuneration have 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 sub 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 and the Managements has been disclosed in the Company’s Annual Report and the Annual Information Disclosure (56-1) in the section “Management Structure” in the topic “4. Remuneration of Directors and Management”.

- **Accountability to the Financial Statement**

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. Role and Responsibilities of the Board

The Board is the key role for corporate governance matter for the highest benefits of the Company, the Company set policies relating to roles and responsibilities of the Board i.e. composition of the Board of Directors, qualifications of director and role and responsibilities of the Board. Details are as follows:

5.1) Directors’ Qualifications

The Board of Directors comprise of directors who have various knowledge, experience, transparent working background, nobility and integrity and have occupational diversification. In addition, they have

the skills that advantage to the Company's business, such as accounting & finance, management, strategic planning, laws, corporate governance and other without sexual discrimination to carry on the Company's business and achieve its objective. The Company has 9 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 that been described under the topic "5.5.4 Board & 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 an Independent Directors who has the qualifications of independent director in accordance with SET's notification and has no business relation with any management of the Company. Roles and Responsibilities of the Chairman and CEO are 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 bidding the Company conforming with 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 Securities Exchange Commission'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 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 executive team. Within this half, one third of the directors at least 3 members are independent and have no relations, business or personal, with the Company's executives. 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 9 members with various qualifications, skills, experience and expertise. Composition of the members is as follow:

- 3 Independent Directors (equal to 33.33% of the Board of Directors)
- 4 Executive Directors
- 2 Non-Executive Director

However, the Company also has Non-Executive Director 1 person (Mr. Kajornvut Tayanukorn) who has direct experience with the Company's operating business and one of the Company's Independent Director is a woman (Miss Rapeepan Luangaramrut).

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 Chief Executive Officer**
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. They have to operate the business with accountability, duty of care, duty of loyalty and also comply with the Company's Ethics to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting, 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 to serve as directors 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 9 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 of which better than not exceed 5 companies according to guideline of Corporate Governance.
- **Policy for top executives to serve as directors in other companies**
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 disclosed under "3. Nomination of Directors and Management".

5.5) Board of Directors' Activities during the year

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.

According to regulation of the adequacy evaluation of internal control and comply with Corporate Governance of the Company. In 2017, the Company provided Business Ethics assessment for management to evaluate their practice of business ethics and report to Audit Committee. The questionnaire covered the following areas:

1. Conflicts of Interest
2. Responsibilities to shareholder
3. Employee Policies
4. Ethics of the Employees
5. Customer policies
6. Trade partners policies
7. Creditor policies
8. Counterpart/Competitor policies
9. Anti-corruption policies
10. Money Laundering policies
11. Tax policy
12. Sustainability Development Policy
13. Responsibility to society as a whole
14. Responsibility to communities
15. Responsibility to environment
16. Non violation of human right policies

From the assessment, evaluated in the above areas, has an excellent evaluation by obtaining average score of 99.87%

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 the topic of "1.2 Business Ethics" in the procedures and methods on "Notifying the information on misconduct and the protection of the informant"

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 were disclosed under the topic “2. Committee”. In addition, Committees’ Charters have also been set and disclosed on the Company’s website (www.samtel.com).

5.5.4) Board & Committees’ Meeting

1) Board of Directors’ Meeting

The Board of Directors’ Meeting schedule have been set at least 7 times a year with certain agenda. The 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, total 8 meetings, were as follow:

Directors	Date of Appointment	Term of Directorship (Year / month)	Number of Attendance / Total Number of Meeting
1. Mr. Sombut Uthaisang	April 2008	9-7	7/7 ⁽¹⁾
2. General Sumpun Boonyanun	April 2008	9-8	8/8 ⁽²⁾
3. Mr. Vichai Pokasamrit	April 2011	6-8	7/8 ⁽³⁾
4. Miss Rapeepan Luangaramrut	April 2008	9-8	8/8
5. Mr. Kajornvut Tayanukorn	April 2004	13-8	8/8
6. Mr. Sirichai Rasameechan	July 1998	19-6	8/8
7. Mr. Charoenrath Vilailuck	July 1996	21-5	8/8
8. Mr. Watchai Vilailuck	July 1996	21-5	8/8
9. Mr. Thananan Vilailuck	April 2016	1-8	6/8 ⁽³⁾
10. Mr. Jong Diloksombat	January 2012	5-11	8/8

Remarks : ⁽¹⁾ Resigned from Chairman and Independent Director on November 28, 2017;

⁽²⁾ Has been appointed as Chairman on December 1, 2017;

⁽³⁾ Due to important business abroad.

In 2017, the Board of Directors considered the following agendas:

- Considered the Company Operating Performance and Financial Statements for 2016 as well as quarterly performance of 2017;
- Considered the sufficiency of the Company's Internal Control System;
- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM;
- Acknowledged the 2017 Committees' activities;
- Acknowledged assessment result on quality on arrangement of AGM of Shareholder for 2017;
- Acknowledged result on Corporate Governance of Thai Listed Companies for 2017;
- Acknowledged the 2016 Board Self Assessment, Committees, CEO and Company Secretary Assessment. Result as well as consider the criteria of the Board Self Assessment, Committees, CEO and Company Secretary Assessment Form for 2017;
- Acknowledged the report a change of such securities holding of the directors and the managements from the previous meeting;
- Acknowledged the report of the audit committee;
- Acknowledged information of new laws or the law has changed;
- Considered the related party transactions;
- Considered vision, mission and the Company's 2018 business plan;
- Considered the reviewed and revised the Company's Corporate Governance Policy and Business Ethics;
- Considered matters concerning to 2017 AGM agenda and provide opinions to shareholders for consideration;
- Considered the interim dividend payment for six months of 2017;
- Considered the dividend payment for year 2016;
- Considered the appointment of Committees' members;
- Considered the salary increase for 2018, 2017 bonus and bonus policy for 2018;
- Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance;
- Considered the election of the Chairman of the Board of Directors;
- Considered the appointment of the authorized directors of the Company;
- Considered the changing authorized signatories to financial documents;
- Considered the meeting schedule of the Board of Directors for 2018.

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

2) Committee

In 2017, numbers of each meeting and time attendance of each member were summarized

Name	Number of Attendance / Total Number of Meeting					
	Audit Committee	Executive Board Committee	Corporate Governance Committee	Nominating & Compensation Committee	Risk Management Committee	Sustainable Development Committee
1. General Sumpun Boonyanun	5/5		2/2 ⁽³⁾	3/3		
2. Mr. Vichai Pokasamrit	4/5 ⁽¹⁾		3/3	2/3 ⁽¹⁾		
3. Miss Rapeepan Luangaramrut	5/5		1/1 ⁽⁴⁾	3/3		
4. Mr. Kajornvut Tayanukorn			3/3			
5. Mr. Sirichai Rasameechan		2/2 ⁽²⁾	2/2 ⁽⁵⁾			
6. Mr. Charoenrath Vilailuck		12/12			3/3	
7. Mr. Watchai Vilailuck		9/12 ⁽¹⁾			3/3	
8. Mr. Thananan Vilailuck		9/12 ⁽¹⁾			3/3	
9. Mr. Jong Diloksombat		12/12	3/3		3/3	2/2
10. Mr. Pornchai Krivichian						2/2
11. Miss Chotika Kamloonwesaruch						2/2
12. Mr. Suchart Duangthawee						2/2
13. Mrs. Nisachol Udomwongwiwat						2/2
14. Miss Kanokwan Chanswangpuvana						2/2

Remarks : ⁽¹⁾ Due to has important business abroad;

⁽²⁾ Resigned from Executive Board effective from March 1, 2017;

⁽³⁾ Resigned from the Corporate Governance Committee Member effective from December 1, 2017;

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

⁽⁵⁾ Has been appointed as the Corporate Governance Committee Member on May 9, 2017.

Details of agenda of each committee meetings in 2017 has been disclosed in the Company's Annual Report 2017 (Form 56-2 or Annual Report) under report of the each committee.

3) Meeting among members of the Non-Executive Directors

In 2017, the non-executive directors has arranged the meeting among only members 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 to as guidelines in practice. (More details of conflict of Interest are disclosed in the topic “1.2 Business Ethics”).

5.7) Internal Control and Internal Audit

(Details are shown in “Internal Control, Risk Management and Anti-Corruption”).

5.8) Risk Management

(Details are shown in “Internal Control, Risk Management and Anti-Corruption”).

5.9) The assessment of the Board of Directors, Committee, CEO and Company secretary

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.8/2017 on December 14, 2017 was sent to all directors for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Role & Responsibilities
- 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 (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score 97.71%.

5.9.2) Directors Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for directors to evaluate their performance of director for 2017 and the assessment results were used to develop the performance of director individually. 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.8/2017 on December 14, 2017, was sent to all directors for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Meeting
- Role & Responsibilities
- Self-Development

From the assessment which been completed by the Board members individually, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score 97.38%.

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.8/2017 on December 14, 2017 was sent to all Audit Committee Members for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Meeting
- Role & Responsibilities
- Development & Training
- The activities of the Audit Committee
- The relationship among the head of internal audit, auditors and the management team

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 99.42%.

5.9.4) Committee Self-Assessment

The Corporate Governance Committee has initiated the self-assessment form of committees for 2017 as Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development Committee. Results of the self-assessment of each 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 assessment form, which has been approved by the Board of Directors in its meeting No.8/2017 on December 14, 2017 was sent to each committee for assessment. The questionnaire covers the following area:

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

The result assessment of Committee Self-Assessment for 2017. In all 4 topics was shown below:

1. The Executive Board has an **Excellent** evaluation by obtaining average score of 94.74%.
2. The Corporate Governance Committee has an **Excellent** evaluation by obtaining average score of 98.95%
3. The Nominating & Compensation Committee has an **Excellent** evaluation by obtaining average score of 99.17%
4. The Risk Management Committee has an **Excellent** evaluation by obtaining average score of 93.53%
5. The Sustainable Development Committee has an **Excellent** evaluation by obtaining average score of 92.36%.

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.8/2017 on December 14, 2017 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Leadership
- Strategic formulation
- Financial planning and performance
- Board relations
- Risk management and internal control
- Human resources management
- Succession
- Product and service knowledge
- Good corporate governance and code of business conduct

From the assessment which been completed by 8 directors, the directors agreed that the CEO has an **excellent** evaluation by obtaining average score 96.71%.

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.8/2017 on December 14, 2017 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. 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 9 directors, the directors agreed that the Company Secretary has an **excellent** evaluation by obtaining average score 95.95%.

5.10) Development of Directors and Managements

• 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 in order to get sufficient information before his or her post. 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 Chief Executive Officer to enquire in-depth information about business operation of the Company.

However, In 2017 the Company has not appointed a director on the Board of director positions. The Company did not have provide orientation new directors in 2017.

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 and 6 directors joined 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. Vichai	Pokasamrit	- Seminar on "Business in era of uncommon turbulence" by EY Office Limited.
2. Miss Rapeepan	Luangaramrut	- Seminar on "Business in era of uncommon turbulence" by EY Office Limited.
3. Mr. Charoenrath	Vilailuck	- Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA).
4. Mr. Watchai	Vilailuck	- Academy of Business Creativity (ABC) (Class 6), Sripatum University.
5. Mr. Thananan	Vilailuck	- The Joint State - Private Sector Course in Public Order Administration Police College Police Education Bureau (Class 4).

• Development of Managements

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 the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work.

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 and the meeting had also approved the additional policies of Money Laundering Policy and Tax Policy in the Company business ethics compliance with the revised Corporate Governance Policy. Business Ethics covers the following area:

- **Conflict of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to follow.

1. Avoid all actions that may cause conflicts of interest with the Company;
2. In case that directors or employees commit any action 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’ assign to directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction, 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 ext. has been disclosed in the Company’s annual report, Form 56-1 and the auditor’s note in the financial statement. Any consideration of the connected transaction, the directors who may have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting. Details of the transactions which may have any conflict of interest in 2017 were disclosed under the “Connected Transactions”.

- **Responsibilities 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 send a question in advance of the Shareholders’ Meeting, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders’ rights are described under “1. 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 1.71 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 etc.

Development programs, both internal and external training courses, are continually provided for all levels of employees. In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. (Please see more details about the employees in the section "Management Structure" under the topic "5. Personnel").

- **Policies on the safety of life and health of employees**

The Company emphasizes on the safety of life and health of employees as the following policies:

1. The Company is committed to developing and creating safety and health of employees in accordance with the requirements of the law.
2. The Company will perform all necessary measures to ensure the safety of life and health of employees.
3. The Company seeks to control and prevent losses caused by fire, accidents and illness from working and maintain a safe working environment for employees 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 the Company Subsidiaries.

Business Group	Lost Time Accidents in 2017 (Time)
1. Network Solutions	1
2. Enhanced Technology Solutions	-None-
3. Business Application	-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). 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.samtel.com).

• **Customer policies**

The Company has policy to build up satisfaction and confidence on continued basis to the Company's valued customers and disclose such practices in the Company's Business Ethics. The Company provides modern and high-quality products and services at reasonable price for customers' satisfaction and needs as well as providing product and equipment from factory which has been certified as international standard. In 2017, the Company and subsidiaries have been developed products and improve the quality to be more effective i.e.;

- 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.

- **Trade partners policies**

The Company has 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 purchase product and/or services 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 not purchase 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 conforms to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly complied with all the terms and conditions agreed upon in a transaction and strictly follow each covenanted condition, pay debt, loan, interest and other guarantee in time and specific conditions. In the event that any particular condition could not be met, the Company will prior inform the creditors and seeking mutual accepted solution. In case the Company could not follow the covenanted condition, the Company will foregone notify to creditor for solving problem.

- **Counterpart/Competitor policies**

The Company has policy to conducts all business affairs under just rules and competitions, support free trading and disclose such practices in the Company's Business Ethics. Refuse to search for rivals' secret information by all means, dishonestly or inappropriately. Refuse to ruin counterparts/Competitors' reputations. Not intervene or have a secret transaction that give negative impact to competitor and give benefit to the Company and Refuse to violate intellectual property rights of business' counterparts/competitor.

- **Anti-Corruption policies**

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders which the directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adhere. The Company has declared in the Company's Code of Business Ethics manual 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 were disclosed in the topic "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.

- **Sustainability Development Policy**

The Company recognizes to the sustainable development of business that it has to develop together with realize to social and environment responsibilities and corporate governance, the sustainable development policy as follows:

1. To conduct business based on good governance principle as well as social and environmental responsibility including other related SD projects and activities by primarily taking into consideration benefits of all stakeholders;
2. To build up corporate culture that can encourage all employees to have conscious mind while performing duties and also to have volunteer spirit which is willing to devote efforts and personal time for benefits of communities as a whole;
3. To promote and educate the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and sustainable development throughout the organization;
4. To encourage on creation of social and environmental projects or activities including other related SD projects and activities.

In addition, the Company specified that there should be the corporate social responsibility report (Sustainable Development 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.

The Company provides the practical guideline of responsibility to societies, communities and environment as follows:

- **Responsibility to societies and communities**

The Company recognizes that it can survive and grow in a society that is vigorous 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, the Company has continued our efforts to promote "Quality People and Moral Society" and

also implemented a variety of activities for public benefits. Details of the projects and activities are shown in “Corporate Social Responsibility Report (Sustainable Development 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, and assignment to the Human Resources Department provide training to employees. 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 committed to develop products and services with regard to conservation of the environment and its safety standards. Environmentally friendly telecommunication services were offered and the optimal use of energy was promoted for public agencies and enterprises with similar vision were included for joint projects such as Project of Automatic Meter Reading of the Provincial Electricity Authority etc. In addition, there was promoted environmental care and efficient use of resources among its employees via both internal communications and the “Reduce and Reuse” project 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. 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. Details are shown in “Corporate Social Responsibility Report (Sustainable Development Report)”.

- **Non violation of the human right policies and practices**

The Company has policy of non violation of human right as common practice, all employee shall not act or support any action to violate any human rights of which the Non violation of human right policies is set in the Company’s Business ethics. The Company has policies that employee’s personal information, i.e. medical treatment record, working experience, is the secret and shall not be sent or disseminated to unauthorized parties. Disclosure or transfer of personal information is only upon the owner’s consent. Furthermore, the Company treats all employees equitable, no person shall be discriminated against regardless of race, nationality, language, religion, sex, age and education. The Company has opportunity for the employee to show their capability by set appropriate remuneration and has opportunity for more education both in higher education, and short-term/long-term training. Deliberation related to hiring and judgment of performance should be accurate and fair as well as avoid comments or any other matters that may lead to conflict.

In addition, the Company communicates such matters to employees to acknowledge and observe through HR website (www.samarthre.com). However, if any employee receives unfair comment on the matter, the Company also allows employees to suggest, complaint about abuses as well as other related matters. The Company will resolve such problems for benefits to all parties and create good working relationships together.

- **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.samtel.com under "Contact Us".

Mailing Address : Secretary to the Audit Committee
Samart Telcoms Public Co., Ltd.
99/7 Moo 4, Software Park, 29th Fl.,
Chaengwattana Rd., Klong Gluar, Park-kred,
Nonthaburi 11120

Or send E-mail address : Somchai.B@samtel.samartcorp.com

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 the 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. The Company will not consider if the name is not identified.

The 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 the Chairman of the Audit Committee shall know such information.

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 at www.samtel.com and Human Resources' website at www.samarthre.com and etc.

The Company has published Vision, Mission, Corporate Governance Policy and Business Ethics on the Company's website (www.samtel.com) and communication Corporate Governance Policy and Business Ethics to management and employees of the company via email, tips and poster in the Company's promotion board. The Corporated Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

2. Committee

The Company's committee consist 6 committees; Audit Committee, Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development Committee are as the follows:

1) **Audit Committee** as of December 31, 2017 consists of 3 members:

- | | | |
|-------------------|---------------------------|--|
| 1. Mr. Vichai | Pokasamrit ⁽¹⁾ | Chairman of the Audit Committee (Independent Director) |
| 2. General Sumpun | Boonyanun ⁽²⁾ | Member (Independent Director) |
| 3. Miss Rapeepan | Luangaramrut | Member (Independent Director) |
| Mr. Somchai | Bunsupaporn | Secretary of the Audit Committee |

Remarks : ⁽¹⁾ Has been appointed as Chairman of the Audit Committee on December 1, 2017;

⁽²⁾ Resigned from Chairman of the Audit Committee. However, he still remains the Audit Committee Member effective from December 1, 2017.

Audit Committee comprise of no less than 3 members, and the Audit Committee member number 1. has knowledge and experience to review creditability of the financial reports. Details of Audit Committee are shown in "Directors, Management, Company Secretary and Head of Internal Audit".

Qualifications of the Audit Committee

1. The Audit Committee members shall be appointed by the Board of Directors and/or the Company's shareholders.
2. All members should be Independent Directors as the definition of independent director qualification from the SEC as described under "Qualifications of Independent Director".
3. Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiaries, associate company, same-level subsidiaries, major shareholder or controlling person of the Company.
4. Not being a director of parent company, subsidiaries, and same-level subsidiaries which is a listed Company.
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members.
6. At least 1 member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of financial statement, the Company has to define in filing form, Form 56-1 and Form 56-2 for name of the Audit Committee member who has that qualification, and has to define his/her qualification in the certification of the Audit Committee profile that should be sent to the SET.

Terms of positions

Term of the Audit Committee member is 3 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

1. Review the Company's financial statement to ensure its accuracy and adequacy;
2. Ensure that the Company has an appropriate and efficiency internal control system, internal audit; and consider the independence of the internal audit as well as to propose the appointment, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit;

3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
4. Propose for consideration and approval of the Board of Directors and Shareholders’ meeting on the appointment, termination of the external auditor and also propose its remuneration for further consideration;
5. Arrange meeting with auditors without the management of the Company at least once a year;
6. 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;
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET;
8. Consider any other activities assigned by the Board of Directors.

2) Executive Board as of December 31, 2017 consists of 4 members:

- | | | |
|----|---------------------------|--|
| 1. | Mr. Watchai Vilailuck | Executive Chairman / Chief Executive Officer |
| 2. | Mr. Charoenrath Vilailuck | Member |
| 3. | Mr. Thananan Vilailuck | Member |
| 4. | Mr. Jong Diloksombat | Member |
| | Mr. Somchai Bunsupaporn | Secretary |

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 Management 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. CEO of the Company will be the Chairman of the Executive 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 annual budget and investment of the Company for 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 Securities Exchange Commission’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 bidding the Company conforming with 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 Securities Exchange Commission'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 shareholders' meeting to be complied to regulations of SET/SEC or any related laws and regulations.

3) Corporate Governance Committee as of December 31, 2017 consists of 5 members:

- | | | |
|----|---|--|
| 1. | Mr. Vichai Pokasamrit | Chairman of the Corporate Governance Committee
(Independent Director) |
| 2. | Miss Rapeepan Luangaramrut ⁽¹⁾ | Member (Independent Director) |
| 3. | Mr. Kajornvut Tayanukorn | Member (Non-Executive Director) |
| 4. | Mr. Sirichai Rasameechan ⁽²⁾ | Member (Non-Executive Director) |
| 5. | Mr. Jong Diloksombat | Member (Executive Director) |
| | Mr. Somchai Bunsupaporn | Secretary |

Remarks : ⁽¹⁾ Has been appointed as the Corporate Governance Committee Member replacement General Sumpun Boonyanun on December 1, 2017;

⁽²⁾ Has been appointed as the Corporate Governance Committee Member on May 9, 2017.

Terms of positions

Term of members of the Corporate Government 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. The Chairman of the Committee has to be nominated from the Company's Independent Director. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and committees' activities as well as management 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 Board, management 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 as of December 31, 2017 consists of 3 members:

- | | | |
|----|----------------------------|---|
| 1. | General Sumpun Boonyanun | Chairman of the Nominating & Compensation Committee
(Independent Director) |
| 2. | Mr. Vichai Pokasamrit | Member (Independent Director) |
| 3. | Miss Rapeepan Luangaramrut | Member (Independent Director) |
| | Mr. Somchai Bunsupaporn | Secretary |

Terms of positions

One-third of the Nominating & Compensation Committee, who have been longest in office, shall retire by rotation every year. The retired directors 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 from the members of the Board of Directors and/or any qualified candidates propose to the Board of Directors for replacement.

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 the Board of Directors for consideration 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 Committees, Executive Chairman, top management and a Company Secretary proposed to the Board of Directors for consideration when such position is vacant as well as propose criteria for management succession plan;
3. Propose remuneration policy, guidelines in paying out compensation and other benefits for the Board of Directors, Committees, Executive Chairman and top management of which are appropriate for each person's responsibilities and consistent with the Company's performance and market conditions;
4. Evaluate Company's performance for consideration of the annual bonus and merit increase;
5. Review the Company's salary structure and other benefits.
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 as of December 31, 2017 consists of 4 members:

- | | | |
|----|---------------------------|---|
| 1. | Mr. Watchai Vilailuck | Chairman of the Risk Management Committee |
| 2. | Mr. Charoenrath Vilailuck | Member |
| 3. | Mr. Thananan Vilailuck | Member |
| 4. | Mr. Jong Diloksombat | Member |
| | Mr. Somchai Bunsupaporn | Secretary |

Terms of positions

Term of member of the Risk Management Committee is one year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors for further consideration and appointment from the Board of Directors in the first board meeting after 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 these 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 management and all employees to continually aware of risk management as well as to ensure the Company's Risk Management Policy is complied to the international standard.

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

- | | | |
|------------------|-----------------|---|
| 1. Mr. Jong | Diloksombat | Chairman of the Sustainable Development Committee |
| 2. Mr. Pornchai | Krivichian | Member |
| 3. Miss Chotika | Kamloonwesaruch | Member |
| 4. Mr. Suchart | Duangthawee | Member |
| 5. Mrs. Nisachol | Udomwongwiwat | Member |
| 6. Miss Kanokwan | Chanswangpuvana | Member |
| Mr. Somchai | Bunsupaporn | Secretary |

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management and/or any qualified candidates propose for further consideration and appointment from the Board of Directors in the first board 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. Set policy, strategy and framework for sustainable development to conform to the Company's operating in economy, social and environment;
2. Encourage activities to meet the Company's sustainable development policy;
3. Monitor progress of sustainable development activities and evaluate the effectiveness of the implementation of the Company's sustainable development activities;
4. Report the Company's sustainable development activities to the Board of Directors.

All committees carried out their duty and had the meeting regularly and had written minutes. The significant issues of the previous year are show in Annual Report (56-2) including number of meeting of each committee are shown in the topic "5.5.4 Meeting of the Board of Directors and Committee".

3. Nomination of Directors and Managements

• **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 Boards, members of the Boards and other committees, Chief Executive Officer, other Executives and Company Secretary as well as consider the appropriate remuneration for such directors and management. Whenever the position of directors are vacant, the Nominating & Compensation Committee will consider the suitable candidate from IOD's Director Pool and proceed to select the candidate who is qualified as the relevant laws and regulations with regards to qualification, experience, knowledge and ability that is advantage and needed to the Company and then propose to the Board of Directors for approval and for further approval of the shareholders in case of vacancy by

rotation or appointing of new director. 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 proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors. 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 and propose to the Board of Director and/or the shareholders' meeting in case of rotation or others. 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 of the Company.

- **Nomination of Management**

The Nomination and Remuneration Committee will recruit internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services to appoint as management. The suitable candidate will be proposed to the Board of Directors for approval.

- **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 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 Subsidiary and the Associated Company

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 subsidiary and the associated company 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 subsidiary and the associated company 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 policies specified and they must be presented to the meeting of the Executive Committee as well. The management of the subsidiary and the associated company 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 subsidiary and the associated company 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 Control

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-offence of computer related and non-infringement of intellectual property. New employee shall sign this agreement together with employment contract. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price and derivatives is prohibited. To ensure that the policy is acknowledged and complied, the Company will notify the all-year schedule of such periods in advance to all directors and management. Every quarter, the Company has also delivered such notice to directors and management to acknowledge. In 2017, there is no case of insider trading from the Company's directors or management. The press releases for the corporate governance are published on a weekly basis to all employees via email, tips and poster in the Company's promotion board. The Directors and management had been informed on their duties and punishment to disclose report to the SEC on each person holding securities and derivatives as well as the holding and changes to the holding of their spouse, cohabiting couple and minor children within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. The report shall include the holding of securities and derivatives by a juristic person whose shares exceeding thirty percent of the total voting rights held by the aforementioned persons, including the spouse or cohabiting couple, and minor children of such persons. Any change in securities and derivatives holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and management in every meeting of the Board of Directors. In case that any director or management violate the regulations, the warning notice will be made to that director or management to avoid re-misconduct.

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 directors who have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report (56-2) and the Annual Information Disclosure (56-1) under "The Connected Transactions".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in "1.2 Business Ethics" under "Conflict 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.

The Company has established the Corporate Governance Committee to monitor the compliance duties in accordance with the regulations continuous and appropriately.

6. The compliance with the Principles of Good Corporate Governance in other areas

The Company conducts the business in comply with the 2012 Principles of Good Corporate Governance by the SET and ASEAN CG Scorecard criteria. For some areas that the Company has not yet followed such regulations, the Company applies it for the best practice of the business operation of which details as follows:

Equity Treatment of Shareholders

1. The Company does not entitle the right for minority shareholders to participate in the nomination and appointment of director. However, the Board of Directors has appointed the Nomination Committee and Compensation Committee to recruit, select and nominate candidates for the position of director from IOD's Director Pool and proceed to select the candidate who is qualified as the relevant laws and regulations with regards to qualification, experience, knowledge and ability that is advantage and needed to the Company, then propose to the Board of Director/the shareholder's meeting for further approval.
2. The Company has not yet determined to perform the election of directors by using cumulative vote. However, the Company entitled the shareholders to vote for the election of directors individually. Each shareholder shall have one vote for each share as stipulated by the Company's Articles of Association so that the shareholders have the right to elect director with their need.
3. The Company has not established a policy regarding directors and top management to declare their own trading of the Company's share at least 1 day prior to the trade date to the Board of Directors or the assigned person. However, the Company establishes the policy that director and executives must report the change of holding Company's share in every board meeting.

Roles and Responsibilities of the Board of Directors

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. The portion of independent directors and non-executive directors in the Board of Directors are equivalent to 33.33% and 50% which are less than 55.56% and 66% as stipulated by the principles of good corporate governance. In 2017, 1 independent director has resigned and 1 executive director has resigned from management. However, he still remains the director position. The Company has 4 executive directors, 3 independent directors and 2 non-executive director, totaling 9 persons.
3. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition Anti-Corruption Scheme (CAC). However, 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 assign management to participate the anti-corruption training program as well as studied the operating procedures on participation with CAC. The Company currently takes it into consideration and prepares for readiness to join CAC. In 2017, the management and the officers of the Company 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** The Company's Board of Directors puts emphasis on internal control system on continued, Special emphasis is placed on the adequacy and appropriateness of the internal control system on all business operation to improve efficiency and effectiveness. The Board of Directors oversees all the internal control systems of the Company by taking into account of good corporate governance. Therefore, the Audit Committee has been delegated to review the assessment of the sufficiency of internal control system, review the transparency and accuracy of financial statement and also review that all business operation are compliance with applicable law and regulation together with the connected transaction and the key issues shall be reported to the Board for further consideration. The internal audit office is responsible for regular audit of business operation in compliance with policies and guideline and reporting to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management and operations of all departments to the annual audit plan which must have been approved by the Audit Committee.

The Company has efficient internal control system and risk management by using the principles and guidelines complying with the internal control and risk management framework which are referred to the international standard of the Committee of Sponsoring Organization of the Treadway Commission - Enterprise Risk Management (COSO-ERM) concept, which relate to business operations and management processes within the Company. In 2017, the Board of Directors evaluated the Company's internal control system as guideline from the Securities and Exchange Commission and found no significant error on the Company's internal control system. The 8 enterprise risk management components are as follows:

1) Control Environment

The Company has set its annual Strategic Implementation Plan (SIP) by carefully reviewing and considering the possibility of the goal setting and applied PM Online (Performance Management) to guide performance of all staff toward the same direction, goal and using Key Performance Indicator (KPI) as a tool to reward to personnel. For business clearer and more efficiency, business structure has been classified into 3 Business Groups. Moreover, the Company has developed the Corporate Governance Policy and issue the Code of Conduct Manual for Directors and Staff as the guidance to strictly adhere with integrity and transparency.

2) Objectives Setting

The Company set up objectives or targets of work performance in each level clearly, which included strategy on operations, reports as well as compliance with the written policies, rules and regulations and they must be in line with the main targets or overall missions as well as the acceptable risk levels. Moreover, the Company also adjusted plans, strategy and objectives to make them correspond to the changing situations and risk factors regularly. Objective have been clarified in the Management Meeting twice a year as well as publicized for the employees' acknowledgement.

3) Event identification

The Company identified incident indicators or risk factors which can cause negative impact to the objectives at organizational level and operational level appropriately and systematically including identified potential incidents which may have positive impact as well. This work has been done by considering external and internal risk sources and by constantly monitoring the results to ensure that risks identified by the Company cover changes in each level. Furthermore, the management or the related persons must have been reported for their acknowledgement on regular basis.

4) Risk Assessment

The Company has set up the Risk Management Committee and applying Enterprise Risk Management (ERM) to assess business risks and introduce preventive/corrective control measures to cope with such risks to comply with new standard of risk management of COSO. (The Committee of Sponsoring Organization of the Tread way Commission) The Company has systematic tools and methods on risk assessment and has prescribed the appropriated criteria in each level, i.e. at organizational and operational level. Qualitative and quantitative assessments have also been conducted by considering from the acceptable risk levels of the organization and from 2 aspects, i.e. impact or damages caused by the incident and risk likelihood to consider risk levels, such as high, middle or low and the methods have been sought to manage those risks. The Company specified that the meeting to evaluate business risks must be arranged on continued basis.

5) Risk Response

The Company has risk management process systematically and continually. Risk response strategy has been clearly specified in each level and in overall level, such as avoidance, reduction, transfer to others and risk acceptance to ensure that the Company has considered the most worthy and most effective alternative by handling high risk as its first priority to reduce opportunity and overall impact which might occur from such incident. The Company also has good internal control measures which are suitable for the changing risks.

6) Control Activities

Authorization Manual and Workflow Procedures were clearly put in place and timely adjusted to corporate changes. The Executive Board, Audit Committee, and the Board of Directors involved as deem appropriate in all-important decisions concerning SET/SEC's regulations. Financial Unit, Debt Management Units Legal Unit as well as Internal and External Audit Units were put in place to supervise corporate activities to be performed in accordance with applicable rules and laws.

7) Information System and Data Communication

International standard of information and data center management was implemented within company such as COBIT (Control Objectives for Information and Related Technologies) has been developed for the information technology system of the Company to be in accordance with IT Governance as well as ITIL has been adopted for the computer system to improve itself. Intelligent Data Center was introduced to assist Management in their monitoring and analyzing data i.e. finance, sales, etc. for decisive action. Establishing IT Consolidation Center to support business changes. That is certified ISO 27001 and CMMI Level 3 (Capability Maturity Model Integration) Creating external data backup and preparing site backup for all information system as well as implementing the Human Resource information System.

The Company provided the intranet, Internet and e-mail systems for internal and external communication regarding the policy, procedure, manual announcement and news. And also there are the channel for stakeholders' complaint or suggestion through mail and Company's website.

8) Monitoring Activities

The Company has appropriated procedures to monitor and supervise work performances by comparing them with the targets or indicators Key Performance Indicator (KPI) in each level regularly. In addition, it also has good assessment, analysis and monitoring system, for instance, it specified that the employees at supervisor level must monitor work performances and reports of their subordinates closely and then report to higher supervisor level to ensure that internal control system and measures are efficiently and can respond to risk factors and changes appropriately and in time.

The Executive Board was regularly set up according to the Company's regulation to the meetings to monitor and evaluate Company's monthly performance. The annual audit plan was implemented by Internal Audit Team to ensure the compliance of internal control system and reported to Management, Board of Directors and Audit Committee.

Conclusion

In the Board of Directors' Meeting No.1/2018 on February 27, 2018 in which all three Independent Audit Committee members attended, concluded that the Company has a sufficient internal control system. Furthermore, the Company's auditor, Mrs. Sarinda Hirunprasurtwutti, an auditor license no. 4799, audited the Company's financial statement for period ending December 31, 2017 without any comment on the Company's internal control system as significant error.

1.2 Internal Audit

The internal audit department has independence and righteousness and it shall directly report to the Audit Committee, has its Audit Charter which clearly defines scope and responsibility. The audit manual has been prepared and updated continually to be used as referenced criteria for equal operational guidelines and to ensure that the operations of internal audit unit are qualified and complied with the international standard on internal audit professions to promote and improve the organization so that it shall have good corporate governance, increase values to the stakeholders and can lead to sustainable development.

The internal audit unit must audit and assess efficiency of the internal control system, risk management system, compliance of the Company in accordance with the annual audit plan by considering from objectives, strategies, overall missions, risk based audit approach including key control point and additional comments from the management. Such audit plan has been approved by the Audit Committee and it also included recommendations in various aspects, i.e. the preparation of internal control measures and risk management. This method can help the Company be confident that the operations shall be achieved as per the set strategies and objectives. The results were also monitored and assessed regularly to ensure that the planned system can be performed continually and it has been revised and updated regularly.

With regard to the assessment of efficiency of risk management system, the internal audit unit has reviewed the incident indicators or risk factors which impacted objectives and risk management guidelines of the operators. The objectives were to ensure that risks have been identified and assessed correctly and risk management was systematically implemented so that it can manage risks to be in acceptable level. There must be a complete and prompt report and risks must be regularly monitored and reviewed.

With regard to the risk assessment on corruption from outside and inside the organization, the internal audit unit has assessed by identifying indication and possibility of corruption from outside and inside the organization and then considered the preventive and control measures for maximum efficiency to ensure that the Company can prevent and control this matter, so that it can achieve the objectives planned.

The Head of Internal Audit acts as the secretary to the Audit Committee to enhance the effective achievement of its responsibilities and ensure accountability as assigned by the Board of Directors and also provide recommendations and suggestions in various aspects which are beneficial to the organization. Moreover, the Audit Committee also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

1.3 Head of Internal Audit and Head of Compliance of the Company

In 2003, the Board of Directors by through the approval of the Audit Committee has appointed Mr. Somchai Bunsupaporn to be the Company's head of Internal Audit.

The Audit Committee deemed that the Head of Internal Audit Unit has suitable qualifications and can effectively perform duties. During 2017, the Head of Internal Audit Unit has performed the following duties:

1. To supervise the audit work to make them conform to the plans approved by the Audit Committee.
2. To control the audit work to ascertain that the Company's performance meet legal requirements, of the Stock Exchange of Thailand or regulations of the relevant government agencies.
3. To give suggestion to the Company's executives and employees on efficient performance.
4. To report important issues concerning internal control systems of the Company which have been found upon audit process.

5. To coordinate, supervise and control on various aspects, such as risk management, code of conducts and etc.
6. Perform other works which are relevant to internal audit as per assigned by the Audit Committee.

Chief of Internal Audit Unit can provide useful information and recommendation to various departments in the Company with regards to how to operate the works to make them consistent with the laws, rules and regulations required as completely.

The consideration of the appointment, removal and relocation of the Head of Internal Audit are required to have an approved from the Audit Committee.

The Company's Compliance Unit is the responsibility of Company Secretary to ensure that the Company correctly complied with rules and regulations of the SEC, the SET and the Public Company Limited Act. and other relevant laws under supervision of the Company Secretary.

2. Risk Management

The Company put emphasis on risk management of the organization by appointing the Risk Management Committee which consists of Directors 4 members by the Chairman of the Executive Board as Chairman of the Risk Management Committee. Moreover, also appointed a working group Risk Management, which comprises the President as the President of working group Risk Management and all concerned department heads total of 8 members to the evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly. To propose a management plan and follow-up performance on risk management to the Risk Management Committee for consideration.

In 2017, The Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors as the consultation recommended guidelines for risk management with the management in all relevant agencies, Support and promote for improvement and development of risk management system within the Company continually so that the material risks can be managed in the acceptable level.

At present, the situations are changing quickly so risk management is very important to help the Company achieve the objectives when the unforeseen circumstances arise. Hence, it is very essential that the Company must have the management mechanism to strengthen and prepare well-rounded readiness in advance, so that it can manage risks and can sustain its business for a long time.

The Company's risk management policies are disclosed on the Company website. (<http://www.samtel.com>) as follows:

1. Preparation of risk management plan by each department to support the Company's master business plan and cope with business risks for the Company's goal achievement.
2. Risk Management will be carried according to the plan mentioned above. Each responsible department has prioritized the risk by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in a conjunction with each department where as internal audit department undertaking role as risk coordinator and reviewer.
3. Risk Management countermeasures shall be implemented and regularly followed up by the Risk Management Committee comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

The Risk Management Committee monitored successes of risk management by considering from the work plan of the management who was responsible for risk factors and results of the credible measurement on compliance with the work plan as well as considered whether risk level has been decreased or not, so that risk management can be truly effectively.

Apart from undertakings risk management as per mentioned above, the Company also arranged the seminar to provide knowledge to the employees at all levels, for instance, on June 22, 2017, the Company has arranged the Enterprise

Risk Management Training Course, with aims to make the employees able to completely and thoroughly identify risk of business including prepare the operation plan to minimize risks. This training course emphasized on practical session that can be immediately applied. Hence, the Company was confident that its risk management strategy and targets can be effectively achieved.

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.

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 neutrality and political assistance

The Company is a politically neutral business entity that supports lawful operations and democratic form of government with the King as Head of State. Directors, Executives, and Employees enjoy their political rights and freedom under the law. However, they must not deprive company of neutrality and compromise it though their involvement in politics or use its resources to do so.

2. Donation for charity and support fund

The Company supports community and social development to upgrade the quality of life, enhance the economy, and strengthen communities and society through business processes or donation for charity used for public charity only. Moreover, the support fund for Company's business must have a clear proof of documents in compliance with the Company's regulations.

3. Receiving and giving present, property or other benefits policies

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.

The Company's anti-corruption policies are disclosed on the Company website. (<http://www.samtel.com>)

Guidelines to perform of anti-corruption

1. The process of risk assessment and risk management

In the aspect of risk management, the Company has an internal audit unit to check the operation in all Company's units following the risks topic of each company including the risk of corruption to ensure that all units must have appropriate internal control systems both Preventive Control and Detective Control. In case internal control of any unit is found that it is inadequate or fraud, a report of inspection results will be presented to the Audit Committee and the executive with guidelines for the prevention and the improved internal control system.

2. Protection

To ensure an adequate compensation to employees, aim to make awareness and do not lead to corruption, the Company's Human Resources will collect the results of the compensation survey of the prestigious institutions both in Thailand and abroad in each year to adjust wages, including the exchange of information with the other Company's human resources in telecommunications and computers into consideration for employee's compensation.

3. Training and Communication

Supporting best practices for anti-corruption policy by providing a training course to all employees and to promote honesty and guidelines for code of conduct to the Company's employees including the Company's business ethics through new employee orientation. All employees can access all related information in HR Website (www.samarthre.com).

4. Reporting Channels

In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of Company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the Company to the Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service as the address shown in the Company's website. The 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.

5. Regulatory and monitoring of the implementation of the policy.

Internal audit unit will make an audit report of fraud found in the past year and report to the Audit Committee annually with problems and suggest solutions.

For the past year, no employees fraud, just found defect of non-compliance of the Company's regulations, which have been amended and clarified the correct procedures for employees to acknowledge.

Furthermore, no director or executive was found to break the rules or was forced to resign on the ground of violation of corporate governance principles and the Company did not encounter the problem on having negative reputation caused by failure of the Committees on supervision their duties.

Connected Transactions

1. Details of the connected transactions which might have conflicts of interest.

The connected transactions disclosed in this section are transactions of the Company and its subsidiaries with those who may have a conflict of interest as at December 31, 2016 and 2017:

Connected Companies	Relationship	List of Joint Committees
Samart Corporation Pcl.	The major shareholder of the Company and holds a 70.14% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Sirichai Rasameechan
Samart Engineering Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart U-Trans Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Cambodia Air Traffic Services Co., Ltd.	Samart Transolutions Co., Ltd. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Cambodia Samart Co., Ltd.	Samart Corporation Pcl. holds a 49% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Vision and Security System Co., Ltd.	Samart Corporation Pcl. holds a 73% stake.	Mr. Thananan Vilailuck
One to One Contacts Pcl.	Samart Corporation Pcl. holds a 68.43% stake and Samart Engineering Co.Ltd. holds a 0.75% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Sirichai Rasameechan
Samart Digital Pcl. ⁽¹⁾	Samart Corporation Pcl. holds a 70.94% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart Mobile Services Co., Ltd.	Samart Digital Pcl. holds a 97.40% stake.	Mr. Watchai Vilailuck
Samart Multi Media Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Vilailuck International Holding Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 17.67% stake in Samart Corporation Pcl.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
I-Sport Co., Ltd.	Samart Multi Media Co., Ltd. holds a 49.99% stake.	Mr. Watchai Vilailuck
Teleconnext Co., Ltd. ⁽²⁾	Samart Digital Pcl. holds a 100% stake.	Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Jong Diloksombat
I-Mobile Plus Co., Ltd.	Samart Digital Plc. holds a 99.99% stake.	Mr. Watchai Vilailuck
Zecureasia Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Kampot Power Plant Co., Ltd.	Samart Inter Holding Co., Ltd. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Contact-In-One Co., Ltd.	Samart Engineering Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck

Connected Companies	Relationship	List of Joint Committees
Samart Inter Holding Co., Ltd.	Samart Corporation Pcl. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Communication Services Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Comtech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Broadband Services Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Thai Trade Net Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Posnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Infonet Co., Ltd.	Samart Telcoms Pcl. holds a 99.59% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
Smarterware Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Ed Tech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Portalnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
NetService (Thailand) Co., Ltd.	Samart Comtech Co., Ltd. holds a 60% stake.	Mr. Charoenrath Vilailuck Mr. Jong Diloksombat
SLA Asia Co., Ltd.	Samart Communication Services Co., Ltd. holds a 90% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Secureinfo Co., Ltd.	Samart Comtech Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Net Media Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	-
IT Absolute Co., Ltd.	Samart Broadband Services Co., Ltd. holds a 99.94% stake.	-
Samart Reditech Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
One to One Professional Co., Ltd.	One to One Contracts Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck

Connected Companies	Relationship	List of Joint Committees
Entertainment Tree Co., Ltd.	Samart Multi Media Co., Ltd. holds a 45.00% stake.	Miss Rapeepan Luangaramrut Mr. Watchai Vilailuck
I-Sport Media Co., Ltd.	I-Sport Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck
Teda Co., Ltd.	Samart U-Trans Co., Ltd. holds a 94.35% stake.	Mr. Thananan Vilailuck
Transec Power Services Co., Ltd.	Teda Co., Ltd. holds a 99.99% stake.	Mr. Thananan Vilailuck
One To One Cambodia Co., Ltd.	One to One Contracts Pcl. holds a 100% stake.	Mr. Thananan Vilailuck
Siam Sport Television Co., Ltd.	I-Sport Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Green Energy Co., Ltd. (Formerly known as Samart Waste2Power Co., Ltd.)	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart U-Trans (Myanmar) Co., Ltd.	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart Transolutions Co., Ltd.	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
SIM2Asset Co., Ltd.	Samart I-Mobile Pcl. holds a 99.99% stake	Mr. Watchai Vilailuck
Thai Base Station Co., Ltd.	Samart Digital Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck
Phuphatara Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 42.38% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Related Director is Mr.Thananan Vilailuck	Mr. Thananan Vilailuck
Vilailuck Development Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 42.38% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Thai Ticket Pro Co., Ltd.	Related Director is Mr. Watchai Vilailuck	Mr. Watchai Vilailuck
CSV Asset Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 99.99% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Le Votel Khaoyai Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 21.19% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Watchai Vilailuck

Pricing Policy

The Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. The Company and its subsidiaries have a policy on pricing with its related parties as specified below.

1. Sales prices are determining at market price. If market price not known, sales price are 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 expenses are charged at the amount stipulated in the relevant agreements.
3. Management fees and rental income are charged at the amount stipulated in the relevant agreements.
4. Other services income and expenses are charged at the price mutually agreed upon.

5. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin of not over 5 percent.
6. Interest on loans to and from related parties are charged at cost of fund plus 0.25 percent per annum or twelve-month fixed deposit rate of the commercial banks that the subsidiary companies frequently use.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
8. Dividend income is recognised when declared and the right to receive the dividend is established.
9. Fixed assets are purchased at their net book value plus margin, depending on the condition of fixed assets.
10. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Connected Transactions

1) Rental and Services Fee

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2017	For the year ended 31 December 2016	
1. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 885.64, 733.59 sq. meter from Samart Corporation Pcl.	5.43	5.92	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable the same area.
2. Samart Telcoms Pcl. rent a warehouse located at 101/4 Moo. 20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 50 sq. meter. from Samart Corporation Pcl.	0.07	0.07	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
3. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 723.95 sq. meter. from Vilailuck International Holding Co., Ltd.	5.07	4.84	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
4. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 647.22 sq.meter. from Samart Corporation Pcl.	4.53	4.33	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
5. Samart Communication Services Co., Ltd. rent a warehouse located at 101/4 Moo 20, Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee with area 721.23 sq. meter. from Samart Corporation Pcl.	1.03	1.03	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
6. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2016 with area 19.83, 86.92, 593.36 sq. meter. and for the year 2017 with area 22.31, 97.79, 667.53 sq. meter. from Vilailuck International Holding Co., Ltd.	5.17	4.98	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2017	For the year ended 31 December 2016	
7. Samart Communication Services Co., Ltd. rent a Single storey building in Chiangmai from Mr. Watchai Vilailuck	0.30	0.30	The building is rented to be used as a maintenance and repair services center for the equipments of the Ruler Telephone project installed in Chiangmai and nearby area. The rental charge is reasonable when compared to market price within the same area.
8. Samart Communication Services Co., Ltd. rent a warehouse located at 37/1 Moo 2 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee with area 1,020 sq. meter. from Samart Engineering Co., Ltd.	0.98	0.98	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
9. Samart Communication Services Co., Ltd. rent the office at Smart One Building, and used the public utilities services with area 288 sq.meter. from CSV Asset Co., Ltd.	1.63	1.68	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
10. Posnet Co., Ltd. rent a warehouse located at 101/4 Moo 20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 55.68 sq. meter. from Samart Corporation Pcl.	0.08	0.08	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
11. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 841.35, 1,209.05 sq. meter. from Samart Corporation Pcl.	8.05	5.63	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
12. Posnet Co., Ltd. rent the office at Smart One Building, and used the public utilities services with area 48 sq.meter. from CSV Asset Co., Ltd.	0.26	0.26	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
13. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 128.50 sq. meter. from Vilailuck International Holding Co., Ltd.	0.69	-	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
14. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 374.72 sq. meter. from Samart Corporation Pcl.	2.63	2.51	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2017	For the year ended 31 December 2016	
15. Samart Comtech Co., Ltd. rent a warehouse located at 37/1 Moo 2 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities with area 430 sq. meter. from Samart Corporation Pcl.	0.11	0.21	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
16. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,476.41 sq. meter. from Vilailuck International Holding Co., Ltd.	10.33	9.87	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
17. Samart Infonet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 265.70, 48 sq. meter. from Samart Corporation Pcl.	0.46	1.78	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
18. Samart Infonet Co., Ltd. rent a warehouse located at 101/4 Moo 20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 15.91 sq.meter. from Samart Corporation Pcl.	0.02	0.02	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
19. Portalnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 139.29, 149.04 sq.meter. from Samart Corporation Pcl.	0.97	0.93	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

2) Interest income on Finance lease receivables

Lessor Company	Lessee Company	Interest Rate (%)	Value (Million Baht)	
			For the year ended 31 December 2017	For the year ended 31 December 2016
1. Samart Comtech Co., Ltd.	For the hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd.,	7.5%	Finance lease receivables 321.68 Interest income 4.83	-

3) Transactions of Sales of Goods and Services as a Normal Business

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2017	For the year ended 31 December 2016
1. Samart Telcoms Pcl.	Combodia Air Traffic Services Co., Ltd.	0.60	0.60
2. Samart Communication Services Co., Ltd.	Samart Corporation Pcl.	10.49	1.92
	One to One Contracts Pcl.	-	2.35
	Vision and Security System Co., Ltd.	0.55	-
3. Thai Trade Net Co., Ltd.	Samart Corporation Pcl.	0.05	0.05
4. Samart Comtech Co., Ltd.	Samart Corporation Pcl.	2.54	9.22
	Samart U-Trans Co., Ltd.	1.16	-
	One to One Contracts Pcl.	-	0.13
	Vision and Security System Co., Ltd.	38.83	10.22
	Siam Sport Television Co., Ltd.	225.94	39.16
	Vilailuck International Holding Co., Ltd.	0.02	-
5. Smarterware Co., Ltd.	Mall (Thailand) Co., Ltd.	-	6.50
	Combodia Air Traffic Services Co., Ltd.	1.19	-
6. Samart Infonet Co., Ltd.	Samart Corporation Pcl.	3.22	3.21
	Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	1.61	1.97
	One to One Contracts Pcl.	6.68	7.24
	Samart Multimedia Co., Ltd.	1.90	2.13
	Samart Engineering Co., Ltd.	0.17	0.17
	I-Mobile Plus Co., Ltd.	0.61	1.19
	I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	0.14	0.14
	Samart U-Trans Co., Ltd.	-	0.02
	Phuphatara Co., Ltd.	1.84	1.08
	Le Votel Khaoyai Co., Ltd.	0.61	0.36
7. Samart Corporation Pcl. (IT Data Center services)	Samart Telcoms Pcl.	9.11	9.90
	Samart Communication Services Co., Ltd.	23.84	24.96
	Posnet Co., Ltd.	6.00	4.63
	Thai Trade Net Co., Ltd.	1.32	1.53
	Samart Comtech Co., Ltd.	17.28	17.09
	Samart Infonet Co., Ltd.	1.25	1.42
	Portalnet Co., Ltd.	3.12	2.46
	IT Absolute Co., Ltd.	0.12	0.23
8. Samart Corporation Pcl (Management Fee)	Samart Telcoms Pcl.	24.00	24.00

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2017	For the year ended 31 December 2016
9. Samart Corporation Pcl.	Samart Telcoms Pcl.	0.07	0.42
	Samart Infonet Co., Ltd.	1.56	1.51
	Posnet Co., Ltd.	0.09	0.03
	Samart Comtech Co., Ltd.	1.86	2.54
	Samart Communication Services Co., Ltd.	0.02	0.76
	Portalnet Co., Ltd.	-	54.04
10. I-Mobile Plus Co., Ltd.	Samart Telcoms Pcl.	-	0.13
	Samart Comtech Co., Ltd.	3.56	0.05
	Samart Infonet Co., Ltd.	-	0.03
	Samart Communication Services Co., Ltd.	-	0.11
	Portalnet Co., Ltd.	-	0.01
11. Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	Samart Telcoms Pcl.	18.61	6.98
	Samart Communication Services Co., Ltd.	0.41	0.66
	Posnet Co., Ltd.	0.36	1.20
	Samart Comtech Co., Ltd.	1.10	1.46
	Samart Infonet Co., Ltd.	0.10	0.13
	Smarterware Co., Ltd.	0.13	0.10
	Thai Trade Net Co., Ltd.	0.05	0.04
	Portalnet Co., Ltd.	0.01	0.27
	Samart Ed Tech Co., Ltd.	0.06	-
12. Samart Engineering Co., Ltd.	Samart Telcoms Pcl.	0.07	1.17
	Samart Communication Services Co., Ltd.	0.13	0.18
	Samart Comtech Co., Ltd.	7.12	8.43
	Portalnet Co., Ltd.	-	6.80
	Smarterware Co., Ltd.	-	0.02
	Thai Trade Net Co., Ltd.	-	0.04
	Samart Infonet Co., Ltd.	-	0.08
13. One to One Contracts Pcl.	Samart Telcoms Pcl.	0.16	0.08
	Samart Communication Services Co., Ltd.	2.13	2.98
	Thai Trade Net Co., Ltd.	0.15	0.15
	Posnet Co., Ltd.	0.05	-
	Samart Comtech Co., Ltd.	0.15	0.08
	Samart Infonet Co., Ltd.	0.04	0.04
	Smarterware Co., Ltd.	0.01	0.01
14. Vision and Security System Co., Ltd.	Samart Telcoms Pcl.	0.78	0.62
	Samart Communication Services Co., Ltd.	1.51	25.94
	Samart Comtech Co., Ltd.	1.53	2.68

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2017	For the year ended 31 December 2016
15. Samart Multimedia Co., Ltd.	Samart Telcoms Pcl.	0.37	-
	Portalnet Co., Ltd.	0.05	-
	Samart Communication Services Co., Ltd	0.18	-
	Thai Trade Net Co., Ltd.	0.05	-
	Samart Comtech Co., Ltd.	0.36	-
	Samart Infonet Co., Ltd.	0.04	-
16. Vilailuck International Holding Co., Ltd.	Samart Comtech Co., Ltd.	0.01	0.03
	Portalnet Co., Ltd.	0.01	0.01
17. Samart Ed Tech Co., Ltd.	Samart Corporation Pcl.	-	0.03
	Samart Multimedia Co., Ltd.	-	0.09
	Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	-	0.05
	I-Mobile Plus Co., Ltd.	-	0.01
	One to One Contracts Pcl.	-	0.12
	Samart U-Trans Co., Ltd.	-	0.01
18. I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Samart Telcoms Pcl.	1.10	0.58
	Samart Comtech Co., Ltd.	0.04	0.28
	Samart Communication Services Co., Ltd	0.03	0.05
	Portalnet Co., Ltd.	-	0.11
19. Portalnet Co., Ltd.	Samart Corporation Pcl.	4.99	59.07
20. Vilailuck Development Co., Ltd.	Samart Infonet Co., Ltd.	-	0.33
21. I-Sport Co., Ltd.	Samart Comtech Co., Ltd.	-	0.03
22. Thai Ticket Pro Co., Ltd	Samart Communication Services Co., Ltd	0.09	-
	Samart Comtech Co., Ltd.	0.44	-
23. Thai Base Station Company Limited	Samart Communication Services Co., Ltd	14.93	-

4) Miscellaneous Normal Business Transactions

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2017	For the year ended 31 December 2016	
1. Samart Telcoms Pcl. paid for the equipment rental, services charges, and miscellaneous expenses to Samart Corporation Pcl.	0.07	0.53	The equipment rentals, services charges, and miscellaneous expenses are normal business transactions at market or actual price in advance.
2. Samart Telcoms Pcl. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.36	0.36	Normal business transaction.
3. Samart Telcoms Pcl. paid for miscellaneous expenses to Le Votel Khaoyai Co., Ltd.	0.51	-	Normal business transaction at market price.

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2017	For the year ended 31 December 2016	
4. Samart Telcoms Pcl. paid for miscellaneous expenses to Vilailuck Development Co., Ltd.	0.07	0.07	Normal business transaction at market price.
5. Samart Telcoms Pcl. paid for miscellaneous expenses to Phuphatara Co., Ltd.	0.08	0.41	Normal business transaction at market price.
6. Samart Communication Services Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.57	0.48	Normal business transaction.
7. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to CSV Asset Co., Ltd.	0.42	0.42	Normal business transaction.
8. Samart Communication Services Co., Ltd. paid for the miscellaneous goods and service expenses to Samart Corporation Pcl.	0.07	0.43	Normal business transaction.
9. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to I-Mobile Plus Co., Ltd.	-	0.03	Normal business transaction.
10. Posnet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.03	0.03	Normal business transaction at market price.
11. Posnet Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	-	0.01	Normal business transaction at market price.
12. Posnet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.07	0.03	Normal business transaction at market price.
13. Posnet Co., Ltd. paid for miscellaneous expenses to CSV Asset Co., Ltd.	-	0.01	Normal business transaction at market price.
14. Thai Trade Net Co., Ltd. paid for the telephone line rental and miscellaneous expenses to Samart Corporation Pcl.	0.46	0.08	Normal business transaction at market or actual price in advance.
15. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.05	0.05	Normal business transaction at market price.
16. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	-	0.04	Normal business transaction at market price.
17. Samart Comtech Co., Ltd. paid for the office supplies and the miscellaneous services to Samart Corporation Pcl.	0.31	0.40	Normal business transaction at market price.
18. Samart Comtech Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.79	0.78	Normal business transaction at market price.
19. Samart Infonet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.01	0.08	Normal business transaction at market price.
20. Samart Infonet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.09	0.11	Normal business transaction at market price.

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2017	For the year ended 31 December 2016	
21. Smarterware Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.03	0.06	Normal business transaction at market price.
22. Smarterware Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	-	0.01	Normal business transaction at market price.
23. Smarterware Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.05	0.05	Normal business transaction at market price.
24. Samart Ed Tech Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.03	0.04	Normal business transaction at market price.
25. Samart Ed Tech Co., Ltd. paid for miscellaneous expenses to Phuphatara Co., Ltd.	-	0.02	Normal business transaction at market price.
26. IT Absolute Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.01	0.03	Normal business transaction at market price.
27. IT Absolute Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	-	0.01	Normal business transaction at market price.
28. Portalnet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.04	0.08	Normal business transaction at market price.

2. Summary of guidelines for considering on the related transactions which might have conflicts of interest.

2.1 Necessity and Rationale for Transactions

The Company's Audit Committee is of the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. Before entering such transactions, the Board of Directors evaluates them on the basis of providing maximum value to the Company. The terms and conditions of connected transactions were set according to standard business terms and conditions, and at market rates.

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 Policies and Trend in Future Connected Transactions

In the future, the Company may engage in connected transactions as it deems appropriate based on normal business terms and conditions. It will comply with the laws on securities and the stock market, as well as the relevant regulations, announcements, orders or requirements of the Stock Exchange of Thailand. It will also strictly follow the requirements and practices regarding disclosure of connected transactions, and the acquisition or sale of important assets of the listed company, according to the accounting standards set by the Association of Accountants. The Company will disclose connected transactions in the Notes to Financial Statements audited by the Company's external auditor.

Financial Ratios

1. Financial Positions and Operating Results of Samart Telcoms Public Co., Ltd. and Its Subsidiaries

Unit: Baht Thousand

Transaction	As of December 31		
	2015	2016	2017
Cash and cash equivalents	615,740	621,201	590,788
Trade Account receivables - net	2,228,016	1,516,897	1,569,775
Inventories	415,276	294,223	330,115
Property, plant and equipment - net	3,890,141	3,711,352	2,811,436
Intangible asset	80,181	660,373	648,390
Total assets	10,039,615	10,018,577	9,283,574
Overdrafts and short-term loans from banks	3,528,161	3,265,270	2,395,025
Trade Account payables	434,390	867,458	513,162
Current portion of long - term loans from banks	49,320	-	414,447
Long-term loans from banks - net of current portion	-	-	80,223
Debentures	1,655,000	1,365,000	1,265,000
Total liabilities	6,580,819	6,542,536	5,750,864
Paid up capital	618,000	618,000	618,000
Retained earnings	2,311,369	2,340,785	2,408,460
Shareholders' equity	3,458,796	3,476,042	3,532,709
Revenues from sales and services	5,716,047	5,720,576	6,948,887
Total revenues	5,792,684	5,748,642	6,981,965
Cost of goods and service sold	4,542,117	4,764,820	5,997,159
Selling and admin expenses	596,033	584,299	626,755
Finance Cost	167,343	173,382	149,094
Total costs and expenses	5,226,803	5,373,545	6,633,583
Net profit	402,340	183,934	220,483
Net profit per share (Baht / share)	0.65	0.30	0.36
Cash flow from operating activities	900,642	2,225,008	886,059
Cash flow from investing activities	(2,003,093)	(1,456,567)	(287,667)
Cash flow from financing activities	1,061,353	(762,981)	(628,805)
Par value (Baht / share)	1	1	1
Common shares outstanding (Thousand shares)	618,000	618,000	618,000
Weighted average number of shares (Thousand shares)	618,000	618,000	618,000
Book value (Baht / share)	5.60	5.62	5.72
Dividend per share (Baht / share)	0.40	0.20	0.33

2. Financial Ratios of Samart Telcoms Public Co., Ltd. and Its Subsidiaries

Financial Ratio		Samart Telcoms Pcl. and Subsidiaries		
		2015	2016	2017
<u>LIQUIDITY RATIO</u>				
Current ratio	(Times)	1.00	0.91	0.95
Acid test ratio	(Times)	0.51	0.37	0.40
Cash turnover	(Times)	0.16	0.38	0.15
Receivable turnover ratio	(Times)	2.86	3.03	4.46
Average collection period	(Days)	126	119	81
Inventory turnover ratio	(Times)	6.68	5.65	9.77
Days sales outstanding	(Days)	54	64	37
Payable turnover ratio	(Times)	8.00	7.32	8.69
Payment period	(Days)	45	49	41
Cash cycle	(Days)	135	133	76
<u>PROFITABILITY RATIO</u>				
Gross profit margin	(%)	20.54	16.71	13.70
Net profit margin	(%)	6.95	3.20	3.16
Return on equity	(%)	11.60	5.29	6.26
<u>EFFICIENCY RATIO</u>				
Return on assets	(%)	4.24	1.83	2.28
Return on fixed assets ⁽¹⁾	(%)	43.13	37.18	46.87
Asset turnover	(Times)	0.61	0.57	0.72
<u>FINANCIAL POLICY RATIO</u>				
Debt to equity	(Times)	1.90	1.88	1.63
Interest coverage	(Times)	3.69	2.19	2.78
Debt serviceability	(Times)	0.22	0.21	0.39
Dividend payout ratio ⁽²⁾	(%)	61.44	67.20	92.50

Remark : ⁽¹⁾ Including the rights to use communications equipment

⁽²⁾ % of consolidated net profit after deduction of all reserves as stated in the company's Articles of Association and related laws.

Management Discussion and Analysis

1. Operating Results Overview

2017 Operating Results Overview

In 2017, the Company reported the consolidated total revenues of Baht 6,982 million, increased from 2016 by Baht 1,233 million or 21.5%. Revenue from sales and services was Baht 6,949 million, Increased by Baht 1,228 million or 21.5% comparing to 2016 year, increased in revenue from Sales, contract work and services. Other income was Baht 33 million, increased by Baht 5 million from 2016.

Cost of sales and services was Baht 5,997 million, increased from 2016 by Baht 1,232 million or 25.9%. Gross profit was Baht 952 million, decreased by Baht 4 million or 0.4%. Gross profit margin was 13.7% decrease from 16.7% in 2016 because there was a decrease in Gross profit margin of contract work.

Selling expenses, administrative expenses, and other expenses were Baht 636 million, increased from 2016 by Baht 28 million, mainly due to increase in depreciation and other expenses.

Finance cost was Baht 149 million, decreased from 2016 by Baht 24 million, mainly from decrease in bank loan.

Corporate income tax income was Baht 14 million, increased by Baht 43 million.

As a result, the consolidated net profit attributable to equity holders of the Company was Baht 220 million, increased by Baht 37 million or 19.9% from 2016. Net profit margin was 3.16%, decrease from 3.20% in 2016.

Operating Results of the Company and Its Subsidiaries

The revenue structure breakdown by Business Group as of December 31, 2016 and 2015 are as follows:

Business Group	Revenue (Million Baht)		Growth Rate
	Y 2017	Y 2016	
1. Network Solutions	2,504.5	1,452.0	72.5%
2. Enhanced Technology Solutions	3,264.0	2,911.5	12.1%
3. Business Application	1,213.5	1,385.1	-12.4%
Total	6,982.0	5,748.6	21.5%

Remark : The above revenues are exclusive of Inter-company transactions.

Network Solutions Business Group

In 2017, revenue were Baht 2,504.5 million, increased by Baht 1,053 million or 72.5% compared to Baht 1,452 million in 2016. The increase was mainly resulted from lower revenue from contract work recognition.

Enhanced Technology Solutions Business Group

In 2017, revenue were Baht 3,264 million, increased by Baht 353 million or 12.1% compared to Baht 2,922 million in 2016. The increase was mainly resulted from revenue recognition of Advance Passenger Processing Service (APPS) project.

Business Application Business Group

In 2017, revenue were Baht 1,214 million, decreased by Baht 172 million or 12.4% compared to Baht 1,385 million in 2016. The decrease was mainly resulted from Project value.

2. Financial Statement

Assets

As of December 31 2017, total assets were Baht 9,284 million, decreased by Baht 735 million or 7.3% from the end of 2016, mainly resulted from a decrease of property, plant and equipment and accrued income.

Total assets consist of current assets of Baht 5,228 million, representing 56.3% of total assets, decreased by Baht 162 million compared with Baht 5,390 million, representing 53.8% of total assets in 2016. The major current assets were accrued revenue and trade and other receivables, representing 19.3% and 18.8% of total assets respectively.

Non-current assets were Baht 4,055 million, representing 43.7% of total assets, decreased by Baht 573 million compared with Baht 4,629 million, representing 46.2% of total assets in 2016. The major non-current assets were property plant and equipment, representing 30.3% of total assets.

Trade Account Receivable and Inventory

The Company had net trade receivable of Baht 1,570 million, a increase of Baht 53 million or 3.5%, compared with Baht 1,517 million at the end of 2016. The allowance for doubtful accounts is set for debts overdue 6 - 12 months at 50%, debts overdue 12 months or more at 100%. As of 31 December 2017, the allowance was set up by Baht 12 million. The Company believes that such allowance for doubtful debts is adequate, provided that most account receivable are project debtors and have strong financial status.

At the end of 2017, the net inventory was Baht 330 million, a increase of Baht 35 million or 12.2% compared to Baht 294 million at the end of 2016.

Liquidity

The current ratio in 2017 was 0.95, which increased slightly from 2016. The Company's policy is to match payment term of major suppliers and repayment of loan from bank with payment from customers by requesting for back to back condition from major suppliers. Using this condition, the Company can guarantee sufficiency liquidity and the Company has been able to repay its debt and interest on time.

As of December 31, 2017, cash and cash equivalents were Baht 590 million, decreased by Baht 30 million, or 4.9% from the end of 2015. The detail of sources and uses of fund are as follows:

- Cash flow from operating activities was Baht 886 million, mainly resulted from operating profit.
- Cash flow used in investing activities was Baht 228 million, mainly resulted from capital invested to support project.
- Cash flow used from financing activities was Baht 629 million, mainly resulted from a repayment in loans from financial institutions.

Sources of Fund

As of December 31 2017, total liabilities were Baht 5,751 million decreased by Baht 792 million or 12.1% from the end of 2016, mainly due to an decrease in loans from financial institutions to support projects and trade and other payables.

The shareholders' equity as at 31 December 2017 equals to Baht 3,533 million, increased by Baht 57 million or 1.6% from the end of 2016. Net profit in 2017 was Baht 220 million, with Baht 154 million dividend payment during the year.

Regarding the above liabilities and shareholders' equity, the Company's debt to equity ratio as at 31 December 2017 was 1.63 times decreased from 1.88 times at the end of 2016.

As of December 31, 2017, debt service coverage ratio was 1.6 times, which higher than condition of issuing short term debenture that the Company must maintain debt service coverage ratio not lower than 1.1 times.

3. Factors Affecting Financial Status or Performance Significantly in the Future

The Company plan to bid many large projects in year 2018, which would generate impressive revenue recognitions in the future, nevertheless the project also needed a large amount of working capital, therefore the Company has been strictly and cautiously negotiated and agreed with financial institutions and business partners to ensure that a cash cycle have been match and have least affects the Company's liquidity.

For supporting operation of the large projects, there would be an issue about the Company's debt-to-equity ratio that could be gone temporally high over a short period of time. However if the Company's debt-to-equity ratio been high over a long period of time, the Company may have to consider a capital increasing as an alternative to reduce risks from having a relatively high D/E ratio.

Report of the Board of Directors' Responsibilities for the Financial Reports

Dear Shareholders,

The Board of Directors of the Company takes responsibility for the Consolidated Financial Statements of the Company and its Subsidiaries and financial information included in the Annual Report. The Financial Statements were prepared in accordance with the generally accepted accounting standards in Thailand employing appropriate accounting policy and continual practice under careful considerations and best estimations as well as disclosing sufficient information in the Notes to Financial Statements.

The Board of Directors has established and maintained efficient internal control system to ensure with reasonable confidence that the accounting procedure is correct, complete and sufficient for asset possessions and acknowledgement of weaknesses to prevent frauds or significant conspiracies.

The Board of Directors appoints the Audit Committee consisting of three Independent Committees with qualification according to SET/SEC regulations and notification for being the audit committee's member to examine accounting policy, quality of Financial Report and internal control system. The Audit Committee's opinion regarding the mentioned issues appears in the Audit Committee's Report as an integral part of the Annual Report.

The consolidated financial statements of the Company 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 Annual Report.

In the Board of Directors' opinion, the internal control system of the Company is generally satisfactory and can reasonably assure the reliability of the Financial Statements of the Company and its Subsidiaries as of December 31, 2017. which was accurate and complied to the accounting standard and related law and regulations.



(General Sumpun Boonyanun)
Chairman



(Mr. Watchai Vilailuck)
Executive Chairman & Chief Executive Officer

Independent Auditor's Report

To the Shareholders of Samart Telcoms Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Samart Telcoms 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 Telcoms 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 Telcoms Public Company Limited and its subsidiaries and of Samart Telcoms 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 Telcoms 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 Telcoms Public Company Limited and those related parties. My opinion is not modified 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 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 4, 5 and 29 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 from long-term contracts, therefore I focused on the revenue recognition under long-term contract.

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.

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.

Goodwill

I have focused my audit on the consideration of the impairment of goodwill as discussed in Notes 18 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

Allowance for doubtful accounts

As at 31 December 2017, the Group had significant balances of trade accounts receivable (accounting for 17% and 8% of total assets in consolidated financial statements and separate financial statements, respectively). Determining the net realisable value of trade accounts receivable, as disclosed in Note 4, 5 and 9 to the financial statements, required 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. These 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 long outstanding debts, 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.

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.



Sarinda Hirunprasurtwutti

Certified Public Accountant (Thailand) No. 4799

EY Office Limited

Bangkok: 26 February 2018

Statement of financial position

Samart Telecoms Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Assets					
Current assets					
Cash and cash equivalents	7	590,788,179	621,200,577	111,430,480	230,223,648
Short-term investments in trading securities	8	23,211,334	35,212,529	23,211,334	35,212,529
Trade and other receivables	6, 9	1,745,966,133	1,662,590,494	670,767,934	611,883,008
Accrued income	6	1,789,836,152	2,117,198,035	218,079,872	229,259,931
Current portion of finance lease receivables	10	37,535,772	-	-	-
Short-term loans to related parties	6	-	-	970,100,000	1,016,000,000
Inventories	11	330,114,536	294,222,603	121,683,021	177,798,804
Withholding tax deducted at source	12	346,685,922	328,450,596	25,644,417	25,180,036
Other current assets	6, 13	364,178,188	331,087,836	53,264,877	42,405,225
Total current assets		5,228,316,216	5,389,962,670	2,194,181,935	2,367,963,181
Non-current assets					
Investments in associate	14	-	3,277,564	-	-
Investments in subsidiaries	15	-	-	2,050,510,978	2,050,510,978
Finance lease receivable - net of current portion	10	240,461,428	-	-	-
Property, plant and equipment	16	2,811,436,095	3,711,351,652	107,659,855	171,093,071
Intangible assets	17	648,389,682	660,372,900	48,968,155	1,396,164
Goodwill	18	108,095,942	108,095,942	-	-
Deferred tax assets	34	116,734,033	64,546,930	44,440,968	37,903,500
Other non-current assets		130,140,361	80,969,677	51,851,284	13,594,770
Total non-current assets		4,055,257,541	4,628,614,665	2,303,431,240	2,274,498,483
Total assets		9,283,573,757	10,018,577,335	4,497,613,175	4,642,461,664

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Smart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts, short-term loans from banks and trust receipts	19	2,395,024,500	3,265,270,063	290,000,000	320,000,000
Trade and other payables	6, 20	659,287,404	991,194,383	257,168,907	129,936,125
Current portion of long-term loan from financial institution	21	414,446,778	-	-	-
Current portion of liabilities under finance lease agreements	22	2,807,103	6,117,268	997,677	331,869
Current portion of debentures	23	1,265,000,000	880,000,000	1,265,000,000	880,000,000
Short-term loans from related parties	6	-	-	215,000,000	315,000,000
Unearned revenue		12,749,166	36,773,436	2,884,924	1,390,000
Income tax payable		27,924	25,043	-	-
Accrued project cost	6	547,921,256	570,301,240	256,824,837	236,093,032
Short-term provision	24	82,182,862	82,493,733	19,870,813	66,002,871
Other current liabilities	25	120,993,201	101,274,732	24,878,284	30,191,303
Total current liabilities		5,500,440,194	5,933,449,898	2,332,625,442	1,978,945,200
Non-current liabilities					
Long-term loans from financial institution - net of current portion	21	80,233,057	-	-	-
Liabilities under finance lease agreements - net of current portion	22	17,341,350	1,926,957	5,874,582	1,926,957
Debentures - net of current portion	23	-	485,000,000	-	485,000,000
Long-term provision	24	49,319,066	25,170,673	28,679,070	14,192,827
Provision for long-term employee benefits	26	93,270,325	87,083,394	25,775,370	23,934,563
Deferred tax liabilities	34	756,571	327,097	-	-
Other non-current liabilities		9,503,903	9,577,503	-	-
Total non-current liabilities		250,424,272	609,085,624	60,329,022	525,054,347
Total liabilities		5,750,864,466	6,542,535,522	2,392,954,464	2,503,999,547

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Samart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
738,000,000 ordinary shares of Baht 1 each		738,000,000	738,000,000	738,000,000	738,000,000
Issued and fully paid up					
618,000,000 ordinary shares of Baht 1 each		618,000,000	618,000,000	618,000,000	618,000,000
Share premium		1,238,860,501	1,238,860,501	1,238,860,501	1,238,860,501
Deficit on changes in percentage of shareholding in subsidiary		(737,577,642)	(737,577,642)	-	-
Retained earnings					
Appropriated - statutory reserve	28	73,800,000	73,800,000	73,800,000	73,800,000
Unappropriated		2,334,660,111	2,266,984,960	146,447,027	174,731,225
Other components of shareholders' equity		27,551,183	33,070,391	27,551,183	33,070,391
Equity attributable to owners of the Company		3,555,294,153	3,493,138,210	2,104,658,711	2,138,462,117
Non-controlling interests of the subsidiaries		(22,584,862)	(17,096,397)	-	-
Total shareholders' equity		3,532,709,291	3,476,041,813	2,104,658,711	2,138,462,117
Total liabilities and shareholders' equity		9,283,573,757	10,018,577,335	4,497,613,175	4,642,461,664

The accompanying notes are an integral part of the financial statements.

Income statement

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Revenues from contract work	29	2,763,738,911	1,960,265,475	312,737,957	110,176,393
Service income	30	3,524,509,328	3,430,452,670	796,125,631	682,082,009
Revenues from sales		660,638,919	329,857,627	205,985,686	120,486,473
Other income	31	33,077,964	28,065,858	274,499,197	228,603,816
Total revenues		6,981,965,122	5,748,641,630	1,589,348,471	1,141,348,691
Expenses	32				
Cost of contract work	29	2,477,655,239	1,668,997,011	294,510,998	54,051,137
Cost of services		2,964,729,023	2,853,753,819	669,469,445	608,839,824
Cost of sales		554,774,352	242,068,742	215,233,145	105,385,141
Selling expenses		187,074,347	176,643,258	67,625,182	61,738,422
Administrative expenses		439,680,907	407,656,218	151,778,786	146,558,359
Other expenses		9,669,320	24,426,410	9,790,700	8,380,456
Total expenses		6,633,583,188	5,373,545,458	1,408,408,256	984,953,339
Profit before share of loss from investment in associate, finance cost and income tax expenses		348,381,934	375,096,172	180,940,215	156,395,352
Share of loss from investment in associate	14	-	(1,634,093)	-	-
Profit before finance cost and income tax expenses		348,381,934	373,462,079	180,940,215	156,395,352
Finance cost	33	(149,094,027)	(173,382,377)	(52,459,200)	(58,197,844)
Profit before income tax (expenses) income		199,287,907	200,079,702	128,481,015	98,197,508
Income tax (expenses) income	34	14,235,300	(28,333,134)	(2,488,162)	(2,239,601)
Profit for the year		213,523,207	171,746,568	125,992,853	95,957,907
Profit attributable to:					
Equity holders of the Company		220,483,209	183,934,280	125,992,853	95,957,907
Non-controlling interests of the subsidiaries		(6,960,002)	(12,187,712)		
		213,523,207	171,746,568		
Basic earnings per share					
Profit attributable to equity holders of the Company	36	0.36	0.30	0.20	0.16
Weighted average number of ordinary shares (shares)		618,000,000	618,000,000	618,000,000	618,000,000

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

Samart Telcoms 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
Profit for the year		213,523,207	171,746,568	125,992,853	95,957,907
Other comprehensive income:					
Other comprehensive income reclassified or to be reclassified to profit or loss					
Exchange differences on translation of financial statements in foreign currency		-	2,184	-	-
Reclassification of exchange difference on translation of financial statements due to subsidiary company's liquidation		-	33,003	-	-
Other comprehensive income reclassified or to be reclassified to profit or loss - net of income tax		-	35,187	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain on defined benefit plan	26	2,316,248	-	277,249	-
Income tax effect	34	(609,030)	(32,035)	(55,450)	-
		1,707,218	(32,035)	221,799	-
Reversal of revaluation surplus on land from sale	27	(6,899,010)	-	(6,899,010)	-
Income tax effect	34	1,379,802	-	1,379,802	-
		(5,519,208)	-	(5,519,208)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(3,811,990)	(32,035)	(5,297,409)	-
Other comprehensive income for the year, net of tax		(3,811,990)	3,152	(5,297,409)	-
Total comprehensive income for the year		209,711,217	171,749,720	120,695,444	95,957,907
Total comprehensive income attributable to:					
Equity holders of the Company		216,654,793	183,950,246	120,695,444	95,957,907
Non-controlling interests of the subsidiaries		(6,943,576)	(12,200,526)		
		209,711,217	171,749,720		

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Samart Telcoms 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				Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity				
	Issued and fully paid-up share capital	Share premium	Deficit on changes in percentage of shareholding in subsidiary	Retained earnings				Total other components of shareholders' equity			
									Appropriated - statutory reserve	Unappropriated	
											Exchange differences on translation of financial statements in foreign currency
Balance as at 31 December 2015	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,237,568,726	(35,187)	33,070,391	33,035,204	3,463,686,789	(4,890,601)	3,458,796,188
Profit for the year	-	-	-	-	183,934,280	-	-	-	183,934,280	(12,187,712)	171,746,568
Other comprehensive income for the year	-	-	-	-	(19,221)	35,187	-	35,187	15,966	(12,814)	3,152
Total comprehensive income for the year	-	-	-	-	183,915,059	35,187	-	35,187	183,950,246	(12,200,526)	171,749,720
Dividend paid (Note 39)	-	-	-	-	(154,498,825)	-	-	-	(154,498,825)	-	(154,498,825)
Decrease in non-controlling interest of the subsidiaries from dividend payment	-	-	-	-	-	-	-	-	-	(5,270)	(5,270)
Balance as at 31 December 2016	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,266,984,960	-	33,070,391	33,070,391	3,493,138,210	(17,096,397)	3,476,041,813

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity (continued)

Samart Telcoms 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				Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
	Other comprehensive income (loss)		Revaluation surplus on land		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
	Exchange differences on translation of financial statements in foreign currency		Unappropriated		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
	Appropriated - statutory reserve		Unappropriated		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
	Share premium		Unappropriated		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
	Shareholding in subsidiary		Unappropriated		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Non-controlling interests of the subsidiaries		Total shareholders' equity
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The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated		
Balance as at 31 December 2015	618,000,000	1,238,860,501	73,800,000	233,272,143	33,070,391	2,197,003,035
Profit for the year	-	-	-	95,957,907	-	95,957,907
Total comprehensive income for the year	-	-	-	95,957,907	-	95,957,907
Dividend paid (Note 39)	-	-	-	(154,498,825)	-	(154,498,825)
Balance as at 31 December 2016	618,000,000	1,238,860,501	73,800,000	174,731,225	33,070,391	2,138,462,117
Balance as at 31 December 2016	618,000,000	1,238,860,501	73,800,000	174,731,225	33,070,391	2,138,462,117
Profit for the year	-	-	-	125,992,853	-	125,992,853
Other comprehensive income for the year	-	-	-	221,799	(5,519,208)	(5,297,409)
Total comprehensive income for the year	-	-	-	126,214,652	(5,519,208)	120,695,444
Dividend paid (Note 39)	-	-	-	(154,498,850)	-	(154,498,850)
Balance as at 31 December 2017	618,000,000	1,238,860,501	73,800,000	146,447,027	27,551,183	2,104,658,711

The accompanying notes are an integral part of the financial statements.

Cash flows statement

Samart Telecoms 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
Cash flows from operating activities					
Profit before tax		199,287,907	200,079,702	128,481,015	98,197,508
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Unrealised gains on exchange		(437,194)	(554,826)	(87,553)	(444,594)
Gains on sale of investment in trading securities	8	(632,416)	-	(632,416)	-
Losses on change in value of investment in trading securities	8	9,669,320	8,380,456	9,669,320	8,380,456
Losses on the right assignment of receivable	9	3,400,000	-	-	-
Bad debts and doubtful debts (reversal)		(1,919,571)	16,045,954	(4,823)	(727,431)
Reduce cost of inventory to net realisable value	11	30,689,780	6,723,783	32,222,995	2,932,407
Loss on change in value of investment in subsidiary	15.5	611,300	-	-	-
Gain from negative goodwill	15.5	(378,669)	-	-	-
Share of loss on investment in associated company	14	-	1,634,093	-	-
Transfer assets to expenses and cost of sales and services		-	327,465	-	-
Gains on compensation receipt from insurance		(214,147)	(249,931)	-	-
Gains on disposals of equipments		(9,511,212)	(9,730)	(9,444,000)	(988)
Loss from write-off of equipments		9,420	331	9,420	331
Depreciation and amortisation	16, 17	1,345,877,771	1,281,419,101	81,749,600	126,907,465
Write-off withholding tax deducted at source		163,846	112,417	-	-
Amortisation of deferred interest expense under finance lease agreements		429,856	470,856	125,173	116,931
Amortisation of unearned interest income under finance lease agreements		(4,832,440)	-	-	-
Provision for warranties (reversal)		23,837,522	38,348,760	(31,645,815)	17,521,713
Provision for long-term employee benefits	26	9,098,129	9,628,356	2,118,056	1,993,941
Dividend received		(100,000)	(128,800)	(130,595,810)	(95,283,530)
Interest income	31	(8,770,938)	(2,871,734)	(31,939,194)	(28,020,503)
Interest expense	33	144,680,591	169,319,362	49,719,405	55,233,556
Loss from impairment of goodwill		-	173,916	-	-
Reversal of loss from liquidation in subsidiary		-	(51,600)	-	-
Profit before changes in operating assets and liabilities		1,740,958,855	1,728,797,931	99,745,373	186,807,262

The accompanying notes are an integral part of the financial statements.

Cash flows statement (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Cash flows from operating activities (continued)					
Decrease (increase) in operating assets:					
Trade and other receivables		(99,417,375)	648,311,471	2,817,523	461,451,856
Accrued income		327,361,883	(584,775,452)	11,180,059	101,527,914
Inventories		(459,281,587)	4,613,238	(5,045,966)	(34,005,444)
Other current assets		(32,963,192)	40,190,660	(10,859,652)	(15,740,963)
Other non-current assets		(49,170,684)	(17,500,288)	(38,256,514)	(23,257)
Increase (decrease) in operating liabilities:					
Trade and other payables		(332,852,348)	422,811,666	126,493,181	36,872,226
Unearned revenue		(24,024,270)	26,643,689	1,494,924	(921,408)
Accrued project cost		(22,379,984)	109,053,283	20,731,805	(38,492,561)
Other current liabilities		19,703,639	(33,683,572)	(5,313,019)	(22,556,357)
Other non - current liabilities		(73,600)	182,475	-	-
Cash from operating activities		1,067,861,337	2,344,645,101	202,987,714	674,919,268
Employee benefits paid during the year	26	(954,600)	(2,375,200)	-	-
Proceeds from sales of short-term investment in trading securities	8	2,964,291	-	2,964,291	-
Dividend income from short-term investment in trading securities		100,000	128,800	100,000	128,800
Cash paid for interest expenses		(143,318,055)	(172,107,234)	(48,882,944)	(61,349,475)
Cash paid for income tax		(136,895,683)	(152,031,834)	(18,958,503)	(21,732,704)
Cash received from the right assignment of receivable	9	14,552,000	-	-	-
Cash received from refund withholding tax deducted at source	12	81,749,661	183,962,870	10,792,844	10,356,080
Cash received from refund value added tax		-	22,785,686	-	-
Net cash from operating activities		886,058,951	2,225,008,189	149,003,402	602,321,969

The accompanying notes are an integral part of the financial statements.

Cash flows statement (continued)

Samart Telcoms 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
Cash flows from investing activities					
Cash received from settlement of short-term loan to related parties	6	-	-	375,000,000	497,930,000
Cash paid to provide short-term loans to related parties	6	-	-	(329,100,000)	(628,000,000)
Decrease in restricted bank deposits		-	111,300,156	-	-
Net cash inflow from purchase of investment in subsidiary	15.5	4,731,367	-	-	-
Net cash outflow from liquidation of investment in subsidiary		-	(36,451)	-	-
Dividend received from subsidiaries		-	-	85,497,860	195,154,196
Purchase of equipment, communications equipment and intangible assets	16, 17	(320,492,977)	(1,571,000,013)	(48,366,301)	(5,993,224)
Proceeds from sales of equipments		19,097,521	10,048	19,003,150	1,056
Cash received from insurance claims for equipment		225,702	287,800	-	-
Cash received from interest received		8,771,570	2,871,074	15,230,211	16,181,883
Net cash from (used in) investing activities		(287,666,817)	(1,456,567,386)	117,264,920	75,273,911
Cash flows from financing activities					
Increase (decrease) in bank overdrafts		6,391	(246,368)	-	-
Proceeds from short-term loans from banks		4,329,121,912	3,176,179,947	1,775,000,000	1,303,000,000
Cash paid to settle short-term loans from banks		(3,980,876,162)	(3,555,720,478)	(1,585,000,000)	(1,313,299,381)
Decrease in bill of exchange payable		(220,000,000)	(80,000,000)	(220,000,000)	(80,000,000)
Increase (decrease) in trust receipts		1,412,166	196,896,435	-	(17,200,503)
Cash received from short-term loans from related parties	6	-	-	20,000,000	129,000,000
Repayment of short-term loans from related parties	6	-	-	(120,000,000)	(103,000,000)
Cash received from long-term loans from financial institutions	21	32,900,000	-	-	-
Repayment of long-term loans from financial institutions	21	(538,130,035)	(49,320,000)	-	(49,320,000)
Cash received from debentures	23	1,210,000,000	810,000,000	1,210,000,000	810,000,000
Cash paid for debenture redemption	23	(1,310,000,000)	(1,100,000,000)	(1,310,000,000)	(1,100,000,000)
Cash received from finance lease receivable agreements		8,537,464	-	-	-
Cash paid to settle liabilities under finance lease agreements		(7,273,228)	(6,266,142)	(562,640)	(1,824,852)
Dividend paid	39	(154,498,850)	(154,498,825)	(154,498,850)	(154,498,825)
Decrease in non-controlling interests of the subsidiaries from dividend payment		(4,190)	(5,270)	-	-
Net cash used in financing activities		(628,804,532)	(762,980,701)	(385,061,490)	(577,143,561)
Net increase (decrease) in cash and cash equivalents		(30,412,398)	5,460,102	(118,793,168)	100,452,319
Cash and cash equivalents at beginning of year		621,200,577	615,740,475	230,223,648	129,771,329
Cash and cash equivalents at end of year		590,788,179	621,200,577	111,430,480	230,223,648

The accompanying notes are an integral part of the financial statements.

Cash flows statement (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Supplemental cash flows information				
Non-cash items:				
Transfer from inventory to equipment	110,997,650	109,716,028	28,938,754	76,324,380
Dividend receivable from subsidiary	-	-	44,997,950	-
Asset acquired under financial lease agreement	18,946,600	2,471,491	5,050,900	2,471,491

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2017

1. General information

Samart Telcoms Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Samart Corporation Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the operation of a fully-integrated telecommunications, communication network and information technology business, the provision of IT and communication system design and installation services, and communication equipment and computer distribution, repair and maintenance system. The registered office of the Company is at 59 Moo 2, Phaholyothin Road, Tambol Klong-Nueng, Amphur Klong-Luang, Pathumthani.

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 Telcoms 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 direct shareholding	
			2017	2016
			Percent	Percent
Samart Communication Services Co., Ltd.	Design and installation of communication, network public rural telephone project	Thailand	100	100
Posnet Co., Ltd.	Electronic fund transfer	Thailand	100	100
Thai Trade Net Co., Ltd.	Electronic data interchange	Thailand	100	100
Samart Broadband Services Co., Ltd.	Ceased its operation since 2008	Thailand	100	100
Samart Comtech Co., Ltd.	Design and installation of telecommunications network	Thailand	100	100
Smarterware Co., Ltd.	Manufacture production of software packages and provision of software development services	Thailand	100	100
Samart Infonet Co., Ltd.	Provision of internet services	Thailand	100	100
Samart eD Tech Co., Ltd.	E-Learning courseware development consultation	Thailand	100	100
Net Media Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100
Portalnet Co., Ltd.	Design and installation of Enterprise Resource Planning (ERP) system and fully integrate ERP solution for government and public sectors	Thailand	100	100

Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			Percent	Percent
Subsidiary held by Samart Broadband Services Co., Ltd.				
IT Absolute Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100
Subsidiaries held by Samart Comtech Co., Ltd.				
Net Service (Thailand) Co., Ltd.	Development of information technology system for government agencies and private companies	Thailand	60	60
Secure Info Co., Ltd.	Engage in cyber security services	Thailand	100	-
Subsidiary held by Samart Communication Services Co., Ltd.				
SLA Asia Co., Ltd. (2016 was a associated company with 30% shareholding percentage)	Operate on installation of telecommunication network project	Thailand	90	-

In addition, these consolidated financial statements include transactions of the following consortium, in which Portalnet Co., Ltd is a participant:

Name	Objective	Consortium Type	Country
Consortium SPIES	The leasing of an application software for core business operations to the Provincial Electricity Authority	Joint control	Thailand

- 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 an overseas subsidiary company 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 currency" in the statements 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 or loss and within equity in the consolidated statement of financial position.
- h) For the book of account, upon acquisition of subsidiaries which under common control (purchase shares from parent company), the excess of the net asset value (at fair value) at the acquisition date over the cost of the investment has been presented in shareholders' equity under "Deficit 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 the 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 clarification directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Revenue from contract work

Revenues from long-term 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.

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.

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.

Transponder rental income

Transponder rental income is recognised as revenue on the monthly accrual basis in accordance with the payments due under the agreement.

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 of 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 experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

The net realisable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the costs to complete the sale.

Reduce cost of inventories to net realisable value will be set up for old, obsolete, slow moving or deteriorated inventories.

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 joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries are accounted for in 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 of Thailand. If the last bid price of the last working day of the year as quoted on the Stock Exchange of Thailand is not available, the basis used by the Company 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 reclassifies 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 on 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 Property, plant and equipment /Depreciation

Land is stated at revalued amount. Building and building improvement and equipment is stated at cost or 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 their fair values. 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 assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in other components of shareholders' 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 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" of other components of shareholders' equity in respect of the same asset.

Depreciation of building and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Building	-	20 years
Building improvement	-	3, 5 and 10 years
Telecommunication and tooling equipment	-	3, 5, 8 and 10 years
Furniture and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and telecommunication equipment 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

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 profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>	
License	5	years
Computer software	10	years

4.8 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.

4.9 Related party transactions

Related parties comprise enterprises and individuals 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.

4.10 Long-term leases

Leases of plant or 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 and 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 leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 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.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at 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.

4.12 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 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 other components of shareholders' 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 estimates 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.

4.13 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 its 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 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 it 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 a provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of years of service and the unused vacation day. This provision has been adjusted annually.

4.14 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.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current 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.

4.16 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income.

4.17 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 observable 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 these from estimates. Significant judgements and estimates are as follows:

5.1 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.

5.2 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.

5.3 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.

5.4 Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as described in Note 16.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, 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.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit 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.

5.7 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.

5.8 Litigation and delay penalty

The subsidiaries have contingent liabilities as a result of litigation and delay penalty. The subsidiaries' management have used judgement to assess the results of the litigation and delay penalty, and believe that the provision made would be sufficient. 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, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. The Company and its subsidiaries have a policy on pricing with its related parties as specified below.

1. Sales prices are determining at market price. If market price not known, sales price are 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 expenses are charged at the amount stipulated in the relevant agreements.
3. Management fees and rental income are charged at the amount stipulated in the relevant agreements.
4. Other services income and expenses are charged at the price mutually agreed upon.
5. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin of not over 5 percent.

6. Interest on loans to and from related parties are charged at cost of fund plus 0.25 percent per annum or twelve-month fixed deposit rate of the commercial banks that the subsidiary companies frequently use.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
8. Dividend income is recognised when declared and the right to receive the dividend is established.
9. Fixed assets are purchased at their net book value plus margin, depending on the condition of fixed assets.
10. Directors and management’s benefit expenses are charged as approved by the shareholders’ meeting or contractually agreed price.

Significant transactions between the Company and its related parties are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Transactions with parent company</u>				
IT Service fee expense	62	62	9	10
Management fee expense	24	24	24	24
Sales and service income	21	74	-	-
Purchase of merchandise and service	6	61	-	-
Purchase of assets	-	1	-	-
Rental expenses	5	5	1	1
Other expenses	17	17	4	5
Dividend paid	108	108	108	108
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales and service income	-	-	12	20
Purchase of merchandise and service	-	-	579	331
Purchase of assets	-	-	48	-
Rental income	-	-	2	3
Management fee income	-	-	79	79
Guarantee fee income	-	-	10	13
Other income	-	-	6	8
Interest income	-	-	29	27
Other expenses	-	-	1	1
Interest expenses	-	-	6	5
Dividend income (Note 15)	-	-	130	95
<u>Transactions with related companies</u>				
Sales and service income	281	74	1	1
Purchase of merchandise and service	53	30	17	1
Purchase of assets	4	30	-	5
Rental expenses	7	8	2	2
Other expenses	19	20	7	7
Interest income	5	-	-	-
Dividend paid	2	2	2	2

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 9)</u>				
Parent company	4,095	34,722	-	-
Subsidiaries	-	-	33,535	42,111
Related companies (related by shareholders or directors)	2,801	4,096	50	50
Total trade accounts receivable - related parties	6,896	38,818	33,585	42,161
<u>Amount due from - related parties (Note 9)</u>				
Subsidiaries	-	-	312,905	250,196
Related companies (related by shareholders or directors)	17	-	-	-
Total amount due from - related parties	17	-	312,905	250,196
<u>Accrued income - related parties</u>				
Parent company	-	23,000	-	-
Related companies (related by shareholders or directors)	370	49,333	-	-
Total accrued income - related parties	370	72,333	-	-
<u>Prepaid expenses - related parties</u>				
Related companies (related by shareholders or directors)	5,000	-	7,398	2,499
Total prepaid expenses - related parties	5,000	-	7,398	2,499
<u>Trade accounts payable payable - related parties (Note 20)</u>				
Parent company	398	8,001	-	-
Subsidiaries	-	-	158,912	63,810
Related companies (related by shareholders or directors)	24,519	8,913	19,140	451
Total trade accounts payable - related parties	24,917	16,914	178,052	64,261
<u>Other payables - related parties (Note 20)</u>				
Parent company	9,845	7,536	3,889	3,910
Subsidiaries	-	-	265	580
Related companies (related by shareholders or directors)	7,268	3,185	1,167	902
Total other payables - related parties	17,113	10,721	5,321	5,392
<u>Accrued project cost - related parties</u>				
Parent company	290	47,186	-	106
Subsidiaries	-	-	100,929	128,789
Related companies (related by shareholders or directors)	597	1,175	-	-
Total accrued project cost - related parties	887	48,361	100,929	128,895

Short-term loans to related parties and short-term loans from related parties

As at 31 December 2017 and 2016, the balance of short-term loans to related parties and short-term loans from related parties between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2016	During the year		Balance as at 31 December 2017
		Increase	Decrease	
Short-term loans to related parties				
<u>Subsidiaries</u>				
Portalnet Co., Ltd.	641,000	-	(359,000)	282,000
Samart Comtech Co., Ltd.	375,000	320,000	(16,000)	679,000
Posnet Co., Ltd.	-	9,000	-	9,000
Samart Broadband Services Co., Ltd.	-	100	-	100
Total short-term loans to related parties	1,016,000	329,100	(375,000)	970,100
Short-term loans from related parties				
<u>Subsidiaries</u>				
Samart Communication Services Co., Ltd.	108,000	-	(108,000)	-
IT Absolute Co., Ltd.	91,000	-	-	91,000
Samart Infonet Co., Ltd.	74,000	-	-	74,000
Thai Trade Net Co., Ltd.	32,000	-	-	32,000
Samart eD Tech Co., Ltd.	10,000	20,000	(12,000)	18,000
Total short-term loans from related parties	315,000	20,000	(120,000)	215,000

Directors and management's benefits

During the year 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	30	27	19	18
Post-employment benefits	1	1	-	-
Total	31	28	19	18

Significant agreements with related parties

Long-term rental and service agreements

- The Company and its subsidiaries entered into a three-year office space sublease agreements and facility service with Samart Corporation Public Co., Ltd., the parent company, for their operation. This contract will be expired in April 2020. The Company and its subsidiaries are to pay a monthly rental and service fee approximately Baht 2 million (2016: Baht 2 million) (Separate financial statements: Baht 0.5 million (2016: Baht 0.5 million)).
- The Company and its subsidiaries entered into office space rental and facility service agreements with Vilailuck International Holding Co., Ltd., a related company, for their operation. This contract will be expired in April 2020. The Company and its subsidiaries have to pay a monthly rental and service fee of approximately Baht 3 million (2016: Baht 2 million) (Separate financial statements: Baht 0.4 million (2016: Baht 0.4 million)).

Service agreements

- c) The Company entered into a one-year management contracts with Samart Corporation Public Co., Ltd., the parent company. This contract will be expired in April 2018. whereby the Company is obligated to comply with performance conditions and pay a monthly service fee totaling approximately Baht 2 million (2016: Baht 2 million).
- d) The Company and seven subsidiary companies (Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd., Samart Infonet Co., Ltd., Portalnet Co., Ltd. and IT Absolute Co., Ltd.) entered into information technology management agreements with Samart Corporation Public Co., Ltd., the parent company which will be expired in April 2018. The Company and its subsidiaries have to pay a monthly service fees totaling approximately Baht 5 million (2016: Baht 5 million) (Separate financial statements: Baht 1 million (2016: Baht 1 million)).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 40.5 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	2,238	1,390	54	73
Bank deposits	588,550	619,811	111,376	230,151
Total	590,788	621,201	111,430	230,224

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 1.00 percent per annum (2016: between 0.10 and 1.70 percent per annum).

8. Short-term investments in trading securities

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
Common stock and warrant	97,724	23,211	101,574	35,213
Add: Change in value	(74,513)		(66,361)	
Total short-term investment in trading securities	23,211		35,213	

Movement of the short-term investments in trading securities account as at 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2017	2016
Balance at beginning of year	35,213	43,593
Disposal during year Cash received from disposal of short-term investment	(2,965)	-
Gain from disposal of short-term investment	632	-
Total	(2,333)	-
Loss on change in value	(9,669)	(8,380)
Balance at end of year	23,211	35,213

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	3,563	1,939	4,057	620
Past due				
Up to 3 months	2,389	36,565	-	1,001
3 - 6 months	166	58	-	1,001
6 - 12 months	327	94	-	34,531
Over 12 months	451	162	29,528	5,008
Total trade accounts receivable - related parties	6,896	38,818	33,585	42,161
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	869,809	494,260	257,754	85,328
Past due				
Up to 3 months	197,374	362,071	16,816	120,885
3 - 6 months	16,378	86,295	2,141	75,021
6 - 12 months	3,574	22,851	-	17,792
Over 12 months	487,785	527,468	53,342	25,982
Total	1,574,920	1,492,945	330,053	325,008
<u>Less: Allowance for doubtful debts</u>	(12,041)	(14,866)	(7,601)	(7,605)
Total trade accounts receivable - unrelated parties, net	1,562,879	1,478,079	322,452	317,403
Total trade accounts receivable - net	1,569,775	1,516,897	356,037	359,564
<u>Other receivables</u>				
Advances	48,653	16,537	1,796	1,645
Securities business receivables	1,022,626	1,022,626	-	-
Other receivables - related parties (Note 6)	17	-	312,905	250,196
Other receivables - unrelated parties	161,395	163,030	30	478
Total	1,232,691	1,202,193	314,731	252,319
<u>Less: Allowance for doubtful debts</u>	(1,056,500)	(1,056,500)	-	-
Total other receivables - net	176,191	145,693	314,731	252,319
Total trade and other receivables - net	1,745,966	1,662,590	670,768	611,883

- a) The Company and its subsidiaries have transferred their collection rights from projects to banks as collateral of loans from banks and bank guarantee. As at 31 December 2017, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 835 million (2016: Baht 918 million) (Separate financial statements: Baht 135 million (2016: Baht 265 million)).

- b) As at 31 December 2017, trade accounts receivable of the 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 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 were 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 had 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 were under absolute receivership by the Central Bankruptcy Court and these were 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 received 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., another subsidiary company (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) In September 2017, Smarterware Co., Ltd., a subsidiary company, assigned the right to collection unpaid invoices (presented in trade accounts receivable - unrelated parties) to a private company without recourse. According to collection the right assignment agreement, the subsidiary company will receive money of approximately Baht 14.6 million (or equal to 80 percent of the goods and services amount of the invoices). The subsidiary company already derecognised such accounts receivables from the consolidated financial statements and recognised losses from the right assignment of Baht 3.4 million in the income statements. Subsequently, in October 2017, the subsidiary company received money from such right assignment in full.

- e) Other than those mentioned in a) - d), as at 31 December 2017, allowance for doubtful debt had not been set aside in full amount for the outstanding balances of the Company and its subsidiaries' accounts receivable - unrelated parties that were aged more than 12 months past due totaling Baht 484 million (2016: Baht 523 million) and separate financial statements totaling Baht 49 million (2016: Baht 22 million). This is because such accounts receivable are government units and private companies that obtained government projects, who have no uncollectable experience and the process of payment approval for such receivables normally take a long time. The management of the Company and its subsidiaries believe that the allowance for doubtful debts is adequate.

10. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Finance lease receivables (contractual value)	330,222	-
Less: Receipts	(8,538)	-
Finance lease receivables	321,684	-
Less: Unearned interest income	(43,687)	-
Finance lease receivables - net of unearned interest income	277,997	-
Less: Current portion of finance lease receivables	(37,536)	-
Finance lease receivables - net of current portion	240,461	-

Samart Comtech Co., Ltd., a subsidiary company as “Lessor”, has entered into a hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd., a related company as “Lessee”. The agreement has contractual value of Baht 336 million and is valid for a period of 3 years expiring within 2020 and payable on a monthly basis.

The finance lease is guaranteed by I-Sport Co., Ltd., another related company.

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	207,694	257,800	(35,027)	(5,004)	172,667	252,796
Work in process	181,890	64,615	(26,050)	(25,382)	155,840	39,233
Supplies	1,608	1,608	-	-	1,608	1,608
Goods in transit	-	586	-	-	-	586
Total	391,192	324,609	(61,077)	(30,386)	330,115	294,223

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	106,669	172,727	(32,191)	(1,795)	74,478	170,932
Work in process	62,082	19,330	(16,200)	(14,372)	45,882	4,958
Supplies	1,323	1,323	-	-	1,323	1,323
Goods in transit	-	586	-	-	-	586
Total	170,074	193,966	(48,391)	(16,167)	121,683	177,799

During the current year, the Company and its subsidiaries recorded the reduced cost of inventories by Baht 30.7 million (2016: Baht 6.7 million) (Separate financial statement: Baht 32.2 million (2016: Baht 2.9 million)) to reflect the net realizable value. This was included in cost of sales.

12. Withholding tax deducted at sources

The balance of withholding tax deducted at sources as at 31 December 2017 and 2016, aged on years, are summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Before 2010	2,437	2,437	-	-
2012	1	32	-	-
2013	7,082	7,083	-	-
2014	61,012	61,519	-	-
2015	43,889	124,619	-	10,790
2016	134,558	135,198	14,390	14,390
2017	100,144	-	11,254	-
Total	349,123	330,888	25,644	25,180
Less: Allowance for diminution in value of withholding tax deducted at sources	(2,437)	(2,437)	-	-
Total withholding tax deducted at sources - net	346,686	328,451	25,644	25,180

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realisable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officials.

During the year 2017, the Company and its subsidiaries received such refund of the withholding tax of 2014 - 2015 approximately Baht 82 million (2016: Subsidiaries received refund of the withholding tax of 2011 - 2014 approximately Baht 184 million) (Separate financial statement: received refund of the withholding tax of 2015 approximately Baht 11 million (2016: the Company received such refund of the withholding tax of 2014 approximately Baht 10 million)).

As at 31 December 2017, the subsidiaries set up allowance for diminution in value of withholding tax deducted at sources totaling approximately Baht 2 million (2016: Baht 2 million). The management of the subsidiaries believe that the allowance for diminution in value of withholding tax deducted at sources is adequate.

13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advance to supplier	121,520	14,701	600	6,727
Prepaid expense	99,435	87,093	37,902	25,351
Retention receivable	93,196	64,207	-	-
Input tax refundable	35,996	144,587	-	754
Undue input tax	8,677	15,525	9,965	5,325
Others	5,354	4,975	4,798	4,248
Total other current assets	364,178	331,088	53,265	42,405

14. Investment in associate

The status of SLA Asia Co., Ltd. was changed from associated company to subsidiary company on 21 April 2017 as mentioned in Note 15.5 to the financial statements.

14.1 Details of the associate

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2017	2016	2017	2016	2017	2016
		(percent)	(percent)				
Associate held by the subsidiary company							
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	Operate an installation of telecommunication network project	-	30	-	9,000	-	3,278
Total						-	3,278

14.2 Share of loss

During the year, the subsidiary company has recognised its share of loss from investment in associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investment associate during the years	
	2017	2016
Associate held by the subsidiary company		
SLA Asia Co., Ltd.	-	1,634
Total	-	1,634

15. Investments in subsidiaries

15.1 Details of investments in subsidiaries are presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Samart Communication Services Co., Ltd.	500	500	100	100	500,000	500,000	-	-
Posnet Co., Ltd.	72	72	100	100	72,000	72,000	-	20,160
Thai Trade Net Co., Ltd.	53	53	100	100	53,000	53,000	-	-
Samart Broadband Services Co., Ltd.	13.81	13.81	100	100	13,812	13,812	-	-
Samart Comtech Co., Ltd.	225	225	100	100	900,700	900,700	40,500	-
Smarterware Co., Ltd.	10	10	100	100	9,999	9,999	49,997	74,995
Samart Infonet Co., Ltd.	62	62	100	100	18,000	18,000	-	-
Samart eD Tech Co., Ltd.	5	5	100	100	5,000	5,000	39,999	-
Net Media Co., Ltd.	10.32	10.32	100	100	250	250	-	-
Portalnet Co., Ltd.	3,370	3,370	100	100	478,000	478,000	-	-
Total investments in subsidiaries					2,050,761	2,050,761	130,496	95,155
Less: Allowance for impairment of investments					(250)	(250)		
Total investments in subsidiaries - net					2,050,511	2,050,511		

15.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	2017	2016	2017	2016	2017	2016
	(Percent)	(Percent)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Net Services (Thailand) Co., Ltd. (Subsidiary company of Samart Comtech Co., Ltd.)	40	40	(24)	(18)	(6)	(12)
SLA Asia Co., Ltd. (Subsidiary company of Samart Communication Services Co., Ltd.)	10	-	1	-	(1)	-

15.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2017	2016	2017	2016
Current assets	7	14	10	-
Current liabilities	69	61	-	-
Non-current liabilities	1	1	-	-

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2017	2016	2017	2016
Revenue	15	16	-	-
Loss	16	30	1	-

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2017	2016	2017	2016
Cash flow used in operating activities	(4)	(24)	(1)	-
Cash flow from financing activities	7	25	-	-
Net increase (decrease) in cash and cash equivalents	3	1	(1)	-

15.4 Established of new company

On 21 February 2017, a meeting of the Company’s Board of Directors passed a resolution to approve the establishment a new company name Secure Info Co., Ltd. by Samart Comtech Co., Ltd., a 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 the subsidiary company, 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.

As at 28 August 2017, the subsidiary company paid for such share capital of Baht 1.25 million.

15.5 Purchase of investments

On 3 April 2017, a meeting of the Company’s Board of Directors passed a resolution to approve the purchase made by Samart Communication Services Co., Ltd., a 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 of the subsidiary company 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 at the mutually agreed price of 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 (Note 16)	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 proportion of shareholding	6,188
Cash used in acquisition of investment in subsidiary company	(5,810)
Negative goodwill	378

*The subsidiary 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 of investment in subsidiary company	5,810
Less: Cash and cash equivalents of the subsidiary company	(10,541)
Net cash inflows from purchase of ordinary shares in subsidiary	(4,731)

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statement						
	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
Cost / Revalued amount:							
31 December 2015	71,877	78,402	12,162,622	189,347	62,006	19,294	12,583,548
Additions	-	-	740,106	15,640	7,933	153,809	917,488
Disposals	-	-	(1,566)	(2,500)	-	-	(4,066)
Transfer in/Transfer out	-	-	268,115	-	-	(158,726)	109,389
31 December 2016	71,877	78,402	13,169,277	202,487	69,939	14,377	13,606,359
Increase from investment in subsidiary (Note 15.5)	-	-	-	47	-	-	47
Additions	-	1,005	243,309	16,984	24,400	27,950	313,648
Disposals and write-off	(10,777)	(9,280)	(22,065)	(2,133)	-	-	(44,255)
Transfer in/Transfer out	-	-	110,954	(1,330)	-	(1,455)	108,169
31 December 2017	61,100	70,127	13,501,475	216,055	94,339	40,872	13,983,968
Accumulated depreciation:							
31 December 2015	-	69,163	5,938,875	146,574	40,318	-	6,194,930
Depreciation for the year	-	2,016	1,177,650	16,143	9,820	-	1,205,629
Accumulated depreciation on disposals and write-off	-	-	(1,529)	(2,500)	-	-	(4,029)

(Unit: Thousand Baht)

	Consolidated financial statement						
	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
31 December 2016	-	71,179	7,114,996	160,217	50,138	-	7,396,530
Depreciation for the year	-	1,299	1,284,368	13,332	9,104	-	1,308,103
Accumulated depreciation on disposals	-	(3,599)	(22,435)	(4,544)	-	-	(30,578)
31 December 2017	-	68,879	8,376,929	169,005	59,242	-	8,674,055
Allowance for impairment loss:							
31 December 2015	-	-	2,485,555	-	-	12,922	2,498,477
31 December 2016	-	-	2,485,555	-	-	12,922	2,498,477
31 December 2017	-	-	2,485,555	-	-	12,922	2,498,477
Net book value:							
31 December 2016	71,877	7,223	3,568,726	42,270	19,801	1,455	3,711,352
31 December 2017	61,100	1,248	2,638,991	47,050	35,097	27,950	2,811,436
Depreciation for the year							
2016 (Baht 1,173 million included in cost of services, and the balance in selling and administrative expenses)							1,205,629
2017 (Baht 1,250 million included in cost of services, and the balance in selling and administrative expenses)							1,308,103

(Unit: Thousand Baht)

	Separate financial statement					
	Revaluation basis	Cost basis				Total
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	
Cost / Revalued amount:						
31 December 2015	71,877	63,691	1,067,374	23,026	12,209	1,238,177
Additions	-	-	9	1,457	6,999	8,465
Disposals	-	-	(1,277)	(278)	-	(1,555)
Transfer in	-	-	76,323	-	-	76,323
31 December 2016	71,877	63,691	1,142,429	24,205	19,208	1,321,410
Additions	-	-	9	302	5,051	5,362
Disposals and write-off	(10,777)	(9,280)	-	(2,751)	-	(22,808)
Transfer in	-	-	28,939	-	-	28,939
31 December 2017	61,100	54,411	1,171,377	21,756	24,259	1,332,903
Accumulated depreciation:						
31 December 2015	-	56,399	972,063	21,756	6,828	1,057,046
Depreciation for the year	-	734	90,786	676	2,630	94,826
Accumulated depreciation on disposals	-	-	(1,277)	(278)	-	(1,555)
31 December 2016	-	57,133	1,061,572	22,154	9,458	1,150,317
Depreciation for the year	-	601	77,126	716	2,823	81,266
Accumulated depreciation on disposals and write-off	-	(3,598)	-	(2,742)	-	(6,340)
31 December 2017	-	54,136	1,138,698	20,128	12,281	1,225,243
Net book value:						
31 December 2016	71,877	6,558	80,857	2,051	9,750	171,093
31 December 2017	61,100	275	32,679	1,628	11,978	107,660
Depreciation for the year						
2016 (Baht 91 million included in cost of services, and the balance in selling and administrative expenses)						94,826
2017 (Baht 77 million included in cost of services, and the balance in selling and administrative expenses)						81,266

16.1 The Company arranged for an independent professional valuer to appraise the value of certain assets in 2014 for land. The basis of the land was revalued using the market approach.

Had the land been carried in the financial statements based on historical cost, their net book values as of 31 December 2017 and 2016 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Land	26,661	30,539

16.2 As at 31 December 2017, the Company and its subsidiary companies had telecommunication and tooling equipment, vehicles and equipment under finance lease agreements with net book values amounting to Baht 22 million (2016: Baht 8 million) (Separate financial statements: Baht 9 million (2016: Baht 6 million)).

16.3 As at 31 December 2017, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounting to approximately Baht 5,549 million (2016: Baht 4,853 million) (Separate financial statements: Baht 1,089 million (2016: Baht 971 million)).

17. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	License	Computer software	Total
Cost			
31 December 2015	235,499	93,411	328,910
Addition	-	655,982	655,982
Transfer out	(235,499)	-	(235,499)
31 December 2016	-	749,393	749,393
Addition	-	25,791	25,791
31 December 2017	-	775,184	775,184
Accumulated amortisation			
31 December 2015	206,341	42,388	248,729
Amortisation	29,158	46,632	75,790
Transfer out	(235,499)	-	(235,499)
31 December 2016	-	89,020	89,020
Amortisation	-	37,775	37,775
31 December 2017	-	126,795	126,795
Net book value			
31 December 2016	-	660,373	660,373
31 December 2017	-	648,389	648,389
Amortisation for the year			
2016 (Baht 74 million included in cost of services, and the balance in selling and administrative expenses)			75,790
2017 (Baht 36 million included in cost of services, and the balance in selling and administrative expenses)			37,775

(Unit: Thousand Baht)

	Separate financial statements		
	License	Computer software	Total
Cost			
31 December 2015	235,499	24,230	259,729
Transfer out	(235,499)	-	(235,499)
31 December 2016	-	24,230	24,230
Addition	-	48,055	48,055
31 December 2017	-	72,285	72,285
Accumulated amortisation			
31 December 2015	206,341	19,911	226,252
Amortisation	29,158	2,923	32,081
Transfer out	(235,499)	-	(235,499)
31 December 2016	-	22,834	22,834
Amortisation	-	483	483
31 December 2017	-	23,317	23,317
Net book value			
31 December 2016	-	1,396	1,396
31 December 2017	-	48,968	48,968
Amortisation for the year			
2016 (Baht 32 million included in cost of services, and the balance in selling and administrative expenses)			32,081
2017 (Amortisation for the year included in selling and administrative expenses)			483

18. Goodwill

Mainly of Goodwill was arising from the Company, bought shares of Portalnet Co., Ltd.

The Company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering an 7 years period of Portalnet Co., Ltd., 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%	0%
Discount rate (WACC)	12%	15%

The management has determined the growth rate based on past performance, the combine growth rate of the market and the country's gross domestic product, applying conservative principles and assuming a constant income between 1 and 7 years and a discount rate, which is the rate before income tax, which relates to the specific risk in that operating segment.

As at 31 December 2017, the management has considered and believed that no impairment was required for goodwill.

19. Bank overdrafts, short-term loans from banks and trust receipts

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
Bank overdrafts	6.250 - 7.425	-	6	-	-	-
Short-term loans from banks	2.800 - 4.500	2.950 - 4.500	1,861,267	2,512,931	290,000	100,000
Bill of exchange payable	-	2.200	-	220,000	-	220,000
Trust receipts	3.130 - 3.280	3.130 - 3.280	533,751	532,339	-	-
Total			2,395,024	3,265,270	290,000	320,000

Bank overdrafts and short-term loans from financial institutions of the Company and its subsidiaries are secured by cross-guarantee by the Company and its subsidiaries, transfer and assign of right over collection of any contract/project as specified in loan agreements.

In addition, short-term loan agreements with banks contain certain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to comply.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable - related parties (Note 6)	24,917	16,914	178,052	64,261
Trade accounts payable - unrelated parties	488,245	850,544	40,942	31,170
Other payables - related parties (Note 6)	17,113	10,721	5,321	5,392
Other payables - unrelated parties	18,679	12,737	1,915	2,244
Accrued expenses	93,686	84,994	15,367	12,468
Interest payables	16,647	15,284	15,572	14,401
Total trade and other payables	659,287	991,194	257,169	129,936

21. Long-term loan from financial institution / current portion of long-term loan

The detail of long-term loans from financial institution as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

		Significant terms and conditions of loan agreements			Consolidated financial statements	
Lender	Credit facilities	Repayment term	Guaranteed by	Interest rate	2017	2016
	(Million Baht)			(percent per annum)		
Subsidiary						
Samart Comtech Co., Ltd. Bank	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 the Company	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 loans from financial institution					494,680	-
Less : current portion					(414,447)	-
Long term loans - net of current portion					80,233	-

Movement in the long-term loan account during the year ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Balance at beginning of year	-	49,320
Add: Additional loans	32,900	-
Transfer from short-term loan from bank	999,910	-
Less: Repayment	(538,130)	(49,320)
Balance at end of year	494,680	-

22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	21,691	8,518	7,458	2,572
Less: Deferred interest expenses	(1,543)	(474)	(586)	(313)
	20,148	8,044	6,872	2,259
Less: Portion due within one year	(2,807)	(6,117)	(997)	(332)
Liabilities under finance lease agreements - net of current portion	17,341	1,927	5,875	1,927

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

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	3,381	6,378	18,310	2,140	21,691	8,518
Deferred interest expenses	(574)	(261)	(969)	(213)	(1,543)	(474)
Present value of future minimum lease payments	2,807	6,117	17,341	1,927	20,148	8,044

Unit: Thousand Baht

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	1,215	432	6,243	2,140	7,458	2,572
Deferred interest expenses	(218)	(100)	(368)	(213)	(586)	(313)
Present value of future minimum lease payments	997	332	5,875	1,927	6,872	2,259

23. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Debentures	1,265,000	1,365,000
Less: Current portion of debentures	1,265,000	(880,000)
Debentures - net of current portion	-	485,000

Movements in the debenture account for the year ended 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Balance at beginning of year	1,365,000	1,655,000
Add: Debentures issued during the year	1,210,000	810,000
Less: Redemption of debentures during the year	(1,310,000)	(1,100,000)
Balance at end of year	1,265,000	1,365,000

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. The debentures will be repayable within 2018.

24. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements
	Maintenance warranties
1 January 2016	69,315
Increase during the year	139,685
Utilised	(83,428)
Reversal of provisions	(17,908)
31 December 2016	107,664
Increase during the year	134,676
Utilised	(110,838)
31 December 2017	131,502
2016	
Current	82,494
Non-current	25,170
	107,664
2017	
Current	82,183
Non-current	49,319
	131,502

(Unit: Thousand Baht)

	Separate financial statements
	Maintenance warranties
1 January 2016	62,675
Increase during the year	99,924
Utilised	(65,560)
Reversal of provisions	(16,843)
31 December 2016	80,196
Increase during the year	54,134
Utilised	(85,780)
31 December 2017	48,550
2016	
Current	66,003
Non- current	14,193
	80,196
2017	
Current	19,871
Non- current	28,679
	48,550

Maintenance warranties

The Company and its subsidiaries recognised a provision for expected warranty claims on products and equipment during the last two 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 two 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 three years warranty periods., for all types of contract work.

25. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Value added tax payable	5,458	1,725	4,161	-
Withholding Tax deduct at source	16,710	17,084	2,655	2,661
Undue output VAT	82,038	66,396	14,830	24,380
Others	16,787	16,070	3,232	3,150
Total other current liabilities	120,993	101,275	24,878	30,191

26. 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
Provision for long-term employee benefits at beginning of year	87,083	79,830	23,935	21,941
Included in profit or loss:				
Current service cost	6,789	7,233	1,376	1,314
Interest cost	2,669	2,395	742	680
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(1,673)	-	(591)	-
Financial assumptions changes	3,646	-	993	-
Experience adjustments	(4,289)	-	(680)	-
Benefits paid during the year	(955)	(2,375)	-	-
Provision for long-term employee benefits at end of year	93,270	87,083	25,775	23,935

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 sales	2,351	2,302	-	-
Selling expenses	722	656	599	538
Administrative expenses	6,385	6,670	1,519	1,456
Total expenses recognised in profit or loss	9,458	9,628	2,118	1,994

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 2 million) (2016: Baht 2 million, Separate financial statements: Baht 2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9 - 21 years (Separate financial statements: 9 years) (2016: 17 years (separate financial statements: 17 years)).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.0 - 3.1	3.1	2.0	3.1
Salary increase rate	3.7 - 6.7	4.0 - 7.0	3.7 - 6.7	4.0 - 7.0
Turnover rate	2 - 27	0 - 24	2 - 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 are 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	(4)	(9)	4	10	(1)	(2)	2	2
Salary increase rate	4	11	(3)	(10)	1	2	(1)	(2)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2017	2016	2017	2016	2017	2016	2017	2016
Turnover rate	(4)	(11)	5	13	(1)	(1)	2	1

27. Surplus on revaluation of land

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
Balance at beginning of year	33,070	33,070
Less: Reversal of revaluation surplus from sale	(5,519)	-
Balance at end of year	27,551	33,070

The revaluation surplus cannot be used to offset deficit or for dividend payment.

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At the present, the Company already fully set aside to a statutory reserve.

29. Revenues from sales and the contract work

Disclosure for revenues and 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 the contract work recognised	2,763,739	1,960,265	312,738	110,176
The contract work recognised	(2,477,655)	(1,668,997)	(294,511)	(54,051)
Recognised profits	286,084	291,268	18,227	56,125
The contract work related to future activity recognised as work in progress - beginning balance	57,666	12,635	-	-
The contract work incurred in the year	2,589,616	1,714,028	294,511	54,051
The contract work incurred and recognised as contract expenses in the year	(2,477,655)	(1,668,997)	(294,511)	(54,051)
The contract work related to future activity recognised as work in progress - ending balance	169,627	57,666	-	-
Unbilled contract revenue - beginning balance	1,502,905	1,190,768	58,497	168,673
Deferred revenue - beginning balance	(29,080)	(1,538)	-	(921)
Advance received from customers under contracts - beginning balance	-	-	-	-
Total	1,473,825	1,189,230	58,497	167,752
Revenues from the contract work recognised	2,763,739	1,960,265	312,738	110,176
Progress billings	(2,930,669)	(1,675,670)	(314,470)	(219,431)
Unbilled contract revenue - ending balance	(1,312,609)	(1,502,905)	(56,765)	(58,497)
Deferred revenue - ending balance	5,714	29,080	-	-
Advance received from customers under contracts - ending balance	-	-	-	-

30. Service income

Service income for the years ended 31 December 2017 and 2016 summarised as followings:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Type-two telecom license without its own network	528,277,591	337,031,369	528,277,591	337,031,369
Type-one internet license	111,144,113	99,638,462	-	-
Other service income	2,885,087,624	2,993,782,839	267,848,040	345,050,640
Total service income	3,524,509,328	3,430,452,670	796,125,631	682,082,009

31. Other income

Other income for the years ended 31 December 2017 and 2016 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Gain from sales in trading securities	632	-	632	-
Gain on exchange rate	2,219	6,571	-	325
Interest income	8,771	2,872	31,939	28,021
Dividend income from subsidiaries	-	-	130,496	95,155
Management fee income	-	-	79,200	79,200
Gain on compensation receipt from insurance	214	250	-	-
Gain from reversal of allowance for doubtful debts	1,920	-	5	727
Other	19,322	18,373	32,227	25,176
Total other income	33,078	28,066	274,499	228,604

32. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Raw materials, equipment and cost of project used	3,283,342	2,241,147	477,874	156,504
Salaries, wages and other employee benefits	791,616	750,939	94,154	89,062
Depreciation and amortisation	1,345,878	1,281,419	81,749	126,907
Rental expenses from operating lease agreements	125,885	132,373	10,749	11,001
(Increase) decrease in changes in inventories of finished goods and work in progress	(67,169)	85,839	23,306	14,052
Advertising and marketing expense	45,345	40,714	30,887	27,043

In addition, the Company and its subsidiaries have expenses that are other expenses by nature, but which are not included in the above; such as training expenses and other expenses.

33. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expense on:				
Bank loans, overdrafts and trust receipts	144,251	168,848	43,953	49,819
Loans from related parties	-	-	5,641	5,298
Liabilities under finance lease agreements	430	471	125	117
Total interest expenses	144,681	169,319	49,719	55,234
Bank charges	4,413	4,063	2,740	2,964
Total finance cost	149,094	173,382	52,459	58,198

34. 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	36,736	17,245	7,701	7,331
Deferred tax:				
Relating to origination and reversal of temporary differences	(50,971)	11,088	(5,213)	(5,091)
Income tax (income) expense reported in the income statement	(14,235)	28,333	2,488	2,240

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Reversal of deferred tax relating to revaluation surplus on land	1,380	-	1,380	-
Deferred tax relating to actuarial gain on defined benefit plan	(609)	(32)	(55)	-
Income tax (income) expense charged to other comprehensive income	771	(32)	1,325	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	199,288	200,080	128,481	98,198
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	39,858	40,016	25,696	19,640
Effects of:				
Promotional privileges	(7,228)	(15,610)	-	-
Utilisation of tax loss carry forward	(32,898)	(131)	-	-
Income not subject to tax	(20)	(26)	(26,099)	(19,057)
Non-deductible expenses	8,137	32,123	2,963	1,887
Additional expense deductions allowed	(61,262)	(60,706)	(72)	(230)
Total	(93,271)	(44,350)	(23,208)	(17,400)
Deferred tax assets not recognised	62,083	24,209	-	-
Additional recognition of deferred tax assets from tax losses	(22,905)	-	-	-
Reversal of deferred tax asset	-	8,458	-	-
Income tax (income) expenses reported in the statement of comprehensive income	(14,235)	28,333	2,488	2,240

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	8,378	8,955	353	355
Allowance for diminution in value of inventories	12,207	6,069	9,678	3,234
Allowance for asset impairment	2,811	2,811	227	227
Accumulated depreciation - equipment	59,179	39,444	21,246	24,076
Assets under finance lease agreements	1,126	1,188	-	209
Provision for long-term employee benefits	13,737	11,598	4,344	3,920
Accrued vacation leave	673	663	106	106
Actuarial loss	3,871	4,547	811	866
Unrealised loss from revaluation of trading investment	14,903	13,272	14,903	13,272
Unused tax loss	23,392	-	-	-
Others	667	1,598	-	-
Total	140,944	90,145	51,668	46,265
Deferred tax liabilities				
Other receivables - unrelated parties	17,564	17,564	-	-
Revaluation surplus on land	6,888	8,268	6,888	8,268
Receivables arising from forward exchange contracts	-	93	-	93
Assets under finance lease agreements	339	-	339	-
Actuarial gain	176	-	-	-
Total	24,967	25,925	7,227	8,361
Deferred tax-net	115,977	64,220	44,441	37,904

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	116,734	64,547	44,441	37,904
Deferred tax liabilities	(757)	(327)	-	-
Deferred tax - net	115,977	64,220	44,441	37,904

As at 31 December 2017, the subsidiary company has deductible temporary differences and unused tax losses totaling Baht 625 million (2016: Baht 787 million), on which deferred tax assets have not been recognised as the subsidiary company believes 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 loss are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
31 December 2017	-	361,220
31 December 2018	66,491	66,491
31 December 2019	42,012	42,012
31 December 2020	29,440	29,440
31 December 2021	281,156	287,483
31 December 2022	22,300	-
	441,399	786,646

35. 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 of the Company are as follows:

Details	Smarterware Co., Ltd.		Smart 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 Smarterware Co., Ltd. and Samart eD Tech Co., Ltd. for the year are software development services which could be divided between BOI promoted activities and Non-BOI promoted activities.

(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

36. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

37. 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 groups based on products and services and have three reportable segments as follows:

1. **Network Infrastructure Solutions**
Provide advanced solutions for telecommunications and data communication networks from consultation, survey, design, installation and implementation and system management services, as well as professional maintenance services for wired and wireless networks, including core networks, access networks, network equipment and end devices and various communications services via both high-speed networks and satellite communications.
2. **Enhanced Technology Solutions**
Provide solutions for information technology systems, including advanced systems customisation for customers requiring accuracy and high stability. The solutions range from consultation, engineering design and software development to installation, project management, management, and maintenance services.
3. **Business application**
Provide advanced software application services that enhance the capability and efficiency of the operations of corporate clients and the efficiency of service provision by clients in the public sector.

No operating segments have been aggregated to form the above reportable operating segments.

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.

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Inter-segment revenues are eliminated on consolidation.

37.1 The results of operations separated by business segment

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues from sales, contract work and services										
- Related parties	550	395	391	215	1,244	637	(1,882)	(1,100)	303	147
- Third parties	2,456	1,424	2,986	2,834	1,204	1,316	-	-	6,646	5,574
Total revenues from sales, contract work and services	3,006	1,819	3,377	3,049	2,448	1,953	(1,882)	(1,100)	6,949	5,721
Cost of sales, contract work and services	2,846	1,685	2,902	2,555	1,840	1,681	(1,591)	(1,156)	5,997	4,765
Gross profit	160	134	475	494	608	272	(291)	56	952	956
Other income									33	28
Selling expenses									(187)	(177)
Administrative expenses									(440)	(408)
Other expense									(10)	(24)
Share of loss from investment in associate									-	(2)
Finance cost									(149)	(173)
Income tax expenses									14	(28)
Non-controlling interests of the subsidiaries									7	12
Profit for the year									220	184

37.2 Assets separate by business segment are as follows:

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Assets										
Trade accounts receivable	842	648	1,252	988	1,865	1,480	(2,389)	(1,599)	1,570	1,517
Accrued income	687	464	1,201	1,777	32	94	(130)	(218)	1,790	2,117
Inventories	182	251	73	17	112	60	(37)	(34)	330	294
Property, plant and equipment	213	395	1,834	2,325	949	1,227	(185)	(236)	2,811	3,711
Others									2,782	2,379
Total assets									9,283	10,018
Total liabilities	3,808	3,392	4,646	4,747	1,382	1,826	(4,085)	(3,423)	5,751	6,542
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(62)	(167)	(221)	(486)	(299)	906	(284)	53	(866)	306

Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the year 2017, the Company and its subsidiaries have revenue from two major customers in amount of Baht 757 million arising from sales by enhanced technology solutions segments and Baht 734 million from sales by business application segments, (2016: Baht 1,064 million arising from sales by enhanced technology solutions segments and Baht 830 million from sales by business application segments).

38. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiary companies and their employees contributed to the fund monthly at the rate of 3 - 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2017 amounting to approximately Baht 31 million (2016: Baht 29 million) (Separate financial statements: Baht 5 million (2016: Baht 5 million)) were recognised as expenses.

39. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2017				
Final dividend on 2016 profit	Annual General Meeting of the shareholders on 25 April 2017	123.6	0.20	2 September 2016 16 May 2017
Less: Interim dividend paid in 2016		(61.80)	(0.10)	
		61.80	0.10	4 September 2017
Interim dividend paid on earnings for the six-month period of 2017	Board of Director Meeting on 9 August 2017	92.7	0.15	
Total dividends paid for 2017		154.5	0.25	
2016				
Final dividend on 2015 profit	Annual General Meeting of the shareholders on 29 April 2016	247.2	0.40	9 September 2015 18 May 2016
Less: Interim dividend paid in 2015		(154.5)	(0.25)	
		92.7	0.15	2 September 2016
Interim dividend paid on earnings for the six-month period of 2016	Board of Director Meeting on 9 August 2016	61.8	0.10	
Total dividends paid for 2016		154.5	0.25	

40. Commitments and contingent liabilities

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follows:

40.1 Capital commitments

As at 31 December 2017 Secureinfo Co., Ltd., a subsidiary company, had capital commitments approximately Baht 114 million (2016: Nil), relating to purchase equipment for install cyber security system.

40.2 Commitments

- 40.2.1 The Company entered into transponder lease agreements with domestic and foreign contractual partners. Under the agreements, the 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).
- 40.2.2 On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission (NBTC) passed a resolution approving the issue to the 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 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 the National Broadcasting and Telecommunications Commission within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2017, the Company had noticed to hand over the telecommunications equipment to NBTC and the 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.
- 40.2.3 On 26 October 2006, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, as at 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has not yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, on 12 July 2016, the subsidiary and the counterparty entered into an agreement to terminate the above agreement, and both parties agreed not to claim compensation, expenses and any damages, including any other obligations, arising from the implementation of the agreement.
- 40.2.4 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).
- 40.2.5 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 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).

- 40.2.6 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 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).
- 40.2.7 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 of 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.
- 40.2.8 A subsidiary company entered into contracts to use computer software application services with a company. The subsidiary is obligated to comply with the conditions stipulated in the contracts 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

- 40.2.9 As at 31 December 2017, The Company has outstanding commitment totaling approximately Baht 60 million (2016: Baht 56 million) in respect of the uncalled portion of their investments in its subsidiaries.
- 40.2.10 The Company and its subsidiary companies entered into the service agreements with various companies between 1 and 4 years. The Company and its subsidiary companies have to pay a monthly facility service fee at the rate stipulated in the agreements.

40.3 Operating lease commitments

The Company and its subsidiaries has entered into several lease agreements in respect of the lease of office building space, utilities, IT data center system, the contract of high-speed connection and data exchange service. 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	
	2017	2016
Payable:		
In up to 1 year	28	35
In over 1 and up to 4 years	12	9

40.4 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 ordinary course of business for the Company and its subsidiaries. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Performance guarantees	2,542	2,497	765	623
Guarantee electricity use, among others	204	246	29	187
	2,746	2,743	794	810

40.5 Related party guarantees

As at 31 December 2017, the 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).

Generally, the guarantees are effective for as long as the underlying obligations have not been discharged by the Company and subsidiaries. Guarantee fees are charged by the Company and its subsidiary companies.

40.6 Litigation

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), stated 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 92.7329 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 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.

41. 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/ Separate Financial Statements		
	As at 31 December 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	23	-	23
Land	-	61	61
Liability measured at fair value			
Debenture	1,265	-	1,265

(Unit: Million Baht)

	Consolidated Financial Statements/ Separate Financial Statements		
	As at 31 December 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	35	-	35
Land	-	72	72
Liability measured at fair value			
Debenture	1,365	-	1,365

42. Financial instruments

42.1 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 and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures, therefore do not expect to incur material financial losses. In addition, the majority of sales and services are supplied to credit worthy customers such as stated enterprises, government agencies and the banking sector. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures, short-term and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating-interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised 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.

(Unit: Million Baht)

	Consolidated financial statements											
	Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate (percent per annum)	
	Within 1 year		1 - 5 years									
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets												
Cash and cash equivalents	-	-	-	-	414	620	177	1	591	621	0.100 - 1.000	0.100 - 1.700
Temporary investments in trading securities	-	-	-	-	-	-	23	35	23	35	-	-
Trade and other receivables	-	-	-	-	-	-	1,746	1,662	1,746	1,662	-	-
Finance lease receivables	37	-	240	-	-	-	-	-	277	-	7.500	-
	37	-	240	-	414	620	1,946	1,698	2,637	2,318		
Financial liabilities												
Loans from banks	-	-	-	-	1,861	2,513	-	-	1,861	2,513	2.800 - 4.500	2.950 - 4.500
Trust receipts												
- Baht	-	-	-	-	534	532	-	-	534	532	3.130 - 3.280	3.130 - 3.280
Bill of exchange	-	220	-	-	-	-	-	-	-	220	-	2.200
Trade and other payables	-	-	-	-	-	-	659	991	659	991	-	-
Long-term loan from bank	-	-	-	-	495	-	-	-	495	-	Twelve - month fixed deposit plus 2.75 - 3 percent	-
Liabilities under finance lease agreements	3	6	17	2	-	-	-	-	20	8	4.300 - 4.750	4.750
Debentures	1,265	880	-	485	-	-	-	-	1,265	1,365	Fixed rate	Fixed rate
	1,268	1,106	17	487	2,890	3,045	659	991	4,834	5,629		

(Unit: Million Baht)

	Separate financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective interest rate	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		(percent per annum)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets												
Cash and cash equivalents	-	-	-	-	111	230	-	-	111	230	0.100 - 0.625	0.100 - 0.400
Temporary investments in trading securities	-	-	-	-	-	-	23	35	23	35	-	-
Trade and other receivables	-	-	-	-	-	-	671	612	671	612	-	-
Short-term loans to related parties	-	-	-	-	970	1,016	-	-	970	1,016	3.040 - 3.050	3.100
	-	-	-	-	1,081	1,246	694	647	1,775	1,893		
Financial liabilities												
Loans from banks	-	-	-	-	290	100	-	-	290	100	2.800	2.950
Bill of exchange	-	220	-	-	-	-	-	-	-	220	-	2.200
Trade and other payables	-	-	-	-	-	-	257	130	257	130	-	-
Liabilities under finance lease agreements	1	-	6	2	-	-	-	-	7	2	4.300 - 4.750	4.750
Debentures	1,265	880	-	485	-	-	-	-	1,265	1,365	Fixed rate	Fixed rate
Short-term loans from related parties	-	-	-	-	215	315	-	-	215	315	1.050 - 1.375	1.050 - 3.600
	1,266	1,100	6	487	505	415	257	130	2,034	2,132		

Foreign currency risk

The Company and its subsidiaries’ exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts.

The Company and its subsidiaries have significant foreign currency financial assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Currency	Consolidated financial statements		Exchange rate as at 31 December	
	2017	2016	2017	2016
	(Million)	(Million)	(Baht per unit of foreign currency)	
Liabilities				
US dollars	4.4	0.2	32.8472	36.0025
Euro	-	0.1	-	38.1362

The majority of the liabilities are due within one year.

Forward exchange contracts

Currency	Consolidated financial statements	Separate financial statements	Maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per unit of foreign currency)
As at 31 December 2017 The Company and its subsidiaries have no forward exchange contracts				
As at 31 December 2016 Bought amount US dollars	0.4	0.4	28 February 2017	34.6175 - 34.6700

42.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and the loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

43. Capital management

The primary objective of the Company and its subsidiaries 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 1.6:1 (2016: 1.9:1) and the Company's was 1.1:1 (2016: 1.2:1).

44. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1, certain amounts in the financial statements for the year ended 31 December 2016 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

45. 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 and subsidiaries companies paid audit fee to the Company's auditor, EY Office Limited comprised of following details:

- Audit Fee for accounting period ended December 31, 2017 of the Company was Baht 2,150,000 of which excluded other miscellaneous payment of Baht 58,504 (i.e. auditors' traveling expenses, photo copy expenses etc.).
- Audit Fee for accounting period ended December 31, 2017 of the subsidiaries companies pay to audit firm or other persons of firms that related to the audit firm were Baht 5,390,000 of which excluded other miscellaneous payment of Baht 98,407 (i.e. auditors' traveling expenses, photo expenses etc.).

2. Non-Audit Fee

In 2017, the Company's subsidiaries paid non-audit fee comprised of following details:

- Smarterware Co., Ltd., a 99.99% stake hold by the Company, 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., a 99.99% stake hold by the Company, 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.

The Board of Directors, Management, and Company Secretary

● The Board of Directors as of December 31, 2017

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. General Sumpun Boonyanun - Independent Director - Authorized Director - Chairman - Chairman of the Nominating & Compensation Committee - Audit Committee Member <i>(To be appointed as a director on April 24, 2008)</i>	74	- Bachelor Degree in 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 Training courses from Thai Institute of Directors Association (IOD): - 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.
					<u>Position in other listed companies</u>		
					-	-	-
					<u>Position in non-listed companies</u>		
					2016-Present	Director	Tipwarin Watana Co., Ltd.
					2016-Present	Consulting	GML Exhibition (Thailand) Co., Ltd.
2. Mr. Vichai Pokasamrit - 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 April 21, 2011)</i>	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 : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
3. Miss Rapeepan Luangaramrut • Independent Director • Audit Committee Member • Corporate Governance Committee Member • Nominating & Compensation Committee Member <i>(To be appointed as a director on April 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 - Certificate in Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2003 - Leadership Program (Class 9), Capital Market Academy - National Defence Course (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 4th 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 2013-Present Dec.2017-Present 2008-2013 2010-Present 2016-Present 2013-Present 2012-Present 2005-Present 2004-Present 2004-Present 2000-Present 2005-Present 1989-2011	Independent Director / Audit Committee Member Nominating & Compensation Committee Member Corporate Governance Committee Member Corporate Governance Committee Member Position in other listed companies Director Consulting Position in non-listed companies Consulting President Director Director Executive Chairman Executive Director Executive Chairman Director Director	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. TPT Petrochemicals Pcl. Gunkul Engineering Pcl. Deam House Co., Ltd. Entertainment Tree Co., Ltd. R Property Co., Ltd. Khun Reed Corporation Co., Ltd. Derma Belle Co., Ltd. 110 Vipha Co., Ltd. Siam Solvay Foundation. Solvay Peroxythai Co., Ltd.

Remark : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Mr. Kajornvut Tayanukorn • Director • Corporate Governance Committee Member <i>(To be appointed as a director on April 29, 2004)</i>	62	- Master of Business Administration, Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2005	0.081% (500,000 Shares)	-	2004-Present	Director	Samart Telcoms Pcl.
					2013-Present	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2008-2013	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2001-Present	Position in other listed companies Executive Vice President	Bangkok Bank Pcl.
					2013-Present	Position in non-listed companies Executive Director	Processing Center Co., Ltd.

Remark : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
5. Mr.Sirichai Rasameechan • Director • Corporate Governance Committee Member <i>(To be appointed as a director on July 1, 1998)</i>	67	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University - Training courses from Thai Institute of Directors Association (IOD): • Director Certification Program (DCP) in 2000 • Finance for Non-Finance Director in 2000	0.024% (150,000 Shares)	-	1998-Present May.2017-Present	Director Corporate Governance Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					2000-Feb.2017 2016-Feb.2017	Executive Director Risk Management Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					1996-Present 2005-Present	Position in other listed companies 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.
					2008-2016	Nominating & Compensation Committee Member	Samart Digital Pcl. (**)
					2005-2015	Risk Management Committee Member	Samart Digital Pcl. (**)
					2014-2015 2013-Present	Director Director / Risk Management Committee Member / Corporate Governance Committee Member	Samart Digital Pcl. (**) One to One Contacts Pcl.
					2013-Feb.2017	Executive Director	One to One Contacts Pcl.
					Present	Position in non-listed companies Director	Related Companies (as details in the 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.

Remarks : ^() Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”) % of total number of voting rights.*

*^(**) Formerly known as Samart I-Mobile Public Company Limited.*

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
6. Mr. Charoenrath Vilailuck • Authorized Director • Executive Director • Risk Management Committee Member <i>(To be appointed as a director on July 26, 1996)</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 - Training courses from Thai Institute of Directors Association (IOD): • Director Certification Program (DCP) in 2004 • Director Accreditation Program (DAP) in 2004	0.462% (2,854,600 Shares)	Mr. Watchai's and Mr. Thananan's elder brother	1996-Present 2016-Present	Director / Executive Director Risk Management Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					1993-Present 1995-Present 2008-Present	<u>Position in other listed companies</u> Director Executive Chairman & CEO Chairman of the Risk Management Committee	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl.
					2003-Present 2016-Present	Director Risk Management Committee Member	Samart Digital Pcl. ^(*) Samart Digital Pcl. ^(*)
					2013-Present	Director / Executive Director / Risk Management Committee Member	One to One Contacts Pcl.
					Present	<u>Position in non-listed companies</u> Director	Subsidiaries and Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies)
					Present	Director	Vilailuck International Holding Co., Ltd. and its subsidiaries. One to One Contacts Co., Ltd.
					2000-2013	Director	

Remarks : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
^(*) Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
7. Mr. Watchai Vilailuck • Authorized Director • Executive Chairman & Chief Executive Officer • Chairman of the Risk Management Committee (To be appointed as a director on July 26, 1996)	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 - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - 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 - The 5th Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013-Aug. 2014 - Top Executive Program in Energy Literacy (Class 6), Thailand Energy Academy in 2015 - Top Executive Program in Industrial development and Investment (Class 2), Institute of Business and Industrial Development (IBID) in 2015 - Academy of Business Creativity (ABC) (Class 6), Sripatum University in 2017	0.267% (1,650,010 Shares)	Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	1996-Present 2000-Present 2016-Present 1993-Present 2000-Present 2004-Present 2013-Present 2014-Present 2016-Present Present 2003-Present 2016-Present 2003-2015 2005-2015 2013-Present 2016-Present 2013-2016 Present Present 2000-2013	Director Executive Chairman & Chief Executive Officer Chairman of the Risk Management Committee Position in other listed companies Director President Chief Operating Member of the Risk Management Committee Chairman of the Sustainable Development Committee Acting Chief Operating Officer of Call Center LOB Head of Digital LOB Acting Chief Operating Officer of Utilities and transportations LOB and Technology Related Services LOB Director Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee Chief Executive Officer / Executive Chairman Chairman of the Risk Management Committee Director / Chairman of the Risk Management Committee Executive Director Executive Chairman Position in non-listed companies Director Director Director	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Digital Pcl. ^(**) Samart Digital Pcl. ^(**) Samart Digital Pcl. ^(**) Samart Digital Pcl. ^(**) One to One Contacts Pcl. One to One Contacts Pcl. One to One Contacts Pcl. Subsidiaries and Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies) Vilailuck International Holding Co., Ltd. and its subsidiaries. One to One Contacts Co., Ltd.

Remarks : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

^(**) Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
8. Mr. Thananan Vilailuck • Director • Executive Director • Risk Management Committee Member <i>(To be appointed as a director on April 29, 2016)</i>	50	- Master of Engineering, University of Florida, USA - Bachelor Degree in Engineering, Kasetsart University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - The Joint State - Private Sector Course in Public Order Administration Police College Police Education Bureau (Class 4) in 2017	0.008% (50,000 Shares)	Mr. Charoenrath's and Mr. Watchai's younger brother	2016-Present	Director / Executive Director	Samart Telcoms Pcl.
					2016-Present	Risk Management Committee Member	Samart Telcoms Pcl.
					Position in other listed companies		
					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.
					2015-Present	Executive Vice Chairman - Corporate Strategy	Samart Corporation Pcl.
					2016-Present	Director	Samart Corporation Pcl.
					2006-2015	President of Mobile Multimedia LOB	Samart Corporation Pcl.
					2003-2016	Director	Samart Digital Pcl. ^(*)
					2003-2015	Executive Director	Samart Digital Pcl. ^(*)
					2005-2015	Risk Management Committee Member	Samart Digital Pcl. ^(*)
					2006-2015	President	Samart Digital Pcl. ^(*)
					2012-2015	Acting Managing Director - Mobile Business	Samart Digital Pcl. ^(*)
2013-2015	Chairman of the Sustainable Development Committee	Samart Digital Pcl. ^(*)					
2013-Present	Director	One To One Contacts Pcl.					
2013-Present	Risk Management Committee Member	One To One Contacts Pcl.					
2011-Present	Director	Siam Sport Syndicate Pcl.					
					Position in non-listed companies		
					Present	Director	Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies)
					Present	Director	Vilailuck International Holding Co., Ltd. and its subsidiaries

Remarks : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
 % of total number of voting rights.

^(**) Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
9. Mr. Jong Diloksombat • Authorized 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 January 11, 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 - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - Certificate of Executive Development Program, Faculty of Commerce and Accountancy, Thammasat University in 2005 - Certificate of Crisis Management Master Class, VMAC Business Group-Premier Provider of Business Intelligence in 2009 - Capital Market Leader Program, The Securities and Exchange Commission (SEC) and Sasin Graduate Institute of Business Administration of Chulalongkorn University in 2014 - National Defence Course (Class 57), National Defence College of Thailand in 2015	0.065% (400,000 shares)	-	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.
					2012-Present	Position in other listed companies Executive Director	Samart Corporation Pcl.
					2012-Present	President of ICT Solutions and Services LOB	Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member Risk	Samart Corporation Pcl.
					2009-2016	Risk Management Committee Member	Samart Corporation Pcl.
					2005-2016	Corporate Governance Committee Member	Samart Digital Pcl. ^(*)
					2005-2015	Risk Management Committee Member	Samart Digital Pcl. ^(*)
					2003-2012	Chief Operating Officer	Samart Digital Pcl. ^(*)
					2003-2015	Director / Executive Director	Samart Digital Pcl. ^(*)
					Present	Position in non-listed companies Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies)

Remarks : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
 % of total number of voting rights.

^(**) Formerly known as Samart I-Mobile Public Company Limited.

● Managements as of December 31, 2017

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. Mr. Watchai Vilailuck <i>(To be appointed as management on March 16, 2000)</i>							
- See details in "The Board of Director" -							
2. Mr. Jong Diloksombat <i>(To be appointed as management on January 11, 2012)</i>							
- See details in "The Board of Director" -							
3. Mr. Pomchai Krivichian - Executive Vice President - Network Solutions Business Group - Sustainable Development Committee Member <i>(To be appointed as management on March 1, 2005)</i>	52	- Master of Engineering, Bridgeport University, USA.	0.007% (42,000 Shares)	-	2015-Present	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.
						Position in other listed companies	
						Position in non-listed companies	
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies)

Remark : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Miss Chotika Kamloowesaruch • Executive Vice President - Enhanced Technology Solutions Business Group • Sustainable Development Committee Member <i>(To be appointed as management on March 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.
						<u>Position in other listed companies</u>	
					Present	<u>Position in non-listed companies</u> Director	Subsidiaries (as details in the Directors and Managements in Subsidiaries and Related Companies)

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”)
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
5. Mr. Suchart Duangthavee - Executive Vice President - Business Application Business Group - Sustainable Development Committee Member <i>(To be appointed as management on March 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	Position in other listed companies - Position in non-listed companies Director	Subsidiaries (as details in Directors and Managements in Subsidiaries and Related Companies)
6. Mrs. Aroonluck Dilokwanich Vice President - Corporate Accounting <i>(To be appointed as management on September 1, 2003)</i>	59	- Master of Accounting, Bridgeport University, USA. - Bachelor of Accounting, Thammasat University	-	-	2003-Present	Vice President - Corporate Accounting	Samart Telcoms Pcl.
						Position in other listed companies -	
						Position in non-listed companies -	

Remark : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
7. Mr. Dhillokpat Nisamaneevong • Vice President - Finance & Investor Relations <i>(To be appointed as management on February 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 Directors and Managements in Subsidiaries and Related Companies)

Remarks : ^(*) Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”)
% of total number of voting rights.

^(**) Formerly known as Samart I-Mobile Public Company Limited.

● Company Secretary as of December 31, 2017

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
Mr. Somchai Bunsupaporn • Vice President - Internal Audit and Company Secretary <i>(To be appointed as Company Secretary on October 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	0.000% (100 shares)	-	Jul.2017-Present 2003-Jun.2017 2013-2016	Vice President - Internal Audit and Company Secretary Assistant Vice President - Internal Audit and Company Secretary Sustainable Development Committee Member <u>Position in other listed companies</u> - <u>Position in non-listed companies</u> -	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Company Secretary's Role and Responsibilities

The Board of Directors has appointed Mr. Somchai Bunsupaporn as the Company Secretary.

Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform his/her duty with accountability, duty of care and duty of loyalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities included providing consultation in related to the 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 and the resolutions of the Board of Directors' and the shareholders' meetings as well as laws and related regulations.
4. Prepare and keep the Company's documents such as register of directors, notice calling directors' and shareholders' meetings as well as the minutes of such meetings and the annual report, etc.
5. Keep a report on interest filed by a director and executive as well as submit a copy of the report to the Chairman of the Board of Directors and the Audit Committee within 7 business days from the date on which the Company has received such 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 Director 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:

- CG Code of the Stock Exchange of Thailand;
- Smart Disclosure Program (SDP) of the Stock Exchange of Thailand;
- Criminal Liability of Directors of the Stock Exchange of Thailand;
- Sustainability Strategy: Key Blueprint for Business Growth of the Stock Exchange of Thailand;
- SET Social Impact Day 2017: Partnership for the Goals of the Stock Exchange of Thailand;
- Corporate Governance Code: CG Code of the Stock Exchange of Thailand and Thai Listed Companies Association;
- SDGs Implementation: Learned from the Pros of the Stock Exchange of Thailand;
- AGM check list 2018 of Thai Investors Association.
- Practices for boards in governance and preventive cybercrime of the Securities and Exchange Commission.

- Directors and Managements in Subsidiaries and Related Companies as of December 31, 2017

[illegible]

Remark :

1) x = Chairman, / = Director, // = Executive Director, # = Management

2) The Companies' name

- | | | | | | | | | | | | | | | | |
|-----|-----------|---|---|-----|------|---|--|-----|---------|---|---|-----|-----|---|-------------------------------------|
| 1. | STC | = | Samart Telcoms Pcl. | 2. | SCS | = | Samart Communication Services Co. Ltd. | 3. | SCT | = | Samart Comtech Co. Ltd. | 4. | SBS | = | Samart Broadband Services Co., Ltd. |
| 5. | PN | = | Posnet Co. Ltd. | 6. | TTN | = | Thai Trade Net Co. Ltd | 7. | STW | = | Smartware 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. | 20. | SRT | = | Samart Reditech Co. Ltd. |
| 21. | CS | = | Cambodia Samart Co. Ltd. | 22. | SH | = | Samart Inter Holding Co., Ltd. | 23. | TEDA | = | Teda Co., Ltd. | 24. | SGE | = | Samart Green Energy Co. Ltd. |
| 25. | SUM | = | Samart U-Trans (Myanmar) Co., Ltd. | 26. | STR | = | Samart Transolutions Co., Ltd. | 27. | TS | = | Transec Power Services Co., Ltd. | 28. | KPP | = | Kampot Power Plant Co., Ltd. |
| 29. | CATS | = | Cambodia Air Traffic Services Co., Ltd. | 30. | CIO | = | Contact-In-One Co., Ltd. | 31. | SDC | = | Samart Digital Pcl (Formerly named Samart I-Mobile Pcl) | 32. | SMS | = | Samart Mobile Services Co., Ltd. |
| 33. | BUG | = | Samart Multimedia Co. Ltd. | 34. | IMP | = | I-Mobile Plus Co., Ltd. | 35. | TCN | = | Telecomtext Co., Ltd. | 36. | ZA | = | Zecureasia Co., Ltd. |
| 37. | S2A | = | 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 | = | Vialuack International Holding Co., Ltd. | | | | | | | | |

(1) Listed Companies

	Held by STR	Held by SE
(9)		(10)

(11) Held by SDC

Held by BUG

BUG

(14)

Held by OTO

Board of Directors & Committees’ List

Directors of Sub-Committees	Board of Directors	Executive Board	Audit Committee	Risk Management Committee	Corporate Government Committee	Nominating & 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

Major Subsidiaries’ Directors

Directors	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			/

Remark : x = Chairman, / = Director

Curriculum Vitae of Head of Internal Audit and Compliance of the Company

Head of Internal Audit

Educational background and work experience of Mr. Somchai Bunsupaporn, Internal Audit is as follows:

- Education :**
- Master of Business Administration, Kasetsart University
 - Bachelor of Accounting, Chulalongkorn University

Work Experience :

- | | |
|---------------------|--|
| 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 - May. 2016 | Sustainable Development Committee Member
Samart Telcoms Pcl. |

- Training :**
- 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

During the past year, the Head of Internal Audit has attended trainings and seminars concerning internal auditing as follows:

- Internal control era Thailand 4.0 of the Stock Exchange of Thailand;
- Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) of the Thai Institute of Directors Association.

Head of Compliance

The Company has assigned the Company Secretary Division is a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they have been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws.

Further details of Company Secretary is shown in "Directors, Management and Company Secretary".

General Information and Reference

Company's Information

Company	:	Samart Telcoms Public Company Limited
Head Office	:	99/7 Moo 4 Software Park, 29 th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107538000631
Web site	:	http://www.samtel.com
Telephone	:	0-2502-6000
Fax.	:	0-2502-6648
Registered Capital	:	738,000,000 Baht
Number of shares sold	:	618,000,000 Ordinary shares
Par Value	:	Baht 1 per share

Other References

Registrar	:	Thailand Securities Depository Co., Ltd.
Head Office	:	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	:	0-2009-9000
Fax.	:	0-2009-9991
Auditor	:	Mrs. Sarinda Hirunprasurtwutti
	:	The Certified Public Accountant's License No. 4799
Head Office	:	EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-0777
Fax.	:	0-2264-0789-90
Vice President-Internal Audit and Company Secretary	:	Mr. Somchai Bunsupaporn
Email	:	Somchai.B@samtel.samartcorp.com
Telephone	:	0-2502-6238
Fax.	:	0-2502-6648

Remark : Investor can find more information of the company's form 56-1 as shown in the company website at www.samtel.com or www.sec.or.th.



SAMART TELCOMS PUBLIC COMPANY LIMITED

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www.samtel.com