



# SDC

## DIGITAL

TRANSFORMATION  
ANNUAL REPORT 2017

**SMART**  
Digital

“  
CHANGES CALL FOR INNOVATION,  
AND INNOVATION LEADS TO PROGRESS.

**SAMART**  
*Digital*

”









# Message from the Board of Directors

In the past year of 2017 is considered a major turning point of the economy as a whole, and also a major turning point for the Company. The rapid changed in consumers’ behavior and lifestyle to buy anything on digital platform, and the growth in social media distribution channels make an intermediary business or an importer without value added services plays a diminishing or decreasing role. According to statistics in the past year, the number of Facebook users increased from 41 million to 46 million, ranked number 8 in the world. Facebook provides new tools to help small businesses make better use of their platforms. The transformation had an impact on overall market, consumer market mechanism and consumption.

Digital Disruption has widely impact on many businesses in the past year. The rapid technological change, the offering new models with better specification at affordable price to attract consumers from Chinese mobile handset manufacturers and the intense competition in the mobile handset market cause the Company decided to stop production and marketing of i-mobile handset business, and left only retail business of other brands. Management has analyzed the situation and diversified its business from the rapidly changing consumer market to new business, which provides digital communication services as follows:

1. Digital Trunked Radio System (“DTRS”) project in collaboration with CAT Telecom Public Company Limited to expand its nationwide capability in DTRS services and sufficiently serve the consumer needs in necessary areas. The main target group is public organizations that need secure telecommunication.
2. Co-Tower long-term rentals for Mobile Operator in the Nationwide National Parks.

According to the transformation to digital business, the Company changed its name from “Samart I-Mobile Public Company Limited” to “Samart Digital Public Company Limited” and diverted its business to DTRS and Co-Tower. The Company also launched an online asset selling with redemption services on social media platform in the name of Zazzet. This service provides online asset selling and matching investors with property owners through online platform to enable property sellers and buyers to deal the transactions with convenience, speed and reliability.

The Board of Directors and management are confident that this business transformation will bring better operating results in the future. Although this transformation will take some time, the management will closely monitor business performance and develop products and services to meet the needs of consumers. On behalf of Samart Digital Public Company Limited, the Board of Directors would like to express our sincere gratitude to all shareholders, customers, business partners, executives, employees and all stakeholders for their support and trust. This is the driving force behind the Company’s business.



(Mr. Piyapan Champasut)  
Chairman of the Board of Directors  
Samart Digital Public Company Limited



(Mr. Watchai Vilailuck)  
Executive Chairman  
Samart Digital Public Company Limited





## Board of Directors

As of December 31, 2017

1. Mr. Piyapan Champasut

- Chairman of the Board of Directors
- Independent Director
- Audit Committee Member

2. Dr. Chotivid Chayavadhanangkur

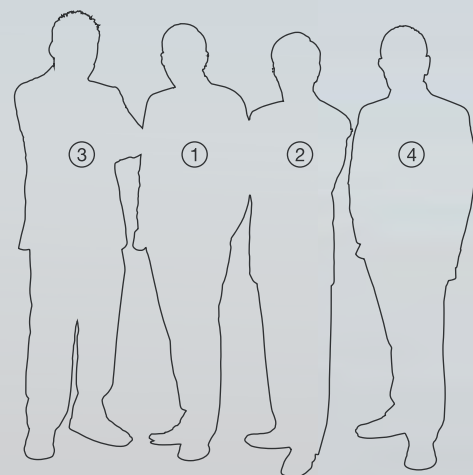
- Independent Director
- Chairman of the Audit Committee
- Chairman of the Corporate Governance Committee
- Nominating and Compensation Committee Member

3. Mr. Kunthit Arunyananda

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

4. Mr. Pracha Phathayakorn

- Authorized Director
- Executive Director
- Risk Management Committee Member
- Sustainable Development Committee Member





## Board of Directors

As of December 31, 2017

5. Mr. Watchai Vilailuck

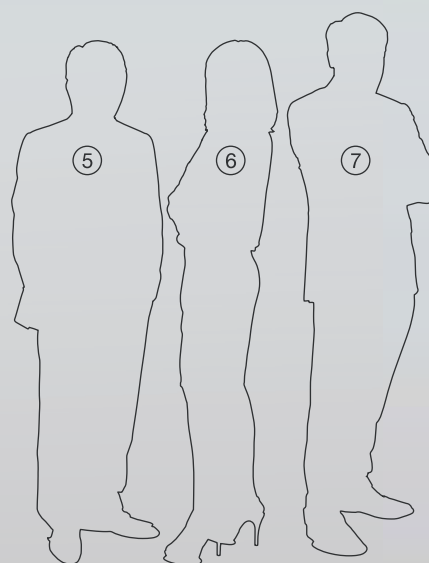
- Authorized Director
- Chief Executive Officer
- Executive Chairman
- Chairman of the Risk Management Committee

6. Mrs. Sukanya Vanichjakvong

- Authorized Director
- President
- Executive Director
- Nominating and Compensation Committee Member
- Corporate Governance Committee Member
- Risk Management Committee Member
- Chairman of the Sustainable Development Committee

7. Mr. Charoenrath Vilailuck

- Director
- Risk Management Committee Member



## VISION

Sustainable growth through Integrated Broadband Communication to ease everyday life

## MISSION

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

## Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously



# Contents

Message from the Board of Directors .....	003
Board of Directors .....	004
Vision, Mission and Business Direction .....	006
Report of the Executive Committee .....	008
Report of the Audit Committee .....	009
Report of the Corporate Governance Committee .....	011
Report of the Sustainable Development Committee .....	012
Report of the Risk Management Committee .....	013
Report of the Nominating and Compensation Committee .....	014
Corporate Social Responsibility .....	015
Financial Highlights .....	027
Policy and Overview on Business .....	028
Nature of Business .....	033
Business Structure .....	034
Revenue Structure .....	035
Information of Subsidiary Companies .....	036
Changes during the Year .....	038
Industry and Competition .....	039
Risk Factors .....	041
Shareholders .....	043
Dividend Payment Policy .....	044
Management Structure .....	045
Corporate Governance .....	059
Internal Control and Risk Management .....	094
Anti-Corruption .....	098
Connected Transactions .....	101
Management Discussion and Analysis .....	108
Report of the Board of Directors' Responsibilities for the Financial Reports .....	113
Independent Auditor's Report .....	114
Financial Statements .....	119
Audit Fee .....	188
Directors, Management, Company Secretary and Head of Internal Audit .....	189
General and Other Information .....	199

# Report of the Executive Committee

Dear Shareholders

The Company strongly believes in the importance of managing the business operations according to the Company's business policies and plans, including any initiatives mandated by the resolutions of the Board of Directors and Shareholders meetings. All such implementations needed to be done have to be executed in strict adherence to the Company's Corporate Governance Policy and Business Ethics. Consequently, the Board of Directors appointed the Executive Committee to analyze and appraise numerous important issues prior to further consideration by the Board of Directors. Moreover, as a written guideline, the charter of the Executive Committee has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of the Executive Board as well as details of meeting arrangement and report to the Board of Directors of the Company.

In 2017, the Executive Committee conducted 12 meetings to consider numerous matters concerning the Company. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Establish strategy and plan of the Company and its subsidiaries including problem resolution guidelines for each line of business operations on a quarterly basis. Every year, the Company arranges at least 2 management meetings where the participants are the manager level onwards to convey its operation plans and strategies to the management and the employees for their acknowledgement and compliance.
- Review and monitor business operations of the Company and its subsidiaries and provided advices for any problems may have to achieve business target.
- Analyze and assess annual salary increment and bonus. The salary increase and bonus allocation are in line with the Company's operation performance and commensurate with the industry's average remuneration. This recommendation was submitted to the Nominating & Compensation Committee for further consideration.
- Analyze and appraise numerous important issues mandated by the Board of Directors such as investment, fiscal year budget as well as consideration on promotion and new hire manpower.

The Executive Committee is intent to perform its duties to the utmost honesty, caution, and thoroughness with the objectives of ensuring the Company's highest benefits, equity and fairness to all shareholders and stakeholders. To be sure, the Executive Committee seeks monitors all company's systems to ensure the strictest adherence to all rules and regulations, Company's Objectives and Article of Association and comply with the good corporate governance principle in order to fulfill the targets on enhancement of stability and growth on continued basis which can further lead to the sustainable growth of business.



(Mr. Watchai Vilailuck)  
Executive Chairman  
Samart Digital Public Company Limited

# Report of the Audit Committee

Dear Shareholders

The Audit Committee of Samart Digital Public Company Limited consists of 3 independent directors with combined experience in finance, accounting, and business administration named Dr. Chotivid Chayavadhanangkur as Chairman of the Audit Committee, Mr. Piyapan Champasut and Mr. Kunthit Arunyananda as committee members. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission.

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, accountability, and in accordance with the Company's policies. The Audit Committee conducted 6 meetings in 2017, to discuss and share opinions with management, internal auditors and external auditor on matters related to the meeting agenda which was summarized below:

- The Audit Committee reviewed the quarterly and yearly financial statements and Management Discussion and Analysis of the Company and its subsidiaries throughout the significant accounting policies in consultation with management and external auditors. The Audit Committee's opinion was that the financial reporting was in accordance with Thai Financial Reporting Standards and present fairly, reliability and adequate disclosure. In addition, the Audit Committee also conducted 1 exclusive meeting with the external auditor to freely discuss important issues and significant information to prepare the financial statements.
- The Audit Committee reviewed the adequacy and effectiveness of risk management, internal control systems and internal audit from the internal audit report to ensure that the Company's operation was operated, controlled and monitored efficiently, effectively and achieved the goal.
- The Audit Committee reviewed internal audit activities by considering the independent of Internal Audit Department, the sufficiency of manpower and also evaluate the performance of the Internal Audit Head and internal audit function in addition to provide recommendation to support the internal audit activities perform independently effectively and efficiency.
- The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws related to the Company's business operations as well as business commitments with third party agreements. The Audit Committee's opinion was that the Company fully complied with the aforementioned regulatory requirements in all material respects.
- The Audit Committee considered the nomination and proposed for the appointment of the external auditor and annual audit fee for 2017. This process entailed assessment of the current external auditor for its independence, performance from the year before, competency, experience and with competitive audit fee. After careful consideration, the Audit Committee therefore proposed the Board of Directors and shareholders meeting to appoint EY Office Limited as the external auditor of the Company and its subsidiaries for 2017.
- The Audit Committee reviewed and approved the annual internal audit plan of which based on the Company's strategies and risk based approach. The internal audit activities emphasized on the evaluation of the effectiveness of key preventive control as well as reviewed the evaluation of the Company's internal control system from internal audit report and internal control assessment results according to the internal Control Integrated Framework of The Committee of Sponsoring Organizations of the Tread Way Commission - Enterprise Risk



Management (COSO - ERM) according to the SEC guideline. In addition, the Audit Committee also continuously reviewed and monitored the implementation of the recommendations in the report of the internal audit and the auditor in order to aware the root causes of issues and provide guidelines to prevent future potential loss to the Management. Furthermore, the Audit Committee also held one formal meeting with the head of internal audit and auditors to give suggestion according to the annual internal audit plan, risk management and internal audit.

- The Audit Committee reviewed the connected transactions or the transactions which might have conflicts of interest as well as disclosure of such transactions to ensure the compliance with rules and regulations prescribed by the Securities and Exchange Commission and other regulatory bodies and to certify that such aforementioned transactions were reasonable, transparent with adequate disclosure pursuant to the Good Governance Principles and for maximum benefits of the Company. The Audit Committee's opinion was that the Management conducted these transactions at an arm's length basis, with general business trading condition and reasonable price.
- The Audit Committee reported its activities to the Board of Directors by quarterly and provided useful recommendations, which were properly adopted.
- The Audit Committee conducted its self-assessment, the results in overall areas of assessment were excellent. This was shown that the Audit Committee performed their duties completely as assigned by the Board of Directors and complied with the best practices, knowledge, accountability with due care and be sufficient independence as well as of opinion and recommendation creatively for the benefit of all stakeholders.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors had performed their duties with integrity and diligence in pursuit of the Company's goals. The Company demonstrated commitment to effective and transparent Corporate Governance which included appropriate risk management and internal control system.



(Dr. Chotivid Chayavadhanangkur)  
Chairman of the Audit Committee  
Samart Digital Public Company Limited

# Report of the Corporate Governance Committee

Dear Shareholders

The Company realizes on the importance and utmost emphasizes on corporate governance, code of business conduct, and Company’s framework of sustainable development to improve corporate governance for greater efficiency. The Board of Directors has established written Corporate Governance Policy and Business Ethics for practices of directors, executives and employees in order to create more transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. Hence, the Corporate Governance Committee, which the Chairman is an Independence Director, is assigned to oversee and monitor the business operations in compliance with the Corporate Governance Principles of the Stock Exchange of Thailand.

In 2017, the Corporate Governance Committee conducted 3 meetings to follow up and consider various matters to support and promote the Company’s Good Corporate Governance Practices. The Corporate Governance Committee had subsequently reported to the Board of Directors, which could be summarized below:

- Review the Company’s corporate governance policy and business ethics to comply with the Principle of Good Corporate Governance, Corporate Social Responsibility Policy and the regulations of the SEC and the SET as well as the international corporate governance criteria.
- Review all committee charters to comply with the Principle of Good Corporate Governance, other related regulations and the Company policies.
- Monitor performances of the Sub-Committees to ensure the compliance with the Company’s corporate governance policy and the Principle of Good Corporate Governance by specifying that all Committees should from time to time report their performances to the Board of Directors and provide annual performances report to shareholders in the Annual Report.
- Encourage the minority shareholders to propose the agenda and submitted any enquiries for consideration in the Annual General Meeting of Shareholders to comply with the Securities and Exchange Act and the Principle of Good Corporate Governance.
- Encourage the Board of Directors to conduct self-assessment of the Board of Directors, individual director, sub-committees including CEO assessment and Corporate Secretary Assessment annually. Results and recommendations from such assessments will be considered for further improvement.
- Review the Company’s Corporate Governance Report disclosed in the Annual Report to comply with the regulations of the SEC and the SET.

The Corporate Governance Committee carries out duties and responsibilities as assigned by the Board of Directors, and continues to review, update and develop the Company’s Corporate Governance as well as emphasizes and recognizes the importance of the rights of all stakeholders equitably to achieve the objective and target with accuracy and transparency. Due to the continual monitor and development of the Company’s Corporate Governance Practices, the Company scored “Excellent” or “5 Stars” in the 2017 Corporate Governance Report and was ranked in Top Quartile of the group of companies with market capitalization of more than Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). In addition, the Company scored “Very Good” (4TIA) from the survey on quality in convening the 2017 AGM surveyed by Thai Investors Association.



(Dr. Chotivid Chayavadhanangkur)

Chairman of the Corporate Governance Committee  
Samart Digital Public Company Limited

# Report of the Sustainable Development Committee

Dear Shareholders

The Board of Directors of Samart Digital Public Company Limited recognizes the importance of sustainable development that will lead to the business' sustainable growth and must develop in parallel with the recognition of social and environmental responsibility as well as corporate governance. Thus, the Board of Directors has appointed the Sustainable Development Committee to formulate policy framework and operational guideline regarding social and environmental responsibility of the Company.

In 2017, the Sustainable Development Committee conducted 2 meetings to follow up and consider various matters to ensure the compliance with the sustainable development policy and charter of the committee. The significant matters considered during the year were summarized below:

- Review the Company's sustainable development policy.
- Build up corporate culture that could encourage all employees to had conscious mind and devoted their efforts and personal time for benefits of communities as a whole, and promoted and educated the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and development throughout the organization.
- Follow up the Corporate Social Responsibility activities during the year 2017.
- Conduct self-assessment of the Sustainable Development Committee and reported to the Board of Directors for development.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Sustainable Development Committee carries out the duties and responsibilities as assigned by the Board of Directors with utmost effort and focuses on developing the Corporate Social Responsibility activities coupled with managing the Company's business with the recognition of the Principles of Good Corporate Governance. The implementation of the sustainable development will not meet the target unless the valuable support from all stakeholders; shareholders, directors, management and employees including community and society associated with the operation of the Company ultimately leading to the sustainable growth of business.



(Mrs. Sukanya Vanichjakvong)

Chairman of the Sustainable Development Committee  
Samart Digital Public Company Limited



# Report of the Risk Management Committee

Dear Shareholders

The Board of Directors has appointed the Risk Management Committee, which consisted of the Executive Chairman of the Company and top executives, to perform duty and take responsibility on consideration of risk management policies and practical guidelines. The Risk Management Committee shall consider risk management plans, preventive or corrective measures as well as monitoring results regularly to reduce risks or handle impacts from risks. The objectives are to ensure that all of main activities and business operations have effectively and extensively risk management plans in place. The managements in the group of companies are assigned to perform their works pursuant to such risk management policies and they must report to the Risk Management Committee every quarter, so that the Committee can acknowledge the existing risks and their preventive measures.

In 2017, the Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors, and ensure the Company performed operations based on the specified risk management plans. The significant matters considered during the year were summarized below:

- Acknowledge organization risks and important risks of Business Groups in 2017 as well as to give advices and guidelines on risk management to the executives.
- Supervise and follow up on compliance with the risk management policy and framework continually to ensure that the Company will have effective risk management system.
- Review and improve risk management policy of the Company to make it in line with the business operation plan.
- To encourage the executives and the employees on realization of the importance of risk management so that the Company can achieve the set targets.

The Risk Management Committee determined to make the Company perform business operations based on governance principles and have efficient risk management plan in place which can control risks from business operations to be within the specified scope. Additionally, the Company plans to have the appropriate and adequate internal controls for its business operations as well as well-prepared plans in all matters in advance, consequently the Company can achieve business goals as intended and with efficiency.



(Mr. Watchai Vilailuck)

Chairman of the Risk Management Committee  
Samart Digital Public Company Limited

# Report of the Nominating and Compensation Committee

Dear Shareholders

The Company realizes the importance of recruiting candidates to assume the positions of directors and top level executives as well as their appropriate remuneration packages. Consequently, the Board of Directors has appointed the Nominating and Compensation Committee, of which the Chairman is an Independence Director, to be responsible for screening and nominating candidates who are highly knowledgeable in their fields, capability, and have appropriate qualifications for director and top level executive positions, and setting policies and guidelines for remuneration package for directors, committee members and top executives.

In 2017, the Nominating and Compensation Committee conducted 3 meetings to consider numerous matters concerning the Company. The member who has an interest in any agenda shall be refrained from voting and not attend the meeting to consider that agenda. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Nominate and propose candidates who had knowledge and experience in business related to the Company's operation, and had full qualifications as the regulations of the SEC and the SET in order to assume the position of the Company's directors and committees in case of vacancy and retiring by rotation.
- Screen the remuneration packages for directors and committees, any directors who have been assigned to take more responsibilities in any committee would receive additional compensation as appropriated.
- Consider criteria of annual salary increment and bonus in consultation with the Human Resource Department and the Executive Committee. The annual salary increment and bonus were determined at an appropriate level and suitable with the Company's business performance.
- Conduct self-assessment of the Nominating and Compensation Committee for 2017 and reported to the Board of Directors for development.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Nominating and Compensation Committee performs duties carefully, prudently, reasonably, transparency and independence as well as a commitment based on principles of equality, justice, transparency and accountability for comply with the principles of good corporate governance and international recognition for the highest benefits to shareholders and all stakeholders. The remuneration of the directors and management is considered at the appropriate level to create incentive to obtain work efficiency as well as retain knowledgeable and capable persons to work with the Company. The consideration is based on the authority, assigned responsibility, and operating results, as well as growth and the Company's performance, business liquidity and factors which may affect the Company or overall economic situation. The methods are in accordance with the Charter and related regulations and be comparable to other companies in the same industry.



(Mr. Kunthit Arunyananda)

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

# Corporate Social Responsibility

## Overall Policy

The Company conducts business by considering on responsibility to society and environment as well as good corporate governance for the sustainable growth of both the Company's business and society. Apart from CSR after process, which do continuously in form of various projects to promote innovation, charity events and donations, the Company concretes more action by setting up working group on social and environmental responsibility for sustainability of the business. The quorum consists of director, management and/or any qualified candidates to define policy framework and operational guideline on social and environmental responsibility so that they can use as guidelines on monitoring their progress and assessment of CSR operations to report to the Board of Directors. The Sustainable Development Committee shall convene the meeting at least twice a year.

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

1. Set policy and action plan for sustainable development to comply with the Company's business operation in term of economy, society and environment.
2. Encourage and support the Company's activities to achieve the SD policy.
3. Monitor, review, follow up the operational progress and evaluate the effectiveness of SD policy implementation.
4. Report the Company's SD operation to the Board of Directors.

### **The Sustainable Development Policy**

1. To conduct business based on good governance principle as well as social and environmental responsibility including others relating to sustainable development 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 others relating to sustainable development.

As target to sustainable growth, 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 as follows:



Stakeholder	Policies and Strategies
1. Customer	Provide trendy, high-quality, reasonable price of product and service to meet the customers' diversity of needs as well as strengthen and maintain the good relationship between customers and the Company.
2. Employee	Respect for the individual privacy, provide fairly employment, develop the employees' skills and capability, provide both in-house and external training and educating course for more capability of employees, be aware of occupational safety and health of employee and also provide the appropriate compensation.
3. Trade partner	Systematically provide goods and services with the highest standard based on trading condition, contract and business ethics.
4. Shareholder	Operate all business affairs according to the principles of good Corporate Governance and Equitable Treatment for the highest benefits of every shareholder.
5. Creditors	Strictly follow to the agreements or any specific conditions
6. Society as a whole and communities	Give support to society and community in all activities, strengthen good relationship and give corporation for community sustainable development and concrete basis, to cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.
7. Environment	Operate the business by considering on environmental conservation and security standard, support environment activities and conservation campaign as well as provide knowledge and training to the employees regarding environmental conservation.
8. Counterpart/Competitor	Conduct all business affairs under just rules and competitions, support free trading.

Details of policies for all stakeholders and implement of policies in the previous year disclose in the section "Corporate Governance" under the topic "Business Ethics".

The Company prioritizes stakeholders in order to allocate resources as the defined priority for the highest efficiency and effectiveness of sustainable growth of business. Stakeholders who directly affect from the Company's operation are customers and employees. Therefore, the Company set vision and mission aim to the Company's customers by providing trendy, high-quality, reasonable price of products and services and select the integrated innovative products and services to meet the customers' needs as normal operation of the Company as follows:

#### **VISION**

Sustainable growth through Integrated Broadband Communication to ease everyday life

#### **Mission**

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

The later significant stakeholder is the Company’s employees. The Company realizes that all employees are valuable and crucial fundamental for the Company’s sustainable success and growth. Thus, the Company provides fairly employment, tries to improve the employees’ skills and capability, and provides both in-house and external training as well as educating course for more capability of employees. This includes educating and training courses related to CSR and anti-corruption as shown in “5. Fair Labor Practices”, as well as setting up the Human Management and Development Policy as shown in the section “Management Structure” under the topic “Human Resources Management and Development Policy”.

## Progress and Reporting

The Company conducts business in comply with the SD Policy and take into consideration all stakeholders. The policies regarding treatments to all stakeholders are defined in the Company’s Business Ethics. Details were disclosed in the section “Corporate Governance” under the topic “Business Ethics” and were posted on the Company’s website at [www.samartdigital.com](http://www.samartdigital.com). The SD policy comprises of 9 operating conduct principles as follows:

1. Organization Governance
2. Fair Operating Practices
3. Anti-Corruption
4. Respect of Fundamental Human Rights
5. Fair Labor Practices
6. Consumer Responsibility
7. Contribution to the Community and Society
8. Environmental Conservation
9. Innovation and Publication of Innovation from the operations based on responsibility in society, environment and stakeholders

Progress of the above 9 operating principles of conduct are as follows:

### 1. Organization Governance

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

The Company realizes on the importance of the Good Corporate Governance that will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus, written Corporate Governance Policy and Business Ethics, which comply with the Corporate Governance Principles of the Stock Exchange of Thailand (“SET”), have been set up for practices of directors, managements and employees of the Company. The Company Secretary Division is responsible for compliance unit to supervise, oversee and ensure that the operations of the Company, directors and managements have been correctly complied with the regulations of the SET, the SEC and the Public Company Limited Act including other relevant laws. More details of the 2017 Corporate Governance undertaken by the Company were shown in “Corporate Governance”.

In past years, as the Company has proceeded to the principles of corporate governance, the Company scored “Excellent” or “5 Stars” in the 2017 Corporate Governance Report that was the highest score. There were only 110 listed companies from 620 listed companies or 17.74% of listed companies that got this highest score. The Company was also ranked in Top Quartile of the group of companies with market capitalization of more than Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). The Company will put the best effort to improve corporate governance even further. In addition, the Company scored “4 TIA” or “Very Good” from the survey on quality in convening the 2017 Annual General Meeting of Shareholders by Thai Investors Association.

## 2. Fair Operating Practices

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

The Company conducts business and manages work ethically. The Board of Directors has provided the business ethics manual for the Company's directors, managements and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. It also covers the administration of all stakeholder groups, i.e. shareholder, employee, customer, competitor, business partner, creditor including society and the environment. The practical guidelines including rights and benefits to all stakeholders have been specified in the Business Ethics for directors, managements and employees to comply. Such Business Ethics has been posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). Moreover, the Board of Directors also assign the Corporate Governance Committee to oversee performance of directors, managements and employees to ensure that they strictly adhere to this principle. For more details, please see in the section "Corporate Governance" under the topic "Business Ethics".

## 3. Anti-Corruption

**Define the Anti-Corruption Policy and corporate into the Company's Code of Business Ethics Manual**

The Company recognizes the importance of conducting business with transparency, and anti-corruption in all aspects. The Corporate Governance Committees' Meeting has continual reviewed the Anti-Corruption Policy and propose to the Board of Directors' Meeting to approve and used the policy as the general practical guideline throughout the Company. The current anti-corruption policy 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 are 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 policy in 2017 caused the following matters:

- No case of misconduct on corruption or breach of the Ethics. It 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 failure result in the monitoring function of the Board of Directors.

The Company disclosed the policy in the Company's Business Ethics manual and posted it on website at [www.samartdigital.com](http://www.samartdigital.com) for all employees to adhere. Details of the Anti-Corruption policy, Operating Guidelines, result of the implementation of such policies and training course regarding protection and prevention of corruption were disclosed in the section "Anti-Corruption".



#### **4. Respect of Fundamental Human Rights**

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

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

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

#### **5. Fair Labor Practices**

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

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

1. Respect for the right to work pursuant to the fundamental human right principles. Details are provided under "Corporate Governance" under the topic "Business Ethics" in "Non violation of human rights policies and practices".

2. Set up “Compensation & Benefit Policy” with comply with principles to employee motivation, internal impartiality and compensation standards, and job value to company. The 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 the same and diversified industry. The Company ensures that compensation, benefit and welfare policy aligned to legal regulation. The Company also set up 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 company’s capability to pay for that remuneration packages. In addition, the Company provides opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be taken into consideration seriously for solutions to draw benefits to all parties and build up good relationship.

For welfare to the employees, the Company has group health insurance in case of in-patient for employees as well as group life insurance which covered all kinds of death, annual medical check-up and provident fund to secure their working life security. The Company also provides social security fund, loan for accident or sickness to employees, grant in case of the employee or his/her family died, fitness center and special discount for Company’s products. More details were shown in the section “Corporate Governance” under the topic “Employee Policies”.

3. Set up “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. Furthermore, the Company also has the practical guidelines concretely such as appointment of the safety officers, training and cultivate consciousness of safety, occupational health and working environment for employees, annual evacuation drill in case of fire, fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine and annual health check. More details were shown in the section of “Corporate Governance” under the topic of “Business Ethics” in “Employee policies”.
4. Set up “Human Resources Management and Development Policy” as below:
  - Recruitment & Selection Policy: The Company set up strategy and HR policy by focus on optimizing the management and development of human resources. It also based on “Knowledge, Ability, Coupled with the Good People” with transparent recruitment process that is suitable for the right position and focus on success career to employee for sustainable growth of the Company.
  - Employee Relation & Engagement Policy: The Company encourages people to work together as a team. Our focus is to create a corporate culture that values and the coordination and collaboration efficiency.
  - Career Development Policy: The Company 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.
  - Employee Training & Development Policy: The Company provides both in-house and external training to support and develop the executives and employee’s capabilities.
  - Talent Management Policy and Succession Planning: The Company provides courses and/or tools to manage and develop the employees with excellent performance potential and career planning.

Details regarding Human Resources Management and Development Policy were shown in the section “Management Structure” under the topic “Human Resources” in “Human Resources Management and Development Policy”.

## **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 customers. Since their trusts are critical to our business, the Company promotes the following policies:

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

Details were shown in the section “Corporate Governance” under the topic “Business Ethics” in “Treatment of Customers”.

## **7. Contribution to the Community and Society**

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

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

1. Strengthen good relationship in 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;
4. To cultivate consciousness to the Company’s employees on responsibility to the society, community and environment via media and internal activities continually.

All related activities were shown in “Activities for society and environment”.

## 8. Environmental Conservation

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

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

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

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

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

In 2017, the activities arranged by the Company included:

- **Development of products and services valuable to the environment**  
The Company has developed products and services in line with environmental conservation and environmental safety standards as well as offering telecommunication services with care of environment.
- **Making employee aware of the valuable resources usage**  
The Company has promoted environmental care and efficient use of resources among its employees via both internal communications and the “Reduce, Refrain and Refuse” 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.

## 9. Innovation and Publication of Innovation with the operational responsibility for society, environment and stakeholders

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

Samart Innovation Award Project is an important activity that Samart Group of Companies conducted continually for more than 15 years with aim to encourage the youth and the new generation entrepreneurs to develop their creativity and capability that 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 is not only for commercial promotion to the contestants but also the motivation of Thai new innovative developers. For the past year, there were 96 news coverage publicized via newspaper, radio, television and on-line media.



## Business impact to social responsibility

As the Company conducts business in comply with the SD Policy through 9 operational principles, in 2017, the Company and its subsidiaries had not been audited or investigated by the competent authority or any law in any way and the business of the Company and its subsidiaries had not been accused of having negative impacts on society and environment.

## Activities for society and environment

In 2017, Samart Group set up the policy and practical guidelines under the promotion framework of the “Quality People and Moral Society” which comprise of the following projects and activities:

### Creation of quality people

1. Samart Innovation: This project covers a Technology Innovation Contest, Scholarships, and Technology Training to enhance telecommunication-technology knowledge and work skills namely:
  - **Samart Innovation Award 2017:** The annual contest was conducted in its the 15th years. In 2017, Samart Group joined force with National Science and Technology Development Agency (NSTDA) in organizing “The Young Technopreneur Project” which have benefits to the program participants as follows:
    - South Korea field trip for top 3 winners to visit the government and private organization which support a Start-up business.
    - The winner of Samart Innovation Award 2017 or the “Outstanding Inventor of Innovative Prototype” received Baht 200,000 while the first and second runners-up got Baht 100,000 and Baht 50,000 respectively and additional Startup Funds to 17 outstanding teams, each receiving Baht 30,000.
    - Commercial opportunity: During the past 6 years, Samart Group have the new developer for technology business sector over 950 person which have created more than 500 proposals and has expanded to the business more than 40 affairs. Samart Group also strive to find Thai people who are ready to join us in the future.



- **Samart Innovation FUND** has awarded scholarships and research grants to telecommunications students in their last year of study at five universities so as to further their knowledge, to develop their final study projects, or to continue their education. These universities are King Mongkut's University of Technology Thonburi, Thammasat University, King Mongkut's Institute of Technology Ladkrabang, Kasetsart University and Mahidol University. The project provides 3 scholarships for each institutes with Baht 20,000 per scholarship, totaling Baht 300,000.

## 2. Sponsorship for knowledge-Sharing Conferences

- **Support for "Innovation Driven Entrepreneurship: IDE"**: Samart Group supported University of the Thai Chamber of Commerce's project.
- **Sponsorship for Sport Capabilities**
  - **Support for "Thai football with King Power"**: Samart Group collaborated with King Power, supported Fox Hunt (Leicester City International Academy), a selection program for Thai youths, in the United Kingdom.
  - **Support for "Thai football Clubs"**: Samart Group supported various football teams, for example, Muangthong United, Buriram United, Chonburi FC, Phrae United.
- **Support for "Golf Tournament"**: Samart Group provided support the National Defence College of Thailand's NDC 59 Charity Golf Tournament, held at Dustdata Golf Course Lamlookka, Ongkarak, Patumthani.



## Promotion of the Moral Society

The promotion focused on extending help and relief to the underprivileged or social works, which was conducted via "Samart D Club" activities. The "Samart Foundation", meanwhile, was in charge of promoting Buddhism and charity causes.

- **Charity for Dad** provides opportunities for employees to participate in the 3 different charity projects for King Rama 9
  - **Heartmade Funeral Flowers for Dad**  
Making 5,500 roses as funeral flowers to give to the Social Development Office Bangkok for using in the Royal Cremation Ceremony of the late King Bhumibol Adulyadej.
  - **Charity Knitting Project**  
Held for the 3<sup>rd</sup> consecutive year, the project provided opportunities for employees to knit hats for cancer patients and students in rural areas who suffered from cold weather. The goal was to knit 900 hats.

- **Fund for “Doing Good” Project:** A project to support Volunteers from the “Samart D Club” that held for the 4<sup>th</sup> year that gives “Samart D Club” members funds to organize community service projects. There were 4 awards of Baht 48,000.
- **Support for Medical**
  - **Support for 3 Medical Organizations:** Samart Group and Wilailak family donated Baht 6,000,000 to Siriraj Foundation, Chakri Naruebodin Foundation, Ramathibodi Hospital, and Thammasat Intelligent Operation Room Project of Thammasat University Hospital.
  - **Support for Siriraj Hospital:** Samart Group donated Baht 500,000 to support Siriraj Hospital.
  - **Support for Faculty of Medicine Chulalongkorn University’s Stem Cell:** Samart Group donated Baht 50,000 to support Faculty of Medicine, Chulalongkorn University’s stem cell research for cancer patient and retinal disease patient treatment.
- **Samart Mind Power** is a project that encourages application of Buddhist principles in daily life. It consists of:
  - **Mind Enhancement Activity** includes praying, walking, meditating, and discussing about Buddhist principles, every Thursday evening.
  - **Support for Arranging Meditation:** Samart Group provided venue for Willpower Institute to arrange meditation classes for the public and donated Baht 489,100 for establishing Meditation Training Center.
- **Blood Donation:** Samart Group collaborated with the conjunction of Thai Red Cross Society institutes is held 3 times a year for employees and locals to give back to the society by donating blood.
- **Flood Victims Support**
  - **Support for flood victims in the South:** Samart Group supported flood victims in the South by providing 541 survival bags and donating Baht 2,000,000 and essentials to the Flood Victim Relief Donation Center.
  - **Support for flood victims in the Northeast:** Samart Group supported flood victims in the Northeast by donating Baht 1,000,000 to the Office of the Prime Minister’s Victim Relief Funds during a fundraising event for flood victims.







## Prevention and protection of corruption

The Company has established policies and general practices 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 the Business Ethics and were posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

Moreover, a trip to visit Anti-Corruption Museum of the National Anti-Corruption Commission (NACC) was organized for the Company's management and employees to develop an attitude of honesty that they can pass on to their colleagues in the organization.

In addition, the Company maintains system of internal control and risk management to prevent the Company from participating with corruption. Details were disclosed in the section "Internal Control and Risk Management". The business and financial risks were disclosed in the section "Risk Factors" and "Risk Management Policy" under the topic "Internal Control and Risk Management" and were posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).



# Financial Highlights

	2015	2016	2017
<b>Result of Operation</b> (Million Baht)			
Sales and Service Revenue	7,730	3,366	1,334
Sales Support Revenue	28	19	1
Total Revenue	7,799	3,461	1,364
Gross Profit <sup>(1)</sup>	1,575	335	(33)
Net Profit (Loss)	37	(720)	(1,925)
<b>Financial Position</b> (Million Baht)			
Total Assets	9,994	7,974	6,385
Total Liabilities	6,764	5,458	5,835
Total Shareholders' Equity	3,230	2,516	550
<b>Financial Ratio</b>			
Net Profit Margin (%)	0.48	(20.79)	(141.10)
Return on Equity (%)	1.15	(26.09)	(134.81)
Return on Assets (%)	0.36	(8.01)	(26.81)
Debt to Equity Ratio (Time)	2.09	2.17	10.60
Earnings (Loss) per Share (Baht)	0.008	(0.164)	(0.440)
Dividend per Share (Baht)	0.015	-	-
Dividend Payout Ratio (%)	177.61	-	-
Book Value per Share (Baht)	0.73	0.57	0.13
Par Value per Share (Baht)	0.10	0.10	0.10
Number of issued and paid up shares (Million Shares)	4,400.25	4,400.25	4,400.25

Remark: <sup>(1)</sup> Gross Profit was calculated by including sales support revenue.

## Results of Customer Satisfaction Survey

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

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

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

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



# Policy and Overview on Business

## Policy and Overview of Business Operation

The Company is engaged in the distribution of communications and electronics equipment. In addition, the Company also provides interactive media and varieties of most updated information, news and edutainment contents in the form of voice and non-voice services including operates entertainment business, producing TV programs broadcasted through new media platforms via mobile application, Facebook, YouTube and website in both iOS and Android Operating System. The Company has conducted 2 lines of business, Mobile and Non-Mobile Business. In 2017, the Company changed its business structure and transform to new businesses with recurring income. These new businesses will start to recognize revenue by the end of 2018.

## Vision, Mission and Business Direction

### Vision

Sustainable growth through Integrated Broadband Communication to ease everyday life

### Mission

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

## Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously

## Highlight of Change and Development

Samart Digital Public Company Limited (“SDC”), formerly known as Samart I-Mobile Public Company Limited, was established by Samart Corporation Public Company Limited (“SAMART”) in 1995 with a registered capital of Baht 50 million in the name of Samart Easy Pay Company Limited. The primary objective was to operate telecommunication business. The business operation of the Company has continually growth.

In 2003, the Company has changed the name to be Samart I-Mobile Company Limited and restructured its business and shareholding structures to facilitate the development to be fully integrated Mobile Multimedia services. On September 18, 2003, the Company’s par value was split from Baht 10 per share to Baht 1 per share. Additionally, the Company increased its registered capital of Baht 110 million by issuing 110 million new ordinary shares at a par value of Baht 1 totaling Baht 110 million for initial public offering. The new registered capital of the Company was Baht 430 million. The Company was approved to be a public company on September 30, 2003 and the Company’s ordinary shares were listed in the Stock Exchange of Thailand on December 9, 2003. On May 6, 2008, the Company approved the alteration of par value from par value of Baht 1.00 per share to Baht 0.10 per share in order to achieve greater liquidity in the Company’s stock trading as its price was higher than the other stocks in the same type of business. The Company also approved the increase of its registered capital of Baht 14 million from Baht 430 million to Baht 444 million for the issuance of warrants offering to the Company’s directors and the employees of the Company and its subsidiaries.

In terms of international cooperation, in 2006, Axiata Group Berhad formerly known as TM International Sdn Bhd., a wholly owned subsidiary of Telekom Malaysia Berhad (“TM”) who is the largest mobile operator in Malaysia and had a worldwide comprehensive network of services, acquired 24.42% stake in SIM from SAMART. Key benefits of alliance with TM were the opportunity to expand its business in the territories where TM has presence as an operator. In 2014, Axiata Group Berhad sold the whole amount of the Company’s shares to SAMART.

In 2016, the Company reorganized management structure in order to be competitive under the transition to the digital era. The Company proceeded in various way such as decreased numbers of mobile phone model to the suitable level, focused on the market need models, reduced inventory level to the appropriate level and pushed sale volume by various promotions. In addition, the Company approved to dissolve and/or sell the inactive subsidiaries both in Thailand and overseas. In 2016, the Company also combined MVNO Business with Mobile Business, thus, there are 2 lines of business, Mobile and Non-Mobile Business.

2017 was the year of big changes of the Company, its name was changed to Samart Digital Public Company Limited (“SDC”). The highly-competitive mobile handset business was reduced to a complete digital services business with Digital Trunked Radio System (“DTRS”) services and Co-Tower rentals for Mobile Operator in the Nationwide National Parks in collaboration with CAT Telecom Public Company Limited (“CAT”). These new businesses will start to recognize revenue by the end of 2018. For content business, the Company has changed towards digital platform. The Digital Content business provides lifestyle, food & drinks, and travel contents, a complete sports services and Zazzet, an online asset selling with redemption services. Moreover, the Company has undergone this major reorganization to acknowledge the changing digital age, improve the quality of life through products and services, and create excellent innovations as stated in the Digital Thailand strategic plans.

## Change and development during the past 3 years

### 2017

- On February 21, 2017, a meeting of the Board of Directors of the Company, passed a resolution approving the purchase of 100,000 ordinary shares with a par value of Baht 100 each of Thai Base Station Co., Ltd. from the existing shareholders, representing a 100 percent interest in that company, for an amount not exceeding Baht 50 million. Thai Base Station Co., Ltd. provides space rental and other services and distributes telecommunication equipment and systems. On September 1, 2017, the Company purchased ordinary shares of Thai Base Station Co., Ltd. from the former shareholder of that company at the mutually agreed price of Baht 50 million.
- On March 1, 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. has not expanded its base station following its business plan in order to expand the coverage across the country. However, the subsidiary company has prepared a recovery plan for users of i-mobile 3GX service in accordance with the conditions imposed by the NBTC. Subsequently, on June 22, 2017, the NBTC submitted to the subsidiary a letter of the termination of the Telecommunications Business License type 1 and agreed with the Company’s recovery plan for the users of i-mobile 3GX. Subsequently, on July 7, 2017, the subsidiary submitted a letter notifying the NBTC that it had jointly concluded with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be July 18, 2017.
- On March 10, 2017, the Company entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (CAT). The Company was appointed as the lead company of SISC Consortium and is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has

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

- On June 26, 2017, the Company submitted a letter to CAT Telecom Public Co., Ltd. (CAT) to notify it of the cancellation of the wholesale agreement to provide mobile phone services, OPEN by i-mobile, because the telecommunications industry has remained intensely competitive over the past 2-3 years and there are no signs that the situation will improve in the future. The Company is unable to implement its plans and in line with its newly-developed business plan. On July 11, 2017 and July 14, 2017, the Company submitted a letter to notify NBTC and CAT Telecom Public Co., Ltd., respectively, of the cancellation of the wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., requested permission to close the mobile phone signal for the OPEN by i-mobile service. On December 14, 2017, the NBTC notified the Company regarding the approval for the return allocated numbering of the mobile phone service under brand OPEN by i-mobile and approved the Company to cancel the connection of such allocated numbering on December 20, 2017 which was agreed with CAT Telecom Public Co., Ltd.
- On September 27, 2017, an Extraordinary Meeting of the Company's shareholders passed a resolution approving the following.

#### Change of the Company's name

The meeting approved the change of the Company's name from "Samart I-Mobile Public Company Limited" to "Samart Digital Public Company Limited". The Company registered the change of the Company's name with the Ministry of Commerce on October 6, 2017.

#### Issuance of warrants of the Company

The meeting approved the issue of up to 1,100,062,500 units of warrants no. 1 to be allocated at an offering price of Baht 0 per unit to existing shareholders of the Company who subscribe to and were allocated newly issued shares offered to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant. The warrants have an exercise ratio of 1 warrant: 1 share, an exercise price of Baht 0.9 per 1 ordinary share and a term of five years. The first exercise date is 2 years after the issue date, and the warrants can then be exercised, on the last business day of each June and December throughout the term of the warrants.

#### Increase in share capital of the Company

The meeting approved the increase in its registered share capital from Baht 440 million (4,400,250,000 ordinary shares of Baht 0.1 per share) to Baht 990 million (9,900,562,500 ordinary shares of Baht 0.1 per share) through the issuance of additional 5,500,312,500 ordinary shares of Baht 0.1 each for the allocation of not more than 4,400,250,000 newly-issued ordinary shares with a par value of Baht 0.10 per share, to be offered to the existing shareholders of the Company at a price of Baht 0.50 per share in proportion to their respective shareholdings (rights offering), with an allocation ratio of 1 existing ordinary share to 1 newly-issued ordinary share, and the allocation of not more than 1,100,062,500 shares, with a par value of Baht 0.10 per share, to accommodate the exercise of the warrants as described above. The Company registered the increase of share capital with the Ministry of Commerce on October 6, 2017.

- On December 14, 2017, Thai Base Station Company Limited (“Thai Base”), a subsidiary, entered into the Business Alliance Agreement with CAT Telecom Public Company Limited (“CAT”). The essence of the Agreement provide that Thai Base, experience and expertise in construction and management of the telecommunications towers area, agree to ensure the procurement, installation and management of the telecommunications towers area to CAT according to the right for management of the telecommunications towers area in the Tower-Co Project from the Department of National Parks, Wildlife and Plant Conservation to improve the capability of telecommunications services covering in the Nationwide National Parks and other areas. Term of the Business Alliance Agreement is 10 years from the date of signing. CAT agreed to pay service fee to Thai Base on a monthly basis at a mutually agreed rate of service fee of which CAT collects from their customers.

## 2016

- On March 2, 2016, the Company jointly invested with People Media Group Co., Ltd. (PMG) under shareholder structure at 51%:49% in Mall (Thailand) Co., Ltd. (MT) in order to operated E-Commerce business by launching E-Marketplace under the name “Thailandmall.com”. Then, on December 20, 2016, the Company disposed all investment in MT to PMG, another shareholder of MT, at the investment cost of Baht 15.3 million.
- On April 1, 2016, Samart Multimedia Co., Ltd. (BUG), a subsidiary company, acquired the wholly owned shares of Phoinikas Co., Ltd. (PK) from the former shareholders at Baht 5.6 million. Then, on January 12, 2017, the Board of Directors’ Meeting of BUG approved to dispose all investment in PK to the former shareholders of PK at the investment cost of Baht 5.6 million.
- On August 9, 2016, the Board of Directors of the Company passed a resolution to dissolve or sell the inactive subsidiaries in order to reorganize the group structure for more suitability and effectiveness as the following details:

Company	Registered date for dissolution	Registered date for liquidation
1. I-Mobile International Co., Ltd.	September 30, 2016	November 28, 2016
2. Samart Interactive Media Co., Ltd.	September 30, 2016	November 28, 2016
3. The Nest Bangkok Co., Ltd.	October 6, 2016	November 29, 2016
4. Brain Source Co., Ltd.	December 29, 2016	March 28, 2017
5. I-Mobile Direct Co., Ltd.	December 29, 2016	March 28, 2017

- On August 9, 2016, the Board of Directors of the Company passed a resolution to approve the establishment of a new company named SIM2ASSET Co., Ltd. to provide real estate agent services through online platform to enable property sellers and buyers to deal the transactions with safe, fast, spontaneous response, transparency and accountability to property owners and investors. As this business is traditional and not widespread to public, it caused the property owners loss their advantage from high interest rate and related service charge. The investor also cannot access the appropriate source of real estate agent sales. The Company oversees this gap, thus, SIM2ASSET Co., Ltd. is set up as a subsidiary of which major shareholder is SDC. It develops the 1st Thai real estate agent online services through Fintech Startup online platform. It offers e-marketplace services under brand ZAZZET for step forward to the digital 4.0 era that powered by innovation and technology to meet seller and buyer needs and online posts about know-how of real estate agent sales for everyone.
- On August 24, 2016 and September 30, 2016 respectively, the Company sold all investment in the 2 non-operated overseas subsidiaries named Pt. Samart I-Mobile Indonesia and Samart I-Mobile (Malaysia) Sdn. Bhd. to the third parties at the negotiable price.

- On November 15, 2016, the Extraordinary General Meeting of shareholders No. 2/2016 of I-Mobile Inter Trade Co., Ltd. passed a resolution to approve the change of company's name to ZECUREASIA Co., Ltd. due to change on business operation. It distributes mobile phones bundling with information and entertainment content services including security products and solution covered everywhere and every time of security and privacy protection in the customer's data, life and property through mobile application. It can work and connect with all smart devices to protect any customer's privacy data.

## 2015

- On July 29, 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.
  1. To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.
  2. To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders, the Company and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
  3. To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.
- On October 22, 2015, the Company entered into wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., whereby the Company will resell mobile phone services to end-users. CAT Telecom Public Co., Ltd. is to commence providing service within 90 days after the agreement has been signed and until August 3, 2025. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.



# Nature of Business

The Company and subsidiaries have 2 lines of business as follows:

## Mobile Business

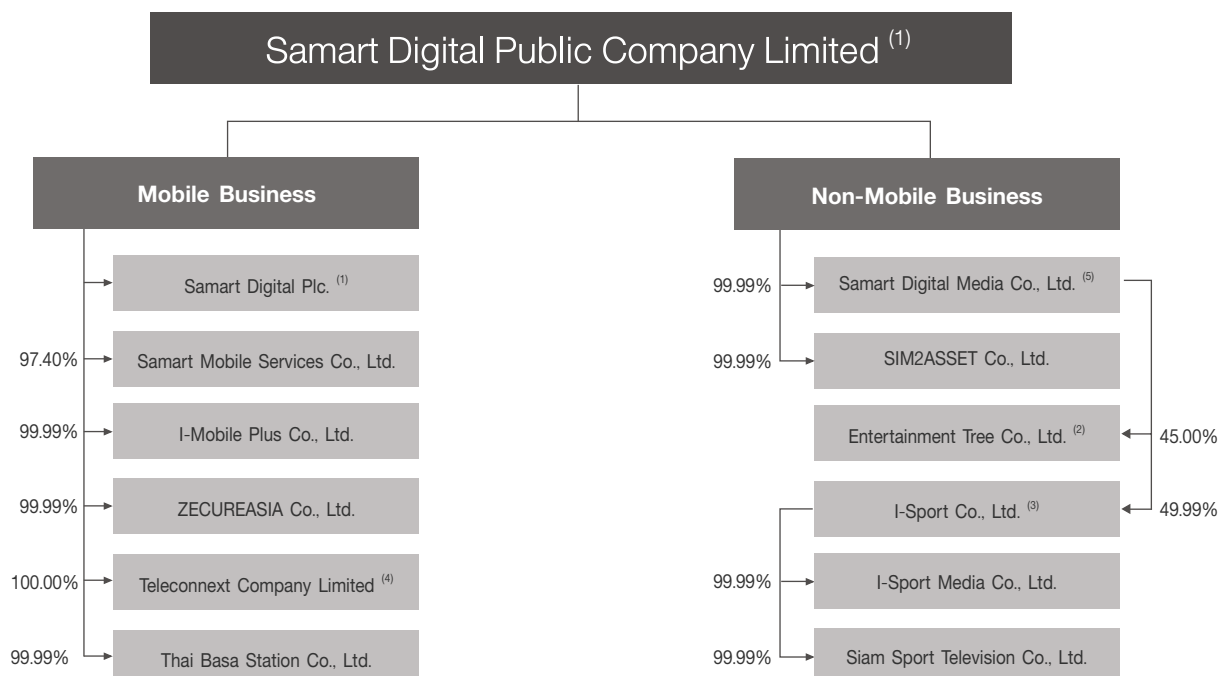
The Company is engaged in the distribution of communications and electronics equipment. In 2017, the Company reduced the size of the mobile handset business and has transform to provide a complete digital services business with Digital Trunked Radio System (“DTRS”) services and Co-Tower rentals for Mobile Operator in the Nationwide National Parks in collaboration with CAT Telecom Public Company Limited (“CAT”). These new businesses will start to recognize revenue by the end of 2018.

## Non-Mobile Business

The Company provides varieties of most updated information, news and edutainment contents that address to everyone’s need and fit with their lifestyles in the form of voice and non-voice including multimedia services via multi-devices, for example, sports update reporting, [www.Horoworld.com](http://www.Horoworld.com) - the center of the fortune-teller and horoscope, [www.EDTGuide.com](http://www.EDTGuide.com) - the center of “Eat-Drink-Travel” lifestyle thru TV programs and mobile application. In addition, the Company also provides online asset selling on consignment services through the “Zazzet” website. The main feature is asset-buyer matching service through an online matching system.

# Business Structure

As of December 31, 2017



**Remarks:** (1) Formerly known as Samart I-Mobile Public Company Limited, change the Company's name to Samart Digital Public Company Limited on October 6, 2017.

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

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

(4) In process of liquidation.

(5) Formerly known as Samart Multimedia Co., Ltd, change its name to Samart Digital Media Co., Ltd. on February 20, 2018.

# Revenue Structure

The revenue structure of the Company and subsidiaries as of December 31, 2015 - 2017 is as follows:

(Unit: Million Baht)

Revenue	Operated by	% of shareholding	2015		2016		2017	
			Revenue	%	Revenue	%	Revenue	%
Mobile Business	SDC, TCN	100.00	6,865	88.81	2,555	75.91	791	59.30
	SMS	97.40						
	ZA, IMP, TBS	99.99						
Non-Mobile Business	SDM, S2A	99.99	865	11.19	811	24.09	543	40.70
	I-SPORT	49.99						
	I-SPORTM, SSTV	49.99 <sup>(3)</sup>						
	ENT	45.00						
Total Revenue from Sales and Services			7,730	100.00	3,366	100.00	1,334	100.00

SDC	=	Samart Digital Plc. <sup>(1)</sup>	SDM	=	Samart Digital Media Co., Ltd. <sup>(2)</sup>	SMS	=	Samart Mobile Services Co., Ltd.
IMP	=	I-Mobile Plus Co., Ltd.	I-SPORT	=	I-Sport Co., Ltd.	TCN	=	Teleconnext Co., Ltd.
S2A	=	SIM2ASSET Co., Ltd.	ENT	=	Entertainment Tree Co., Ltd.	I-SPORTM	=	I-Sport Media Co., Ltd.
SSTV	=	Siam Sport Television Co., Ltd.	ZA	=	ZECUREASIA Co., Ltd.	TBS	=	Thai Base Station Co., Ltd.

**Remarks:** <sup>(1)</sup> Formerly known as Samart I-Mobile Public Company Limited, change the Company's name to Samart Digital Public Company Limited on October 6, 2017.

<sup>(2)</sup> Formerly known as Samart Multimedia Co., Ltd, change its name to Samart Digital Media Co., Ltd. on February 20, 2018.

<sup>(3)</sup> I-SPORT holds 99.99% shares in I-SPORTM and SSTV.

# Information of Subsidiary Companies

As of December 31, 2017

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share	Company's shareholding	
					Number of shares	%
Samart Digital Media Co., Ltd. 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide content services via fully integrated wire and wireless technologies both voice services via Audiotext and Call Center, and non-voice services including content producer and developer.	SDC	200 Million Baht	2,000,000	1,999,997	99.99
Samart Mobile Services Co., Ltd. 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee 12120 Tel. 0-0502-6000 Fax. 0-2502-6496	Provide wholesale and resale 3G mobile services including telecommunication services.	SDC	490 Million Baht	49,000,000	47,724,999	97.40
I-Mobile Plus Co., Ltd. 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Provide wholesale and resale 3G mobile services including telecommunication services.	SDC	100 Million Baht	10,000,000	9,999,997	99.99
ZECUREASIA Co., Ltd. 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Distribute mobile phones bundling with content services including security products and solution.	SDC	1.25 Million Baht	125,000	124,997	99.99
Teleconnext Co., Ltd. 183 Hopewell Centre 23/F, Queen's Road East, Wanchai, Hong Kong Tel. 852-2980-1888 Fax. 852-2956-2192	In process of liquidation	SDC	5 Million HKD	5,000,000	5,000,000	100.00
SIM2ASSET Co., Ltd. 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide real estate agent services to match sellers and buyers (Matching), as well as provide consulting services	SDC	5 Million Baht, Paid-up capital of 2.5 Million Baht	500,000	499,997	99.99

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share		
					Number of shares	%
Thai Base Station Co., Ltd. 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide space rental and services as well as distributes telecommunication equipment and system.	SDC	10 Million Baht	100,000	99,998	99.99
Entertainment Tree Co., Ltd. 99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6103 Fax. 0-2502-6361	Produce, distribute and provide variety of entertainment media through television, telephone, internet, satellite and others including provide installation of equipment, network, facilities and other related services.	SDM	5 Million Baht	500,000	225,000	45.00
I-Sport Co., Ltd. 99/37 Moo 4, Software Park, 2 <sup>nd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide a full range of sport businesses from sport information services via digital channel, event organizer, e-commerce of sport products and benefit management to sport player, sport club and association.	SDM	120 Million Baht	12,000,000	5,999,996	49.99
I-Sport Media Co., Ltd. 99/12 Moo 4, Software Park, 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Operate business relating to sport advantages such as competition provider, live broadcasting, others activities and benefit management to sport player.	I-SPORT	1 Million Baht	100,000	99,997	99.99
Siam Sport Television Co., Ltd. 66/26 Ramintra Rd., Nuanchan, Buang-gum, Bangkok 10230 Tel. 0-2502-6000 Fax. 0-2502-8136	TV Program owner on digital TV, Sport Channels owner on True Visions and others. Production outsource, Live Broadcast and taped sporting events.	I-SPORT	60 Million Baht	6,000,000	5,999,994	99.99

Remarks: SDC = Samart Digital Plc.  
 (Formerly known as Samart I-Mobile Plc.)  
 SDM = Samart Digital Media Co., Ltd.  
 (Formerly known as Samart Multimedia Co., Ltd.)  
 I-SPORT = I-Sport Co., Ltd.



# Changes during the Year

In the past year, there were changes in the organization structure and the business itself. The Company changed its name to Samart Digital Public Company Limited (“SDC”) to enhance the services in accordance with the global trend and the government’s digital Thailand strategic plan which focuses on building the foundation for the infrastructure and the people in order to move towards Thailand 4.0: Digital age for the economy and the society. Moreover, the shareholders’ meeting approved the increase in its registered share capital from Baht 440 to Baht 990 million to be offered to the existing shareholders of the Company in proportion to their respective shareholdings (Rights Offering) and to accommodate the exercise of the warrants. The Company registered the increase of registered capital with the Ministry of Commerce on October 6, 2017. The subscription and payment period of the newly-issued ordinary shares will be called in 2018.

Significant changes of each business in the past year are summarized below:

## Mobile Business

Digital disruption enable consumers to buy anything at affordable prices and quality by their fingertips through online and applications. Combined with the high competition in the mobile handset market and mobile services form operators. Therefore, the highly-competitive mobile handset business was reduced and the 3G mobile services on MVNO contacts with TOT and CAT was terminated. The Company changed its business structure and transform to new business, which provides digital communication services by signing a contract for Digital Trunked Radio System (“DTRS”) installation project with CAT Telecom Public Company Limited (“CAT”) to expand its capability in DTRS services and sufficiently serve the consumer needs in necessary areas. The main target group is public organizations that need secure telecommunication. In addition, there is another collaboration with CAT to install Co-Tower in National Park areas. Both projects are expected to generate consistent income to the Company in the future. These new businesses will start to recognize revenue by the end of 2018.

## Non-Mobile Business

This business is also affected by digital disruption. Content service business has changed towards digital platform. Popular contents such as EDT, apart from providing dining and travel information, also offers complete trip planning services and food delivery and discounts. In the future, it is also planned to provide contents for foreign customers. As for Horowold, the biggest center of astrologists-palm reading, Chinese physiognomy, number interpretation, etc. The main target group is Chinese customers who are interested in astrology and buying amulets. iSport business is moving towards becoming a complete digital sports business, serving the digital age and the sports and health trend. Apart from winning a concession for broadcasting over 600 Thai Premier League matches per year, it also offers sports tours for sports fans who fancy traveling, sports event which organizes sports and entertainment activities, sports e-commerce which offers sports products through [www.isportmart.com](http://www.isportmart.com), and finally the talent management which provides complete benefit management services for athletes. In addition, there is Zazzet, a startup offering online asset selling on consignment services through the Zazzet website at [www.zazzet.com](http://www.zazzet.com). The main feature is asset-buyer matching service through an online matching system.

# Industry and Competition

In 2017, Thai economy expanded by 3.9 percent higher than that in 2016 at 3.3 percent 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 year. Government consumption grew from 2016 despite of decrease in government investment. Public investment grew at -1.2 percent 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 million 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 million.

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 percent 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 2017. 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 market.

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 services. 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 percent 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 Things 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 expansion.

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.

# Risk Factors

Risk factors may have an impact on the Company's operation are as follows:

## 1. Business Risks

### 1.1 Risks from Mobile Business

The mobile phone market, especially the smart phone market, has changed dynamically due to intensive competitions and changing consumer behaviors. As a result, businesses are resolving challenges in terms of aligning strategy and business plans in the market, and cost management under the price war. The Company has changed in its operating, under the change of market trends. Hence, the Company ceased to operate i-mobile handset business and left only retail business of other leading mobile brands. The Company continues to focus on after sales services.

### 1.2 Risks from Content Business

Result from technological change and more influence in role of internet in consumer's daily life, they can easily data access with free of charge. Additionally, mobile operators set up mobile content service unit to serve their customers and the related government sectors increase more criteria to subscribe mobile content services. All the mentioned factors, the Company has transformed its services into new applications such as VDO streaming, real-time services, or one-on-one services of which the customer satisfaction feedback was very good. In order to match with consumer behavior change, the Company plans to develop new applications to serve needs of premium customers.

### 1.3 Risks from Digital Trunked Radio System Services

For the services of Digital Trunked Radio System, the Company is still exposed to the risk of counterparty's default in terms of delay in performance or the inability to complete the project operation, which will result in the Company's delay in operation. The Company may need to seek new project with the capability and readiness for operation. Furthermore, the Company's revenue depends on CAT's capacity to collect payments from the users, which the Company will be affected in terms of payment collection from CAT, under the terms of the said agreement. However, the Company believes that this will not significantly affect the operation of the project because the majority of the users are government agencies, state-owned enterprises and large private entities.

## 2. Financial Risk

### 2.1 Foreign Currency Risk

The Company and subsidiaries have imports, expenses and borrowings that are denominated in foreign currencies that expose to the risk from foreign exchange fluctuation. However, the foreign exposures have been hedged under forward contracts and the Company has closely monitored financial market and foreign exchange. In 2017, the Company and subsidiaries had revenues and costs in foreign currencies at 1.0% of total revenues and 22.6% of total cost of goods sold respectively. As of December 31, 2017, the Company and subsidiaries have foreign currency assets and liabilities of USD 5.4 million (separated financial statement presented USD 5.4 million).

**2.2 Interest Rate Risk**

The fluctuation of interest rate in the market can affect cost of funds through the Company and subsidiaries' short-term and long-term loans from financial institutions that have the interest rate based on money market. As of December 31, 2017, the Company and subsidiaries had total loans from financial institutions of Baht 3,763.1 million, in which 94.2% is in short-term. However, the Company and subsidiaries have closely monitored the interest rate in financial market and selected appropriate borrowing terms in order to minimize the financial costs.

**2.3 Credit Doubtful Debt**

The Company and subsidiaries may have risk associated with the unpaid trade receivables. As of December 31, 2017, the Company and subsidiaries enclosed trade receivable (unrelated parties) of Baht 2,958.3 million, representing 46.3% of total assets. The Company and subsidiaries have reserved the allowance for doubtful debts amount of Baht 1,538.5 million, increased from 2016 by Baht 1,521.7 million. Having credit control procedures and substantial monitoring of debt collection, therefore the Company and its subsidiaries do not expect to incur material financial losses.

**2.4 Guarantee to subsidiary companies**

The Company has contingent liabilities with respect to the guarantee of subsidiaries' credit facilities which are working capital line and joint credit line with the Company. Accordingly, the Company may expose to risk associate with the default on the guaranteed loans. However, as a regular business monitoring especially on financial position of subsidiaries, the management is confident that there will be no any event of defaults. As of December 31, 2017, subsidiaries' outstanding loans guaranteed by the Company were Baht 42.5 million.

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

As of December 31, 2017, Vilailuck Group including Samart Corporation Public Company Limited and its subsidiaries hold 3,207,435,500 shares or 72.89% of the Company's issued and paid-up capital. It can control most of the shareholders' resolutions on various important matters such as the appointment of directors, or other resolutions that need majority votes of the shareholders, except for those resolutions that require 75% of the shareholders' votes, as specified by the law or the Company's Articles of Association. As a result, other shareholders may not be able to gather enough votes to offset the major shareholders' influence. However, the Company appointed 3 independent directors to be the Audit Committee to review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the law and the regulations of the SET and the SEC, and are reasonable and for the highest benefit of the Company.

# Shareholders

As of December 31, 2017, the top ten shareholders were as follows:

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

Source: Thailand Securities Depository Co., Ltd. as of December 30, 2017.

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

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

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



# Dividend Payment Policy

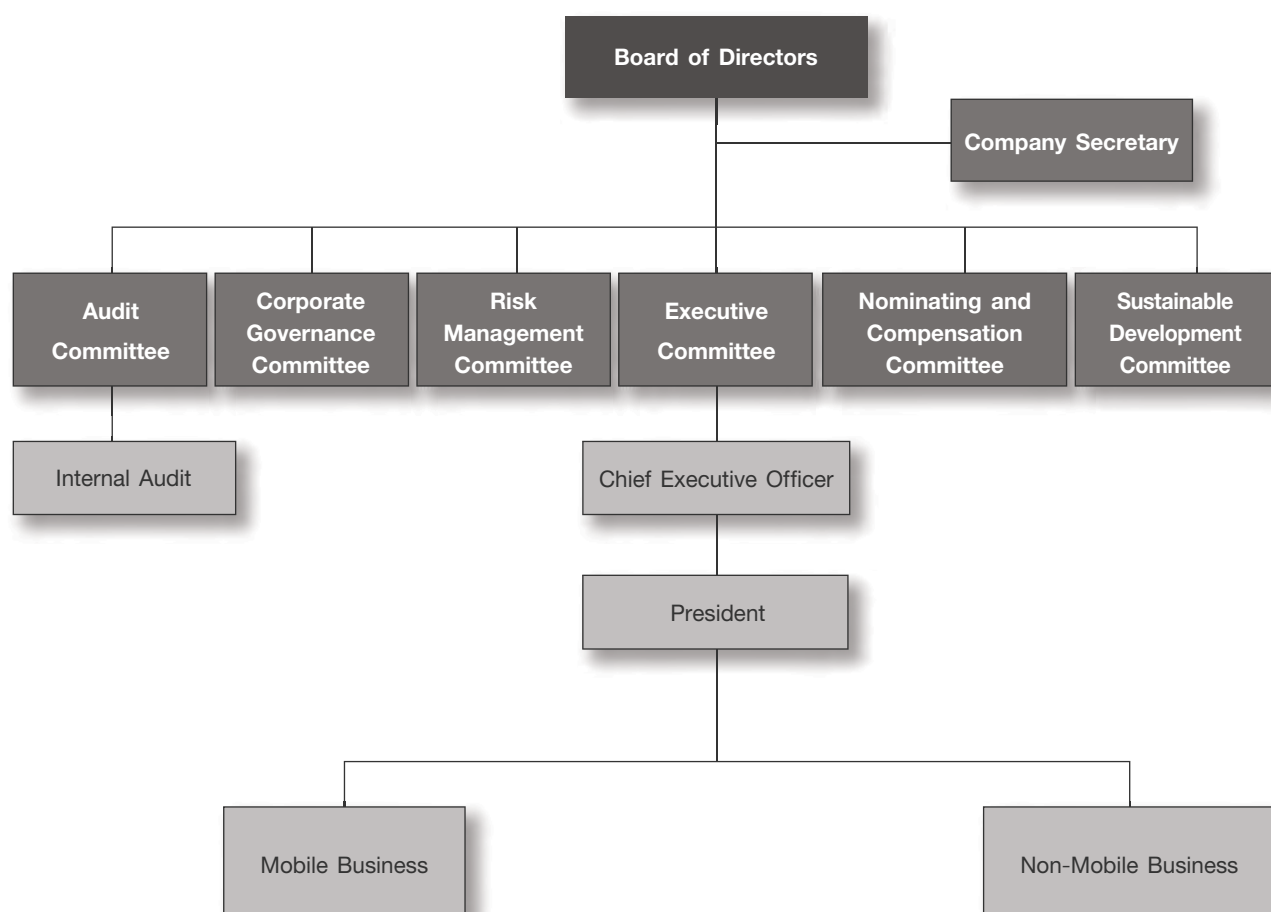
The Company has policy to pay dividend no less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, subject to need for future investment and business plan. The Company's subsidiary and associated companies have policy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

## Detail of dividend payment

Financial Ratio		2015	2016	2017
Earnings (Loss) per Share	(Baht)	0.008	(0.164)	(0.440)
Dividend per Share	(Baht)	0.015	-	-
Dividend Payout Ratio	(%)	177.61	-	-

# Management Structure

The management structure of the Company as of December 31, 2017 consisted of the Board of Directors and 6 Sub-Committees; Audit Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee, Nominating and Compensation Committee and Sustainable Development Committee, to oversee management and internal control systems to be comply with the Company’s policy as follows:



Remark: Head of Accounting and Finance are under Chief Executive Officer.

## 1. Board of Directors

As of December 31, 2017, the Board of Directors comprised of 7 members as the following details:

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

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

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 7 members. Not less than one a half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law. All 3 members of the Audit Committee have adequate knowledge and experience to review creditability of the Company's financial statements.

Education and working experience of each director including position in subsidiaries and related companies as of December 31, 2017 were disclosed in the section "Directors, Management, Company Secretary and Head of Internal Audit". Details of Sub-Committee were disclosed in the section "Corporate Governance" under the topic "Sub-Committees".

Details of number of director's meeting attendance, date of appointment as director, term of post and the resigned directors during year were disclosed in the section "Corporate Governance" under the topic "Meeting of the Board of Directors and Sub-Committees".

### Authorized Directors as of December 31, 2017:

Two out of these following 3 directors authorize to sign on behalf of the Company with the Company's seal affixed: Mr. Watchai Vilailuck, and Mrs. Sukanya Vanichjakvong and Mr. Pracha Phathayakorn.

## Roles and Responsibilities of the Board of Directors

### Qualifications of Director

1. Has qualifications that comply to Public Company Act B.E. 2535 or related laws including regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and Company's Articles of Association.
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business are the Company's competitors except obtained approval from the shareholders meeting.
3. 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. Has sufficient time for fully participated as a Director of the Company.

### Qualifications of Independent Director

1. Holding share not exceeding 0.5 percent of the total number of shares with voting rights of the Company, parent company, subsidiaries, associate company, major shareholder or controlling person of the Company, including shares held by related persons of such 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, associate company, same-level subsidiaries, major shareholder or controlling person of the Company unless the foregoing status has ended not less than 2 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, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.
5. Neither being nor used to be an auditor of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 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 2 million baht per year from the Company, parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholder who is related to the Company's major shareholder.

8. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries.
9. Not having any characteristic which make him incapable of expressing independent opinions with regard to the Company's business affairs.

**Terms of positions**

Pursuant to the Public Company 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 and Compensation Committee. However, the independent directors shall be in post no longer than 3 consecutive terms except getting a unanimous approval from the Nominating and Compensation Committee due to his/her contribution to the Company. In addition, the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the resolution of the Board of Directors' and/or the shareholders' meetings.

**Scope of Responsibilities and Authority of the Board of Directors**

The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. Their duties include:

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and the 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. Approve annual budget and investment of the Company.
5. Appoint directors and sub-committee members to replace of those who retire by rotation as well as consider the remuneration package for such directors and sub-committee members, which are proposed by Nominating and Compensation Committee, for further consideration of the shareholders' meeting.
6. Appoint sub-committees to oversee administrative process and internal system to coincide with Company's policies namely, Audit Committee members, Executive Committee, Risk Management Committee, Corporate Governance Committee, Nominating and Compensation Committee and Sustainable Development Committee.
7. Appoint top executives and company secretary including remuneration package for top executives proposed by the Nominating and Compensation Committee.
8. Summarize financial statements of the Company every end of the fiscal year. Authorize the statements for further consideration of the Annual General Meeting of Shareholders.
9. Nominate appropriated auditor and its remuneration from proposal of the Audit Committee for further consideration of the Annual General Meeting of Shareholders.

10. Ensure that the Company has 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 the 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’ 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 Business Ethics manual for the Company’s directors and executives to adhere as their practical guidelines and posted on the Company’s website at [www.samartdigital.com](http://www.samartdigital.com).

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

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

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

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company revised such policies and operating guidelines to make them more appropriated with the current situation.



## 2. Management

**The Management** as of December 31, 2017:

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

Remark: <sup>(1)</sup> Became Company's managements as definition in the Notification of the SEC in July 2017.

Details of Education, working experience including and position in subsidiaries and related company as of December 31, 2016 were disclosed in the section "The Board of Directors, Management, Company Secretary and Head of Internal Audit".

## 3. Company Secretary

The Nominating and Compensation Committee considered and appointed a potential and experienced person as Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Miss Boonrut Mongkolratanakorn as Company Secretary since October 31, 2003. In addition, she has been appointed as secretary to sub-committees such as Executive Committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee and Sustainable Development Committee. The Company has specified qualifications, roles and responsibilities of Company Secretary as follows:

### **Qualifications of Company Secretary:**

1. Having well-rounded knowledge and understanding of the Company's businesses.
2. Understand roles and duties of Company Secretary.
3. Having knowledge and understanding concerning legal matters, regulations of the SEC and the SET.
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 Company Secretary at least 3-5 years.

### **Roles and responsibilities of Company Secretary:**

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 the 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 Audit Committee within 7 business days from the date on which the Company has received such report.

In addition, Company Secretary Division is assigned to be 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 case Company Secretary vacates the position or incapable to perform duty, the Nominating and Compensation Committee shall select the candidate to propose for consideration and approval of the Board of Directors to appoint a new company secretary within 90 days since the date that company secretary has vacated the position or has been incapable to perform duty. In this regards, the Board of Directors shall be empowered to assign any director to perform the duty as the substitutes during such period.

Profile and experience of Miss Boonrut Mongkolratanakorn was shown in “Directors, Management, Company Secretary and Head of Internal Audit”. During the past year, Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- Thai Listed Companies Going Further with Thailand 4.0
- Digital 4.0 Learn 2 Live
- Criminal Liability of Directors and Juristic Persons: Is the new law better than the original?
- The role of Company Secretary to promote CG
- Sustainability Strategy: Key Blueprint for Business Growth
- SET Social Impact Day 2017
- Preparation for New CG Code of Listed Companies
- Qualification of CFO and Accountant
- Essential Digital Marketing
- Digital Content Marketing
- Enhancing Good Corporate Governance based on CGR Scorecard
- SDGs Implementation : Learned from the Pros
- Corporate Governance Report of Thai Listed Companies for the year 2017
- The use of the revised SET Portal.
- Quality Assurance Program for the 2018 Annual General Meeting of Shareholders “Get up to 100%”
- Practices for Boards to prevent and response to cyber threats.

## 4. Remuneration of Directors and Management

### **Remuneration of Directors**

Policy of Directors’ Remuneration has been clearly and transparent 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 and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The Company discloses criteria and remuneration of each director in Annual Report and Form 56-1.

Remuneration of directors consists of Meeting allowance and bonus without other benefits. Meeting allowance will be approved by shareholders' meeting and will be paid to the director who attends in the meeting. All members in the Board of Directors and the Audit Committee will have the same rate of meeting allowances. The meeting allowance rate for the Chairman of the 2 mentioned committees shall be 2 times higher than the other directors. The meeting allowance rate for the Chairman of Nomination and Remuneration Committee and the Corporate Governance Committee is 33.33% higher than other sub-committee member. There is no consideration of meeting allowance for the Executive Committee, the Risk Management Committee and the Sustainable Development Committee since all members are the Company's executives. Remuneration of directors will be consideration based on the suitability of various reasons and to be comparable to the general practice in same industry as well as the Company's operating result, roles & responsibilities of the Board of Directors and the overall business.

The remuneration of Directors and Committees' members of the Company was approved from the 2017 Annual General Meeting at the amount of not exceeding Baht 6.5 million the same as previous year which consists of meeting allowance and bonus without other benefits. The meeting allowance for each meeting participated of Directors and Committees was shown below:

The Board of Directors and the Audit Committee

- Chairman Baht 30,000 per time
- Member Baht 15,000 per time

The Nominating and Compensation Committee and the Corporate Governance Committee

- Chairman Baht 20,000 per time
- Member Baht 15,000 per time

#### **Remuneration of Management**

Remuneration of management will be determined in accordance with the principles and policy set by the Nominating and Compensation Committee which is related to the performance of the Company and each management. The remuneration has been set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified management.

Compensation and annual bonus for top executives will be determined from the Company's operating result, overall economy and performance of each top executive. Criteria for remuneration and annual bonus will be clarified for acknowledgement before the performance evaluation at the end of the year. The Nominating and Compensation Committee will consider that criteria before proposing to the Board of Directors for consideration and approval.

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

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

**1. Monetary and other remunerations of Directors and Sub-Committees’ Members:**

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

Details of number of meeting attendance of directors in the Board of Directors and Sub-Committees were disclosed in the section “Corporate Governance” under the topic “Meeting of the Board of Directors and Sub-Committees.”

**2. Monetary Remuneration of 6 managements<sup>(1)</sup> are as follows:**

Type	Amount (Baht)
Salary	13,374,000
Bonus	1,041,500
Provident Fund <sup>(2)</sup>	1,099,800

Remarks: <sup>(1)</sup> There are 3 managements became Company’s managements as definition in the Notification of the SEC in July 2017.

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

## 5. Human Resource

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

Line of business	Number of Employees (persons)		
	2015	2016	2017
1. Mobile Business	476	323	144
2. Non-Mobile Business	561	607	466
3. Support Business	100	97	88
Total	1,137	1,027	698

Remark: In 2015, a subsidiary acquired more investment in Non-Mobile Business, therefore the number of subsidiaries and employees in Non-Mobile Business have increased. Due to change in business structure and business operation in 2016-2017, the number of employees decreased.

The remuneration of employees of the Company and subsidiaries for the past 3 years which comprise of salary, bonus, provident fund and others such as special grant, O/T and commission are as follows:

Remuneration	Amount (Million Baht)		
	2015	2016	2017
Salary	310.70	312.32	239.49
Bonus	13.04	5.06	7.04
Provident Fund	13.79	13.23	9.87
Others (special grant, O/T and commission)	37.09	18.67	13.65

## Human Resources Management and Development Policy

The Company always regards that employees are valuable and crucial fundamental for the Company's sustainable success becoming a leading Telecommunication and Technology related company in the industry. Therefore, the Company practically creates HRM & HRD policy emphasizing on analyzing proper manpower planning, increasing performance efficiency and improving working procedure to cope with business working environmental as well as performance evaluation and potential assessment, developing individual capabilities at all levels progressively and proper manpower analyzing and planning to prepare for business extension and competition, 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, 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 meet company's objective.

- **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 technology connection and social media to support this process. These would be capable people at all levels and lead them to success their owned career at Samart leading to be the Company’s sustainable success.

- **Performance Development Policy:**

The Company ensures an equitable and appropriate performance evaluation system through applying KPIs approach cascading organization objectives through division and individual goals and corporate competencies methodologies aligning to business strategic planning at all levels throughout the Company 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 Information Systems Policy:**

The Company conducts application of technology developed by Human Resources Information Systems (“HRIS”) to support both HRM & HRD functions by increasing speed of work, data accuracy, and decreasing operation cost by applying technology to HR Portal services including of employee recruitment and selection such candidate application online, E-Document Workflow by K2 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, the 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 employees’ innovative, improvement and



other open-mind ideas to enhance the Company's 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 2016, there were a various ER&EE programs and activities to build synergy among employees, executives and organization such as D-Club and others.

## 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 overseas 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's 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 continually 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. The sample of courses are Financial and Accounting Standard, Computer skill and Technology related, Online Marketing, Information Technology & ISO standard, and Training and Assessments for Building Electricians.

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.

**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 of the Company and its subsidiaries in 2017**

Training	Frequency	Number of Participants
In-House Training	32	
Management		228
Employees		415
<b>Total</b>	<b>32</b>	<b>643</b>
External Training	24	
Management		19
Employees		30
<b>Total</b>	<b>24</b>	<b>49</b>
<b>Grand Total</b>	<b>56</b>	<b>692</b>

**The Cost of training for 2017**

The cost of training for In-House and External Training of the Company and subsidiaries was totaling Baht 976,969.33. Total training hours were 5,626 hours per year. The sample in-house and external training programs for 2017 were as follows:

**In-House Training in 2017**

- |  |   |
|--|---|
| 1. Agile Management                          | 17. Project Startup                                   |
| 2. Alfresco (Admin)                          | 18. Refresh Training ISO9001:2015                     |
| 3. Alfresco (User)                           | 19. Risk & Opportunity Mgt. Techniques for Management |
| 4. Alfresco Admin for SAMART KM Project      | 20. Insights tax and business contracts.              |
| 5. Digital 4.0 Learn 2 Live                  | 21. Samart Smart Center                               |
| 6. Digital Content Marketing                 | 22. SAP - Accounting                                  |
| 7. Habits Plus for Superior Management       | 23. SAP-Control Budgeting                             |
| 8. Effective English E-mail Writing Workshop | 24. Seeking Business Opportunities Workshop 2017      |
| 9. Enterprise Risk Management (ERM)          | 25. SEO & SEM   |
| 10. Essential Digital Marketing              | 26. SIP Presentation                                  |
| 11. Internal Auditor for ISO 9001:2015       | 27. Star System                                       |
| 12. Introduction to Marketing by CIBA DPU    | 28. Strategic Move 2017                               |
| 13. ISMS Awareness Training                  | 29. SAP Training                                      |
| 14. K2 Workflow Management System            | 30. How to use Time Sheet                             |
| 15. Mind Mapping                             | 31. Basic Marketing                                   |
| 16. Modern New Manager                       | 32. Time Management and Priority                      |

**External Training in 2017**

- |   |   |
|---|---|
| 1. 108 Issues of VAT                            | 13. Innovative Management for Entrepreneurs       |
| 2. Compliance & Compliance Audit                | 14. Strengthening Social Peace                    |
| 3. Technic for Building Electricians            | 15. Instructional Training                        |
| 4. Fundamentals for New Auditors                | 16. Insights and Analyze Financial Reports.       |
| 5. Google Analytics                             | 17. Skills Development in Workplace               |
| 6. Internal Audit Procedure                     | 18. Preparation for Change in Accounting Standard |
| 7. Internet of Things for Business              | 19. Guidelines on Tax Invoices and New Laws       |
| 8. Pack 5 & Fair Value                          | 20. Professional Manager                          |
| 9. Smart Disclosure Program                     | 21. VAT and Prohibited Tax                        |
| 10. Tax and Accounting Update                   | 22. Learn and Manage Taxable Expenditures         |
| 11. How to find Corruption and Money Laundering | 23. Focus group discussion for business           |
| 12. Internal Controls in Thailand 4.0           | 24. Seminar on Draft of Accounting Standards      |

# Corporate Governance

The Board of Directors realizes on the importance of the good Corporate Governance that is the fundamental factor to enhance business operational standard to create transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties for sustainable growth of business. Thus, the Company sets the written Corporate Governance Policy and Business Ethics manual comply with the SET's Principles of Good Corporate Governance for listed companies and CSR Concept to business as the general practices guidelines for directors, management and employees under the principle of being a good corporate citizen, who is accountable to employees, customers, shareholders and support to society. In addition, the Company continuously reviews the Corporate Governance Policy and Business Ethics and discloses the latest version on the website at [www.samartdigital.com](http://www.samartdigital.com). The Company Secretary Division take a responsibility as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they are correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. The results from intention to carry on Good Corporate Governance for sustainable growth, the Company got the highest score “Excellent” or “5 Stars” in the 2017 Corporate Governance Report and was ranked in Top Quartile for 8 consecutive years.

In 2017, the SEC issued the Principles of Good Corporate Governance for Listed Companies or Corporate Governance Code (CG Code) as practice principles for the Board of Directors, the leader or governing person of the organization, to apply the CG Code to the Company's business in the interest of long-term sustainable value creation and fulfil all stakeholders' expectation. In order to prepare for compliance with the 2018 Disclosure Guidelines of the SEC, the Corporate Governance Committee conducted self-assessment of the Company's Corporate Governance Practices compared to the CG Code to apply appropriate practices in the Company's business before proposing to the Board of Directors' Meeting for approval.

## 1. Corporate Governance Policy and Business Ethics

### Corporate Governance Policy

The Board of Directors realizes on the importance of Good Corporate Governance that will create transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. The written Corporate Governance Policy has been provided in both Thai and English since 2006 and posted on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) for acknowledgement of employees and publics. The policy focuses on internal control and internal audit system, and the overseeing of the operation of the management to comply with policy effectively for long-term benefits of shareholders under the terms of the law and business ethics. The Corporate Governance Committee strictly oversees the employees to comply with the policy and also reviews and revises the policy annually to comply with new regulations and the Principles of Good Corporate Governance for listed companies of the SET and the SEC. The Board of Directors' Meeting No. 1/2018 on February 27, 2018 approved the latest revision of the Corporate Governance Policy as follows:

#### 1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; minority shareholders, major shareholders, institutional investors or foreigners. The Company does not hinder or create barriers to allow shareholders to communicate with each other.

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 send question in advance of the Shareholders' Meeting**  
The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and comply with laws. It is the Company policy to allow the shareholders to propose agenda of the shareholders' meeting and submit the enquiries concerning the Company's operation prior to the meeting date. They must comply with criteria on proposing of meeting agenda for shareholders' meeting as specified by the Board of Directors.

In the 2018 Annual General Meeting of Shareholders, the Company allowed shareholders to propose agenda or submit the enquiries at least 3 months in advance prior to the end of the fiscal year from September 29, 2017. The period time for proposing agenda ended January 31, 2018. Any questions can send to the Company prior to the date of the 2018 General Meeting of Shareholders. The Company notified and disclosed contact channels and period for proposing agenda and enquiries via the SET on September 29, 2017 and also provided details of the procedures on the Company's website, under "Investor Relation" on the topic "Proposal question and additional agenda concerning the Company's operation in advance of the AGM".

- **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 shareholders. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting, the Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting.

There were 2 shareholders' meeting in 2017, the 2017 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2017 held on April 25, 2017 and September 27, 2017 respectively at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok, where was convenience for transportation and capability to cover with number of shareholders. The Company prior notified date, time and place that comfort the shareholders to participate in advance of the meeting. In addition, the Company scored "Very Good" (4TIA) from the survey on quality in convening the 2017 AGM by Thai Investors Association. The rights of shareholders to participate in the meeting are as follows:

#### **Before the Meeting Date**

The 2017 Annual General Meeting of Shareholders, the shareholders would be informed the date and agenda of the shareholders' meeting via the SET's communication system 54 days prior to the meeting date. At the same time, the Company also disclosed the notice of shareholders meeting as well as related documents including Annual Report in both Thai and English on the Company's website on the section "Investor Relations" under the topic "Shareholder Information" 36 days prior to the meeting date for the shareholders to have sufficient time for consideration. Same documents were directly delivered to the shareholders by TSD, the Company's registrar,

26 days prior to the meeting date of which better than what required by laws. The notice of shareholders meeting contain fact, rationales, an opinion of the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders’ consideration. Moreover, the notice of shareholders meeting was published on the newspaper 3 consecutive days and 22 days prior to the meeting date to be in line 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 laws 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 to review on required documents more than 1 hour prior to commencement of the meeting by arrangement of Barcode system in vote counting for faster voting result. There were 7 directors attended in the 2017 Annual General Meeting of Shareholders. Moreover, Chairman of all committees, the Company’s management and external auditors were also present in the meeting in order that the shareholders could ask questions during the meeting. The Chairman of the Board of Directors was Chairman of the meeting introduced all Board members and management, total shareholders attending in the meeting both in person and by proxy and total shares that entitled to vote to the shareholders for acknowledgement. In the 2017 Annual General Meeting of Shareholders, there were 126 shareholders attending the meeting classified to 26 shareholders in person and 100 shareholders by proxy. In addition, the Company asked for volunteer from shareholders or proxy to be the counting vote inspector. The Chairman declared vote casting, counting procedures and other related matters for shareholder’s acknowledgement before commencement of the meeting including the results of an invitation to propose agenda of the 2017 AGM and sending question prior to the 2017 AGM. In addition, the directors who were the Company’s shareholders requested for abstention their vote in the agendas they had interest therein. Then, the Chairman proceeded the meeting to be in line with the agenda without any additional topic from 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. In the Meeting, the shareholders were encouraged to express their opinions and raise questions either in the agenda or other questions related to the Company’s business. All questions and replies included significant opinions and suggestions from the shareholders were recorded in the minutes of Meeting. After the meeting, the shareholders were requested to return the voting cards to keep as evidence.

#### **After the Shareholders’ Meeting**

Resolution of the meeting was publicized via the SET portal with all voting details in approval, disapproval and abstention of each agenda on the meeting date. The Full Minutes of the Shareholders’ Meeting, of which disclosed the attendance and absence of directors and management, summary of significant questions and answers during the meeting in both Thai and English, has been sent to the SET and related parties by 14 days after the meeting date. It was also posted on the Company’s website for consideration of shareholders.



- **Appointment / Dismissal 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 for one or several directors. The said shareholder may not allot any number of his/her 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/her 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. 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 General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate information of all candidates were delivered to shareholders for 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 the SET's communication system but also posted all significant and updated information on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

- **Profit Sharing**

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

As reported net loss for 2016, the 2017 Annual General Meeting of Shareholders resolved to approve the omission of dividend payment for 2016.

Details of dividend payment policy of the Company and subsidiaries including dividend payment in the past 3 years were shown in the section “Dividend Payment Policy”.

Apart from such shareholders’ rights, the Company does not prevent or obstruct any opportunities to allow the shareholders to communicate with each other.

## **2. Equitable Treatment of Shareholders**

The Company realizes to protect and due care for the interests of all major and minor shareholders on a fair basis. In addition, the Company sets policy for equitable 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 and required documents are 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 and also required document, evidence and proxy method, has been prepared in Thai and English for convenience of the shareholders.

In the 2017 Annual General Meeting of Shareholders, there were 17 shareholders assigned the Company’s independent directors to be their proxy to attend and vote in the meeting. 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 will conduct to be in line with the agenda without any additional topic from the invitation letter in order to prevent the restraining rights of the shareholders who could not participate in the meeting by themselves. In addition, the Company set criteria about Inside Information Monitoring of which details shown in the section “Inside Information Control”.

## **3. Attention to Stakeholders**

The Company is aware that the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term success and also realizes the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, trade partners, lenders, societies and environment. Therefore, the Company provides more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations of 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 at [www.samartdigital.com](http://www.samartdigital.com).

The latest revision of the Business Ethics was approved from the Board of Directors’ Meeting No. 1/2018 on February 27, 2018. Details regarding Attention to Stakeholders were shown in the section “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 the Company's financial performance and future business direction. The Company has a policy to disclose information of any significant and future business directions, so that shareholders and stakeholders can access information comfortably and speedily as follows:

- To submit the financial report and 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 opinioned with qualified, the financial statement has also never been revised under the order of the SET and the 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 and post it on the Company's website at [www.samartdigital.com](http://www.samartdigital.com) and the SET's communication system.
- Criteria on provision of remuneration to directors and executives have been clearly disclosed. More details were shown in "Management Structure" under the topic "Remuneration of Directors and Management".
- Details on connected transactions have been clearly disclosed to prevent a conflict of interest. More details were shown in "Connected Transactions".
- Shareholding information of directors and executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring directors and executives to report the 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 unit shall coordinate on submission of such report to the SET and the SEC. Moreover, directors and executives should report their securities holding in every board's meeting.

Securities holding information of the directors and the executives in 2017 were as follows:

Director / Executive	Ordinary Share (shares)				
	1/1/2017 or appointment date	Acquisition during the year	Disposal during the year	31/12/2017	Increase (Decrease)
1. Mr. Piyapan Champasut	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
2. Dr. Chotivid Chayavadhanangkur	3,000,000	-	-	3,000,000	-
Spouse and minor children	-	-	-	-	-
3. Mr. Kunthit Arunyakanda	800,000	-	-	800,000	-
Spouse and minor children	-	-	-	-	-
4. Mr. Charoenrath Vilailuck	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
5. Mr. Watchai Vilailuck	7,781,000	-	-	7,781,000	-
Spouse and minor children	-	-	-	-	-
6. Mrs. Sukanya Vanichjakvong	13,400,000	-	-	13,400,000	-
Spouse and minor children	1,500,000	-	-	1,500,000	-
7. Mr. Pracha Phathayakorn	-	-	-	-	-
Spouse and minor children	-	-	-	-	-

Director / Executive	Ordinary Share (shares)				
	1/1/2017 or appointment date	Acquisition during the year	Disposal during the year	31/12/2017	Increase (Decrease)
8. Mrs. Sumonthip Srimek	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
9. Mr. Suchat Satprasert <sup>(1)</sup>	1,265,600	-	-	1,265,600	-
Spouse and minor children	-	-	-	-	-
10. Ms. Sirintra Saipawan <sup>(1)</sup>	-	-	-	-	-
Spouse and minor children	-	-	-	-	-
11. Mr. Hiran Phanbanlaem <sup>(1)</sup>	20,000	-	-	20,000	-
Spouse and minor children	-	-	-	-	-

Remark: <sup>(1)</sup> Became Company's managements as definition in the Notification of the SEC in July 2017.

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

- 1) Director and executive shall submit their first report on transaction with interest within 30 days from the date of appointment as director or executive pursuant to the specified report form.
- 2) Director and executive shall report a change of transaction with interest within 30 days from the date of such change pursuant to the specified report form.
- 3) Report on transaction may has conflict of 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 of receipt such report.

The Company discloses to shareholders, investors and any related parties via the SET's Communication system, the Company's website at [www.samartdigital.com](http://www.samartdigital.com), press release, the Company's Annual Report, Form 56-1 and the Opportunity Day.

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

- **Provide multi channels for disclosure of information apart from the SET's communication system**
  - **Annual Report and Form 56-1**  
 The Board of Directors has to ensure that Annual Report and Form 56-1 contains 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, nature of business, financial status, performance of the Board of Directors and all Committees.
  - **Company's website**  
 The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the

Company's Annual Report but also on the Company's website at [www.samartdigital.com](http://www.samartdigital.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, Form 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, analysts and general public via Company's website, Roadshow, analysts meetings, conference calls, etc. The Company's Investor Relations can be contacted at phone number 0-2502-6583 or via [www.samartdigital.com](http://www.samartdigital.com) or e-mail address at [InvestorRelations@samartdigital.com](mailto:InvestorRelations@samartdigital.com). Ethics of the investor relations are as follows:

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 the above, the announcement on the Company's financial performance has been arranged for shareholders, investors, analysts and public on a quarterly basis with participation of the executives.

Number of meetings with investors and analysts in 2017 were summarized below:

- |   |    |       |
|---|----|-------|
| - Analyst Meeting and Road Show         | 30 | Times |
| - Announcement of Company's Performance | 6  | Times |

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

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

The above information and remuneration of each board member have been disclosed on the Company's Annual Report and Form 56-1 in "Management Structure" under the topic "Remuneration of Directors and Management".

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and any financial information that appears in the Annual Report. Such financial statements are prepared in accordance with Thai Financial Reporting Standard. Appropriate accounting policies are used and practiced regularly. Careful consideration and best estimates are made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors. The financial statements have been audited and commented independently by the authorized auditors of the SEC to increase confidence and reliability of the report. Additionally, the Company has no record to amend financial statement from the SET and the 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 points 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. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

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

As the Board of Directors is the key success of Corporate Governance practice for the highest benefit of the Company, thus, the Company sets policies relating to roles and responsibilities of the Board i.e. composition, qualification of directors in order that the Board performs duty effectively in the following details:

### **5.1 Composition of the Board of Directors**

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 are beneficial to the Company's business operation, such as accounting & finance, management, strategic planning, laws and corporate governance and other without any gender discrimination. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 7 directors who complied with the qualification that been described under “Management Structure”. In addition, all of the Directors have contributed their best to the Company from their participation in the meeting. Details of directors' qualification and number of attendance in the meeting were shown in “Meeting of the Board of Directors and Sub-Committees”

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

- **Separation of Chairman and CEO**

For the best benefit of shareholders and balance of power within the Company, the Chairman of the Board of Directors is not the same person as CEO. The Company's Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with the SET's notification and has no business relation with any management of the Company.

**Roles and Responsibilities of the Chairman of the Board of Directors**

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. Manage and control general business operation of the Company to comply with its objectives, policy and the Articles of Association.
2. Consider investment plans before proposing to the Executive Board and the Board of Directors for further approval.
3. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
4. Carry out any assignment from the resolutions of the Board of Directors and/or the Company's shareholders meetings.

The delegation of authorities, duties and responsibilities of CEO shall not be delegated or further assigned that authorize CEO or its attorney to approve any transactions that CEO or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle approved by the Board of Directors. Such connected transactions shall be proposed to the meeting of the Board of Directors and/or shareholders for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission or related law.

- **Balance between members**

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 and shall at least 3 members are independent members who 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 the Board of Directors and Executive Chairman must not be the same person. The Chairman of the Board of Directors should be an independent member.

The Board of Directors of the Company as of December 31, 2017 comprised of 7 members with various qualifications, skills, experience and expertise. Composition of the members is as follows:

- 3 Independent Directors (equal to 42.86% of the Board of Directors)
- 3 Executive Directors (representatives from major shareholders)
- 1 Non-Executive Directors (representatives from major shareholders)

The 3 Independent Directors have working experience relating to the Company's business.



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

- **Roles and Responsibilities of the Board of Directors and CEO**

The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC 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 7 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 top executives of the Company will also be obtained approval from the Executive Committee 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 of Directors and Top Management**

The Board of Directors ensures the Company to provide transparency process of nomination of directors and top management of the Company of which the details are disclosed under “Nomination of Directors and Management”

### **5.5 Board of Director's Activities in the previous year**

#### **5.5.1 Review and approve the Company's vision, mission including set up policy and business direction**

The Board of Directors reviews, revises and approve the Company's vision, mission, Corporate Governance Policy, Business Ethics annually and co-considers in strategies, goal, direction, business plan, budget, internal control and internal audit systems, and risk management. The Audit Committee will follow up progress of such matters regularly reports to the Board of Directors. The Board of Directors also governs the management to follow such business plan and budget with efficiency and profitability for the highest economic value to the Company and the best stability to the shareholders. 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 competition with the Company and its subsidiaries. But the Board of Directors also conduct the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, laws and regulations of the SET and the SEC.

The Company's vision, mission, business direction, Corporate Governance Policy, Risk Management Policy and Business Ethics have been posted on the Company's website at [www.smartdigital.com](http://www.smartdigital.com) and disclosed in the Annual Report under the governance of the Corporate Governance Committee to have all employees to strictly conform and practice.

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

The Company conveyed business ethics practices via various channels and 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 there is a violation of the business ethics, the supervisor shall undertake the necessary measures to solve or make good of such action or may issue a warning notice, as the case may be. The wrongdoer shall be subject to disciplinary penalty and may also be faced with legal penalty, if such action is against the law.

Moreover, the Company provides channel to receive the misconduct information, complaint or opinion on violation of law or ethics, any behavior may lead to the corruption or inequality treatment. Details on procedures and methods on informing such information, as well as the protection of the informant shown in the section "Opinion and Suggestion".

In 2017, the Company provided the business ethics assessment. The senior management level were requested to perform self-assessment to evaluate on proceed with the business ethics. The result of the evaluation reviewed by the Audit Committee concluded that the Company and management completely complied with the Business Ethics and Code of Conducts.

#### **5.5.3 Appointment of Sub-Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following 6 committees to help the Board for consideration in significant matters:

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

Roles and responsibilities of each committee were disclosed in “Sub-Committees”. In addition, the Charters of all Committees have been set and disclosed on the Company’s website at [www.samartdigital.com](http://www.samartdigital.com).

#### 5.5.4 Meeting of the Board of Directors and Sub-Committees

##### 1) The Board of Directors

The Board of Directors’ Meeting schedule has been set at least 7 times a year with certain agenda. The annual meeting schedule will be sent to each director by Company Secretary for preparation, arrangement and 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 notice of the Board of Directors’ meeting with the meeting materials will be delivered by Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. In addition, if directors would like to propose the agenda, they will inform prior to the meeting date or propose as other matters in the meeting. In addition, the Board of Directors set its quorum of the meeting to be at least two-thirds of all directors attending the meeting.

The average length of the meeting is approximately 2 hours. In 2017, there were 9 meetings as follows:

Directors	Position	Date of appointment	Term of position (year/ month)	Number of attendance / total number of meeting
1. Mr. Piyapan Champasut	Chairman of the Board of Directors / Independent Director / Audit Committee Member	March 1, 2016	1/10	8/9
2. Dr. Chotivid Chayavadhanangkur	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member	September 30, 2003	14/3	9/9
3. Mr. Kunthit Arunyakanda	Independent Director / Audit Committee member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member	September 30, 2003	14/3	9/9
4. Mr. Charoenrath Vilailuck <sup>(1)</sup>	Director / Risk Management Committee Member	September 30, 2003	14/3	9/9
5. Mr. Watchai Vilailuck <sup>(1)</sup>	Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee	September 30, 2003	14/3	9/9

Directors	Position	Date of appointment	Term of position (year/month)	Number of attendance / total number of meeting
6. Mrs. Sukanya Vanichjakvong <sup>(1)</sup>	Authorized Director / President / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	November 12, 2015	2/1	9/9
7 Mr. Pracha Phathayakorn <sup>(1)</sup>	Authorized Director / Executive Director / Risk Management Committee Member / Sustainable Development Committee Member	August 13, 2015	2/4	9/9

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

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

- Acknowledged the change in Securities holding of directors and executives from last meeting
- Certified the Minutes of the previous Board of Directors' Meeting
- Considered and approved the 2016 Company's financial statement and the 2017 quarterly financial statements
- Approved the 2016 MD&A and the 2017 quarterly MD&A
- Considered the connected transactions on receiving financial assistance
- Acknowledged the performances of Sub-Committees
- Acknowledged the assessment result of the Board of Directors, Sub-Committees, CEO and Company Secretary
- Acknowledged the result of proposing agenda from minority shareholders and sending question relating to the Company prior to the AGM date
- Approved annual bonus for directors
- Considered the evaluation of the adequacy of internal control system
- Reviewed and revised the Company's Corporate Governance Policy, Business Ethics and Sub-Committee's Charters
- Approved the appointment of director to replace the vacant position and replace of those who would retire by rotation
- Considered and approved the remuneration of the Board of Directors and Committees
- Considered and approved the appointment of the Company's auditor and fixing audit fee
- Considered and approved the Directors and Officers Liabilities and Corporate Reimbursement Insurance
- Considered and approved subjects relating to the AGM and the EGM prior to the shareholders' meeting
- Considered and approved the date, time, place and agendas of the AGM and the EGM
- Considered and approved the appointment of the members in each committee to replace of those who retire by rotation
- Acknowledged the progress of new business
- Considered and approved for closing of inactive bank accounts

- Considered and approved the entering into of the Business Alliance Agreement with CAT in order to enhance the capabilities in the provision of the Digital Trunked Radio System
- Considered and approved the issuance of the Warrants to Purchase Newly-issued Ordinary Shares
- Considered and approved the increase in the Company’s registered capital
- Considered and approved the allocation of the newly-issued ordinary shares to offer for sale to the existing shareholders proportionate to their respective shareholdings (Right Offering), and to accommodate the exercise of the Warrants to Purchase the Ordinary Newly-issued Shares
- Considered and approved the change of the Company’s name and other relevant matters to be in line with the change of the Company’s name
- Considered and approved the amendments to the Memorandum of Association and the Articles of Association to be in line with the change of the Company’s name
- Acknowledged the 2017 CGR of Listed Companies
- Acknowledged the survey on quality in convening the 2017 AGM
- Acknowledged information of new laws and regulations
- Considered Annual Business Plan
- Considered and approved salary increment rate and bonus policy
- Considered and approved criteria for self-assessment of the Board of Directors and Sub-Committees
- Considered and approved criteria for CEO and Company Secretary Assessment
- Considered and approved the 2018 meeting schedule of the Board of Directors, Sub-Committees and Shareholders
- Considered and approved for dissolution of non-operated subsidiary companies

The minutes for all meetings are recorded in written, kept and be ready for verification by the directors or any related parties.

## 2) Sub-Committees

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

Directors	Number of Attendance / Total Number of Meeting					
	Audit Committee	Executive Committee	Corporate Governance Committee	Nominating and Compensation Committee	Risk Management Committee	Sustainable Development Committee
1. Mr. Piyapan Champasut	5/6					
2. Dr. Chotivid Chayavadhanangkur	6/6		3/3	3/3		
3. Mr. Kunthit Arunyananda	6/6		3/3	3/3		
4. Mr. Charoenrath Vilailuck					3/3	
5. Mr. Watchai Vilailuck		12/12			3/3	
6. Mrs. Sukanya Vanichjakvong		12/12	3/3	3/3	3/3	2/2
7. Mr. Pracha Phathayakorn		12/12			3/3	2/2
8. Miss Boonrut Mongkolratanakorn						2/2

**3) Meeting among members of non-executive directors**

During the year, the Company arranged 1 meeting among only member of non-executive directors convened non-executive directors without any participation of management in order to discuss any management issue freely.

All sub-committees carried out their duties assigned by the Board of Directors, regularly report the performance to the Board of Directors, and provide annual performances report to shareholders in the Annual Report.

**5.6 Conflicts of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to perform as details in “Business Ethics”.

**5.7 Internal Control, Internal Audit and Risk Management**

Please see details in “Internal Control and Risk Management” and “Anti-Corruption”.

**5.8 The Assessment of the Board of Directors, Sub-Committees, CEO, Company Secretary and Head of Internal Audit****5.8.1 Board Self-Assessment and Director Self-Assessment**

The Corporate Governance Committee is responsible for self-assessment of the Board of directors and individual director to annually review and evaluate directors’ performance to comply with Corporate Governance of the Company. Comments and recommendations from the assessments are further considered in the Board of Directors’ Meeting for improvement.

**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 assessment form, approved by the Board of Directors’ Meeting No. 9/2017 on December 14, 2017, was submitted to all directors for assessment. The questionnaire covered the following areas:

1. Structure and qualifications
2. Roles, duties and responsibilities
3. Meeting
4. Performance
5. Relationship with management
6. Director’s self-development and management training

The 2017 Board Self-Assessment, evaluated by 7 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 95.90%.

**Director Self-Assessment**

The Corporate Governance Committee has initiated the Self Assessment form for director to evaluate their performance individually. The result of assessment was used to develop the performance of director. The assessment form, approved by the Board of Directors’ Meeting No. 9/2017 on December 14, 2017, was submitted to all directors for assessment. The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Self-development

The 2017 Director Self-Assessment, evaluated by 7 directors in the above 4 areas, has an excellent evaluation by obtaining average score of 95.63%.

#### **5.8.2 Sub-Committee Self-Assessment**

The Corporate Governance Committee has initiated the Self-Assessment form of sub-committees annually. The assessment result is considered to continuously improve the performance of the committee and to comply with roles and responsibilities as assigned by the Board of Directors. The assessment form, approved by the Board of Directors’ Meeting No. 9/2017 on December 14, 2017, was submitted to all sub-committees members for assessment. The criteria for self-assessments of Executive committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee and Sustainable Development Committee covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training

The Audit Committee Self-Assessment is implemented for the Audit Committee to evaluate its own performance in the past year with regards to the compliance with prudent practices and effectiveness. The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training
5. Activities of the Audit Committee
6. Relationship between head of internal audit, external auditors and executives

The results of each Sub-Committee Self-Assessment were shown below:

	Result	Average Score (%)
1. Executive Committee	Excellent	94.30
2. Risk Management Committee	Excellent	91.74
3. Nominating and Compensation Committee	Excellent	95.42
4. Corporate Governance Committee	Excellent	95.18
5. Audit Committee	Excellent	97.08
6. Sustainable Development Committee	Very Good	81.25

#### **5.8.3 CEO Assessment**

The Corporate Governance Committee has initiated CEO Assessment annually. The assessment form was approved by the Board of Directors’ Meeting No. 9/2017 on December 14, 2017 and was submitted to all directors for assessment. Assessment result would be considered for remuneration adjustment. The questionnaire covered the following areas:

1. Leadership
2. Strategy formulation
3. Financial planning and performance
4. Board relations
5. Risk management and internal control
6. Human resources management
7. Succession Plan
8. Product and service knowledge
9. Good corporate governance and code of business conduct

The 2017 CEO Assessment, evaluated by the Company's 6 directors in the above 9 areas, has an excellent evaluation by obtaining average score of 92.76%.

#### **5.8.4 Company Secretary Assessment**

The Corporate Governance Committee conducts the Company Secretary assessment annually. Results of the assessment will use to develop working performance of Company Secretary to support the Board of Directors in compliance with the roles and regulations of the SET and the SEC. In 2017, the Board of Directors considered the criteria of Company Secretary Assessment in its meeting No. 9/2017 on December 14, 2017. The form of Assessment was submitted to each director for assessment in the following areas:

1. Knowledge
2. Compliance
3. Communication and Coordination
4. Documentation
5. Meeting
6. Corporate Governance

The 2017 Company Secretary Assessment, evaluated by 7 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 95.71%.

#### **5.8.5 Head of Internal Audit Assessment**

The Audit Committee is assigned by the Board of Directors to assess performance of Head of Internal Audit annually. Results of the assessment will use to develop working performance of Head of Internal Audit and Internal Audit Office in both audit work and independent consulting on governance, risk management and other control. The form has been approved by the Audit Committee in its meeting No. 6/2017 on December 14, 2017 and was submitted to each member for assessment in the following areas:

1. Purpose, Authority and Responsibility
2. Independence and Objectivity
3. Qualification and Professional
4. Continuous Improvement
5. Internal Audit Office Management
6. Knowledge and Competency

The 2017 Head of Internal Audit Assessment, evaluated by 3 Audit Committee members in the above 6 areas, has an excellent evaluation by obtaining average score of 98.67%.



## 5.9 Development of Directors and Management

### Development of Director

The Company provides orientation for all new directors to acknowledge sufficient information before his or her post. In addition, director’s manual, document and useful information beneficial to perform the duties of directors are prepared for new directors to get ready to conduct his/her duty. The Company Secretary shall be a coordinator for the orientation with the following matters:

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

There was no new director appointed in 2017.

In addition to support and increase knowledgeable of directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) and other programs relating to director which arranged by the Thai Institute of Directors (IOD). As of December 31, 2017, 3 directors had joined DCP program, 2 directors had joined DAP program and 2 directors had joined both DCP and DAP program. IOD training course of each director was shown in “Directors, Management, Company Secretary and Head of Internal Audit”. Each year, the Company submits training courses arranged by various institutes to directors for their own consideration on attendance.

In 2017, the following 4 directors attended the training courses as shown below:

1. Mr. Charoenrath Vilailuck - Director / Risk Management Committee Member
  - Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA)
2. Mr. Watchai Vilailuck - Authorized Director / Chief Executive Officer / Executive Chairman / Chairman of the Risk / Management Committee
  - Academy of Business Creativity: ABC (Class 6), Sripatum University
3. Mrs. Sukanya Vanichjakvong - Authorized Director / President / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member / Chairman of the Sustainable Development Committee
  - The 6<sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand
4. Mr. Pracha Phathayakorn - Authorized Director / Executive Director / Risk Management Committee Member / Sustainable Development Committee
  - Leadership Succession Program (LSP) (class 8), Institute of Research and Development for Public Enterprises (IRDP)

**Development of Management**

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare 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.

## Business Ethics

As the Company conducts the business with great awareness in ethical issues, the Board of Directors has provided the written Thai-English Business Ethics for directors, management and employees of the Company and subsidiaries since 2005. It is set as the practical working guidelines with honesty, to be in standard, quality and integrity which including an attention of all stakeholders, related transaction, compliance with the laws, assets prevention and conflict of interest. The Company's directors, management and employees must perform and comply with strictly. It is also posted on the Company's website for employees and public acknowledgement. The Company reviews Business Ethics annually. In addition to monitor the proceeding with the general practices as stipulated in the Business Ethics, the Company also provided the business ethics assessment. The senior management level were requested to perform self-assessment to evaluate on proceed with the business ethics. The result of the evaluation concluded that the Company and management completely complied with the Business Ethics and Code of Conduct.

The latest issue of the Company's Business Ethics has approved by the Board of Directors' Meeting No. 1/2018 on February 27, 2018. The Company's Business Ethics covered the following topics:

- **Conflict of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees in the Company's Business Ethics 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. Any trading of the Company's securities within 1 month prior to disclosure of either the Company's financial performance or any other information that may affect securities' price is prohibited.
5. During and after their posts, refuse to reveal Company's classified information e.g. electronic information, financial situation, work's plans, business information, Company's plan or others.

On any conflict of interest transaction, before entering into the transaction, the Company specified that the Board of directors, Managements, Employees and relevant parties must disclose the transactions with interest to the Audit Committee to consider the appropriateness of such transactions. The Audit Committee will carefully review prior to submit with opinion on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with the SET's regulations.

Information and value of the transaction, party involved and necessity has been disclosed in the Company’s Annual Report, Form 56-1 and the auditor’s notes to the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting both in the Board of Directors’ Meeting and the Shareholders’ Meeting. Details of the transactions that might have conflict of interest in 2017 were shown in the topic “Related Transactions”.

- **Responsibilities to shareholder**

The Company is aware of its role to protect and due care for the interests of all major and minor shareholders. Therefore, the Company grants rights to all shareholders to propose an agenda and send a question in advance, attend, vote and have comments in the shareholders’ meeting, to share in profits, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders’ rights were shown in the topic “1. Rights of Shareholders”.

- **Employee policies**

The Company highly regards all of the employees as invaluable resources and indispensable factor that propel the Company to meet all objectives and future successes. Henceforth, the Company is responsible to provide just opportunity, reasonable remuneration, promotion, appointment, transfer and development of potential by:

1. Treat every employee with respect to his/her right, honor and privacy.
2. Maintain working atmosphere that is conducive to promote better safety for their lives and properties.
3. Promoting, transferring, awarding and punishing, of employees are conducted with sincerity and be based on each employee’s knowledge, potential, and appropriateness.
4. Pay importance on developing skills and potential of employees by constantly organizing various activities, for instance; seminars, training, and handing out scholarships for employees.
5. Avoid all unfair actions that may cause instability of employee’s position.
6. 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 company’s capability to pay for that remuneration packages.
7. Provide the appropriate compensation such as medical fee, life insurance, annual checkup, reserve allowance fund, accommodation, subvention in case death of employees or employees’ family, bus, fitness, and discount for the Company’s products.
8. 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.

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

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.

Apart from the policy, the Company also took care and provided the concretely practices to all employees in term of employment opportunity, reasonable remuneration, promotion, and other suitable welfare that is higher than that regulated by laws.

**1. Medical treatment, annual health checkup and life insurance**

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 714,972.52.

It also provides an annual health checkup of which classified the plan for each employee depending on age, working year, working risk and position level. Moreover, the Company also has group health insurance for the Company's employees which are made with Allianz Ayudhya Assurance Plc. (Allianz AYUDHYA) as well as group life insurance which cover all kinds of death. Besides group life insurance, the Company also provides accident and disability insurance which are made with Allianz Ayudhya Assurance Plc. (Allianz AYUDHYA). It covers all kinds of accident, all over the world and with 24 hours. In case the employee get an accident and caused death or dismemberment, he/she will get compensation from those case as stipulated in the policy.

**2. Fund**

The Company set provident fund to secure the employee working life 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. Provident fund to the employees that provided by the Company is at the rate of 3-10% of salary related to year of services. Moreover, the Company provides compensation fund.

**3. Loan**

The Company provides benefits for housing loans, various purpose loan for member of provident fund, loan for medical treatment in case of accidents or illness etc.

**4. Employee development**

Development programs, both internal through e-learning 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 on the section "Management Structure" under the topic "Human Resources Management and Development Policy".

## 5. Other benefits

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 environment 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 of 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 arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.
6. To provide travelling expenses and allowance in case of working at upcountry or aboard, operating risk allowance in the 3 southernmost provinces. Welfare for employee who admits in the hospital.
7. Special grants when employees or member family of the employee is death
8. Uniforms
9. Mobile phone to executives and employees, special price of products that sell to employees.
10. Scholarships for employees based on the Company's regulation
11. The Company trained and informed the prudent operating guidelines standards with regard to good manner and ethics of the employees via the orientation for new employees, Employee Manual and HR website at [www.samarthre.com](http://www.samarthre.com). Such ethics have been written in the Company's regulations for employee's adherence and disclosed on the Company's website at [www.samartdigital.com](http://www.samartdigital.com).

Record on the 2015-2017 accident, absence and illness at work of the Company and its subsidiaries

Line of business year	Lost Time at work								
	Accident			Absence			Illness		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
1. Mobile Business	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
2. Non-Mobile Business	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
3. Support Business	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-

### • Treatment of Customers

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 quality products and services for customers' satisfaction as well as providing product and equipment from factory where has been certified as international standard. The Company provides service centers to offer repair services with technicians to oversee the repair works, upgrade software and other services. In addition, the Company provides training course to our employees who work at service centers continuously in order to give more understanding of products and services and expertise to answer questions and solve problem of customers in a timely manner and Drop Points to service customers. Moreover, the call center responsible for receiving customers' complaints provides for our customers to the highest satisfaction in the Company's products and services.

- **Treatment of Trade partners**

The Company has policy in equitably and fairly treatment its trade partners by taking into consideration of the Company's interest and on mutual benefits basis and disclose such practices in the Company's Business Ethics. The Company has clearly defined the policies to evaluate and select trade partners, develop and maintain good relationship between all partners with trust and confidence, keep in touch with customer to share each other opinion, refuse to accept any personal benefit offered by partners, and refuse to fabricate or falsify information that will cause misunderstandings to partners. The Company also avoids purchase products and/or services from partner who violates human rights or infringe intellectual property as well as follows up information whether the partner infringes human right or intellectual property or not. If found such behavior, the Company will avoid purchase products and/or services from the partner who has such illegal behavior.

Moreover, the Company has strictly complied with the trade partners treatment policy by selecting the qualified business partners to enter into the Approved Vendor List and prices have been compared before the purchase order has been made. The business partners have been evaluated by using the auditable standard criteria pursuant to the international standards of ISO 9001 and CMMI as the policy of Samart Group. 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 and it also has been audited by the independence auditor both from the inside and outside the organization.

- **Treatment of Creditors**

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 cannot 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 conduct all business affairs under rules and fair competitions to encourage trading without fraudulently and inappropriately seeking confidential information of its competitors, or damage competitors' reputations by abusive accusation. The Company will not intervene or has a secret transaction that give negative impact to competitors and give benefit to the Company. The Company also refuses to violate intellectual property rights of business' counterparts /competitors. The policy has been disclosed in the Company's Business Ethics. In addition, the Company sets the policy that all employees shall acknowledge and sign in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property.

- **Anti-corruption policies**

The Company operates business by adhering to good corporate governance principle. Anti-corruption policy has been specified as fraudulent act might occur from operation and transaction with the stakeholders, that directors, executives and employees of the Company, subsidiaries and affiliated companies shall strictly comply with. The Company disclosed the policy in the Company's Business Ethics manual and posted on website at [www.samartdigital.com](http://www.samartdigital.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 are shown in the section "Anti-Corruption".

- **Money Laundering Policy**

The Company recognizes the importance and compliances to the related rules and laws relating to money laundering. The Company will adhere to the law and regulation regarding the provisions of the Anti-Money Laundering Act B.E. 2542 and its amendment.

- **Tax policies**

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

1. Manage tax planning to comply with laws.
2. Remit tax within the timeframe as prescribed by laws.
3. Provide risk assessment that may impact on tax exposure.

- **The Sustainable Development Policy**

The Company recognizes the importance of sustainable development that will lead to the business' sustainable growth and must develop in parallel with the recognition of social and environmental responsibility as well as corporate governance. Thus, the sustainable development policy is set of which its details are as follows:

1. To conduct business based on good governance principle as well as social and environmental responsibility including others relating to sustainable development by primarily taking into consideration benefits of all stakeholders.
2. To build up corporate culture that can cultivate the employees' operational consciousness, volunteer spirit and devotion of personal time and effort for benefits of the whole community.
3. To promote and educate the employees at all levels for social and environmental awareness as guidelines for social and environmental conservation and sustainable development throughout the organization.
4. To encourage the creation of social and environmental projects or activities including others relating to sustainable development.

Moreover, the Company provides Corporate Social Responsibility Report or Sustainable Development Report as a part of the Annual Report in preliminary. If the Company has more readiness, then such CSR report will consider to be separated from the Annual Report.

General practical guideline for responsibility to societies, communities and environment are 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 society, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreted development of the communities.

In 2017, Samart Group has continued our efforts to promote “People of Quality, Society of Morality” and implemented a variety of activities for public benefits. Details of the projects and activities were shown in “Corporate Social Responsibility”

**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. For motivation of the employees to continually conform to the Company's policy, announcement via the Company's PR boards, e-mail, internal radio, mobile media, newsletter and road show are provided. In addition, the Company educates employees on environmental awareness as details shown in the section "Corporate Social Responsibility" under "Environmental Conservation".

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

The Company sets non-violation of human right policies and practices in the Company's Business Ethics and emphasize on human right principles as a common practices. All employees are strictly prohibited to act or to support any act relating to human rights violations. The Company has policies that employee's personal information, i.e. medical treatment record, working experience, is confidential 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 without any discrimination against race, nationality, language, religion, gender, age and education. The Company has provided opportunity for the employee to show their potential by set appropriate remuneration for their individual capability. The employees has been provided opportunity for more education in university level and both short-term/long-term training courses. Deliberation on work performance shall be made fairly and appropriate as well as avoid comments or any other matters that may lead to conflict.

In addition, the Company communicates such policies to employees through HR website at [www.samartthre.com](http://www.samartthre.com). In case any employee deemed to be treated unfair in any matter, the Company allows employees to submit suggestion, complaint about the abuses and other related matters. The Company will resolve such problems for benefits to all parties and create good working relationships in working together.

- **Operating policy and practice 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 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**

The Board of Directors respects the importance of all stakeholders in participation of the Company's success and discloses related important information to stakeholders sufficiently in a timely and transparent manner. Thus, the feedback 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 the Company's website at [www.samartdigital.com](http://www.samartdigital.com) under "Contact Us".

Mailing Address: Secretary to the Audit Committee  
Samart Digital Public Company Limited  
99/2 Moo 4, Software Park, 34<sup>th</sup> floor,  
Chaengwattana Rd., Klong Gluar, Park-kred,  
Nontaburi 11120



Secretary to the Audit Committee 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 confidential.

- **Policy, Procedures and methods on notifying the information on misconduct and protection of the informant**  
The Company adheres to good corporate governance principles and encourages its employees to examine and oversee any action that is against the Company's corporate governance principles, ethics, rules and regulations, laws or any action that may 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 investigate and analyze such matter. In case the factual basis is found, it shall be proposed 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 and 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.samartdigital.com](http://www.samartdigital.com) and HR website at [www.samarthre.com](http://www.samarthre.com), etc.

The Company publicizes Vision, Mission, Corporate Governance Policy and Business Ethics on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). In addition, Corporate Governance Policy and Business Ethics have been communicated to management and employees via e-mail, in form of weekly CG Tips and poster on PR board. In addition, the Corporate Governance Committee is responsible for overseeing directors, management and employees to comply with the policy.

## 2. Sub-Committees

### Composition

The Company's sub-committee consists of 6 sub-committees; Audit Committee, Corporate Governance Committee, Executive Committee, Risk Management Committee, Nominating and Compensation Committee, and Sustainable Development Committee. Details of directors, qualification, term of positions and roles and responsibilities are as follows:

#### 1) **Audit Committee** as of December 31, 2017:

- |    |                               |                                 |
|----|-------------------------------|---------------------------------|
| 1. | Dr.Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. | Mr. Piyapan Champasut         | Member (Independent Director)   |
| 3. | Mr.Kunthit Arunyakanda        | Member (Independent Director)   |
|    | Mr. Wichai Rongkawilit        | Secretary                       |

**Qualifications of the Audit Committee**

1. The Audit Committee members shall be appointed by the Board of Directors' and/or Shareholders' Meetings.
2. All members should be Independent Directors as the definition of independent director qualification from the SEC.
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 that 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 statements. 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 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 consecutive terms except getting an unanimous approval from the Nominating and Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the Board of Directors and/or the shareholders' meetings.

**Roles and Responsibilities of the Audit Committee**

1. Review the Company's financial statement to ensure its accuracy and adequacy.
2. Review the Company's internal control, and internal audit system to ensure that they are suitable and efficient, to determine the independence of internal audit unit, as well as to propose the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the laws relating to the Company's business.
4. Propose for consideration and approval of the Board of Directors' and Shareholders' Meeting on the appointment, termination of the external auditor and propose their remuneration for further consideration.
5. Attend a non-management meeting with an auditor at least once a year.
6. Review the connected transactions or the transactions that may lead to conflicts of interests to ensure the compliance with the law and the regulations of the SET, and are reasonable and for the highest benefit of the Company.
7. Prepare report of the Audit Committee disclosed in the Annual Report with at least information defined in the notification of the SET.
8. Perform any other activities as assigned by the Board of Directors.

**2) Executive Committee as of December 31, 2017:**

- |    |                                |                                    |
|----|--------------------------------|------------------------------------|
| 1. | Mr. Watchai Vilailuck          | Chairman / Chief Executive Officer |
| 2. | Mrs. Sukanya Vanichjakvong     | Member                             |
| 3. | Mr. Pracha Phathayakorn        | Member                             |
|    | Miss Boonrut Mongkolratanakorn | 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 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. CEO of the Company will be the Chairman of the Executive Committee.

**Scope of Responsibilities and Authority of the Executive Committee**

1. Set Company's strategies and business plan as well as the Company's management structure and delegation of authorities for further approval of the Board of Directors.
2. Audit, monitor and implement the Company's policies and management practices to conform to the assignment from the Board of Directors efficiently.
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 and propose to the Nominating and Compensation Committee for consideration prior to further approval of the Board of Directors.
5. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
6. Carry out other work as assigned by the Board of Directors.

Roles and Responsibilities of Chief Executive Officer were shown in the topic “5.2 The Independent of the Board of Directors”

The delegation of authorities, duties and responsibilities of the Executive Committee shall not be delegated or further assigned that authorize the Executive Committee or its attorney to approve any transactions that the Executive Committee or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle that is approved by the Board of Directors. Such connected transactions shall be proposed to the Board of Directors' and/or Shareholders' Meetings for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission (SEC) or related law.

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

- |    |                                |                                 |
|----|--------------------------------|---------------------------------|
| 1. | Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. | Mr. Kunthit Arunyananda        | Member (Independent Director)   |
| 3. | Mrs. Sukanya Vanichjakvong     | Member                          |
|    | Miss Boonrut Mongkolratanakorn | 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/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. 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.

**Scope of Responsibilities and Authority of the Corporate Governance Committee**

1. Responsible for governing and monitoring business operation and performance of committees, management and employees of the Company to comply with the principles of good corporate governance, Company's policies and related laws.
2. Establish and review the Company's significant procedures and practices to comply with the principles of good corporate governance.

3. Regularly review the Company's policies, principles and practices.
4. Provide suggestions relevant to business ethics and best practices to the Company's directors, management and employees.
5. Ensure that the principles of good corporate governance are performed on practice continuously and appropriately.
6. Report to the Board of Directors the Company's good corporate governance along with its opinions for the practices and recommendations for appropriate improvements.

**4) Nominating and Compensation Committee** as of December 31, 2017:

- |    |                                |                                 |
|----|--------------------------------|---------------------------------|
| 1. | Mr. Kunthit Arunyananda        | Chairman (Independent Director) |
| 2. | Dr. Chotivid Chayavadhanangkur | Member (Independent Director)   |
| 3. | Mrs. Sukanya Vanichjakvong     | Member                          |
|    | Miss Boonrut Mongkolratanakorn | Secretary                       |

**Terms of positions**

One-third of the Nominating and 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 and Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates and propose to the Board of Directors for appointment.

**Scope of Responsibilities and Authority of the Nominating and Compensation Committee**

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Board of Directors and directors, proposed for consideration and approval of Board of Directors' and/or the shareholders' meetings when those positions are vacant due to termination of terms or other reasons.
2. Recruit, select, and nominate appropriate candidates for position members of each committee, CEO, top management and company secretary proposed for consideration of Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan.
3. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the boards and executives of which must be complimented to their duties, conform to the Company's operating performance and market's atmosphere.
4. Evaluate the Company's performance for consideration of the annual bonus and merit increase.
5. Review the Company's salary structure and any other remuneration.
6. Screen and verify the list of the candidates proposed to the director with the relevant agencies to ensure that they are not blacklisted or have been revoked from the list of such agencies.
7. In case the director who is retired by 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:

- |    |                                |           |
|----|--------------------------------|-----------|
| 1. | Mr. Watchai Vilailuck          | Chairman  |
| 2. | Mr. Charoenrath Vilailuck      | Member    |
| 3. | Mrs. Sukanya Vanichjakvong     | Member    |
| 4. | Mr. Pracha Phathayakorn        | Member    |
|    | Miss Boonrut Mongkolratanakorn | 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 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.

#### **Scope of Responsibilities and Authority of the Risk Management Committee**

1. Set clear business directions, identify, analyze and investigate significant risk factors as well as specify strategies to manage those risks.
2. Set up risk management standards and practices for use as guidelines in each working unit.
3. Supervise to ensure that such measures are fully communicated, and employees have complied with them.
4. Provide for a systematic and continuous assessment and analysis of damage that may occur to ensure that risk exploration covers all processes of business operations.
5. Support and develop risk management to cover throughout the organization and ensure that it is complied with the international standard.

In addition, the Company has set the Risk management working team of which members consisted of the Company's directors and management to take responsibilities as follows:

1. Classify the significant risk and provide the effectively and efficiently method to control all company's risks to the appropriate level.
2. Monitor and follow up all practices to comply with the risk management policy and general guideline as approved by the Board of Directors.
3. Regularly report to the Board of Directors regarding the Company's risk management, general practices, action plan, status of risk and any changes including corrective and preventive measures to comply with the specified policy and strategy.

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

- |    |                                |                      |
|----|--------------------------------|----------------------|
| 1. | Mrs. Sukanya Vanichjakvong     | Chairman             |
| 2. | Mr. Pracha Phathayakorn        | Member               |
| 3. | Miss Boonrut Mongkolratanakorn | Member and 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 action plan for sustainable development to comply with the Company's business operation in term of economy, society and environment.
2. Encourage and support the Company's activities to achieve the SD policy.
3. Monitor, review, follow up the operational progress and evaluate the effectiveness of SD policy implementation.
4. Report the Company's SD operation to the Board of Directors.

All sub-committees carry out their duties and convene the meeting with written minutes regularly. The significant issues of the previous year including number of meeting of each sub-committee were shown in “Other Company’s Corporate Practices” under the topic “Meeting of the Board of Directors and Sub-Committees”.

### 3. Nomination of Directors and Management

#### **Nomination of Directors**

The Nominating and Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Board of Directors, members of the Board and other committees, CEO, Executive Chairman, 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 and Compensation Committee will consider the suitable candidate from IOD’s Director Pool and proceed to select the candidate who have qualification as specified by the relevant laws and regulations with regards to qualification, experience, knowledge, capabilities beneficial to the Company and in accordance with the Company’s strategy. The suitable candidate will be proposed to the Board of Directors for approval 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 and Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company’s policy as well as such requirements of the SEC and the SET as a minimum and propose to the Board of Directors’ and/or the Shareholders’ Meeting in case of rotation or others. Moreover, the Board of Directors has also appointed other committees to help the Board of Directors on its business either audit or consideration any significant matters. Such Committees are Executive Committee, Audit Committee, Risk Management Committee, Corporate Governance Committee, Nominating and Compensation Committee and Sustainable Development Committee. The Nominating and Compensation Committee will select and nominate appropriate candidates to be members of the Committees prior to propose for consideration of the Board of Directors.

#### **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 in case any executive position is vacant. In addition to the appointment of the Nominating and Compensation Committee to select and nominate appropriate candidates for directors and top executive, the Company also provides Executive Succession Plan to create confidence for investors, shareholders and employees on the continuity operation of the Company. The potential candidate will be selected, trained and developed to ready for 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 Board of Directors' Meeting for consideration and approval before the registration of the new company. The Board of Directors shall consider appointing the executives who hold the positions of directors and management of such subsidiary and the associated company and defining the 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 Executive Committee's Meeting as well. The management of the subsidiary and the associated company must present the annual business plan to the Executive Committee's and the Board of Directors' Meeting for consideration and approval every year. If performance of any company has not achieved the targeted plan, the management must clarify to the Executive Committee's Meeting. In case business operation encountered many problems, the management is required to clarify to the Executive Committee's Meeting as the watch list so that precaution and corrective measures can be closely monitored and resolved.

The subsidiary and the associated company must have an 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 becoming defective that may likely cause risks and damage to the Company, the Executive Committee shall order such company to improve and rectify defects in such internal control system immediately. In case of any transaction required to comply with the regulations of the Company or the relevant laws and needed to get an approval from the Shareholders' Meeting of such subsidiary, such transaction shall be proposed to the Executive Committee's Meeting for 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 in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property. New employees shall sign this agreement together with employment contract. It was also set forth in the Company's Business Ethics to refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledge and complied, the Company will notify the year plan schedule of such periods in advance to all directors and executives. Every quarter, the Company has also delivered such notice to directors and executives to acknowledge. In 2017, there is no case of

insider trading from the Company's directors and executives. 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 to be complied with the SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors' or the Shareholders' Meetings. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions has been considered to disclose in "Connected Transaction".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in "5. Roles and Responsibilities of the Board of Directors" under the topic "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.

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

## 6. The Compliance with the Principles of Good Corporate Governance in Other Areas

The Company conducts the business in comply with the Principles of Good Corporate Governance and best practices in the international standard as well as ASEAN CG Scorecard criteria. For some areas that the Company has not yet followed such regulations, the Company applies principles or other practices to suitable for the Company's business as the following areas:

### **Equity Treatment of Shareholders**

1. The Company has not yet allowed the minority shareholders to nominate candidates for directorship. However, the Board of Directors has appointed the Nomination Committee and Compensation Committee to recruit and nominate the qualified candidate to be director by taking into consideration from IOD's Director Pool. The Nomination Committee and Compensation Committee also considers qualification as the relevant laws and regulations, experience, knowledge and ability that is advantage and needed to the Company of the candidate to propose to the Board of Directors' and/or the Shareholder's Meeting for further approval.



2. The Company has not yet determined to perform the election of directors by cumulative voting. 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 Associations so that the shareholders shall truly elect their desired director.
3. The Company has not yet established the policy regarding directors and top executives to declare their trading transaction of the Company’s shares at least 1 day prior to the trading date to the Board of Directors or the assigned person. However, the Company has a policy that director and top executives shall report the change of their ownership of the Company’s securities and derivatives in every board meeting.

#### **Roles and Responsibilities of the Board of Directors**

1. The Company has no policy for executive directors to serve as directors of not exceeding 2 listed companies in the other business group. However, the Company has set the policy for all directors not to hold director position of not exceeding 5 companies. In addition, top executives of the Company will also be obtained approval from the Executive Committee prior to hold director position in any companies of which are not have either similar business or being the Company’s competitors. The Nomination Committee and Compensation Committee are responsible to consider and nominate the candidate by taking into consideration of knowledge, capability and adequate time to perform his duty.
2. There is no independent woman director in the Board of Directors. However, one of the Company’s executive director is woman named Mrs. Sukanya Vanichjakvong, she has qualification, knowledge and capability to manage the Company’s operation and hold the position of President. This shows that no gender discrimination at all.
4. As of December 31, 2017, the portion of independent directors and non-executive directors in the Board of Directors are equivalent to 42.86% and 57.14% of total directors which are less than 50% and 66% as stipulated by the Principles of Good Corporate Governance.
5. The Company has not yet participated in Thailand’s Private Sector Collective Action Coalition against Corruption (CAC). However, the Company has joined the Partnership against Corruption for Thailand (PACT) to attend the training course and gather recommendation on anti-corruption procedures. The Company regularly monitors and informs seminars from the network and is in the process of reviewing the Anti-Corruption Policy, general practical and operational guidelines to prepare for further joining with the CAC.

# Internal Control and Risk Management

## Internal Control

The Company puts emphasis on adequacy, appropriateness and coverage of its internal control system for all activities of its business operations in order to increase efficiency and effectiveness. Such internal control system has been continually developed by applying the principles and guidelines of The Committee of Sponsoring Organization of the Treadway Commission (COSO) and the Enterprise Risk Management (ERM) to ensure that all of its operation procedures can have proper internal control and risk management systems which comprised of 8 components as follows:

### 1. Control Environment

The Company intends to operate businesses by clearly adhering to Good Corporate Governance Principles, integrity and ethics. Responsibility as well as approval authority have been clearly segregated and they have been revised to make them constantly conform to the changes of the businesses. Key performance indicators (KPIs) have been used to follow up and compare the works performed with the targets set.

### 2. Objective Setting

The Company established strategic objectives and targets in the annual operation plan so that the works performed can be achieved as per the set targets. It also has a policy to encourage all divisions/units within the Company to prepare the operation manual and improve it to make it always up-to-date. The Internal Audit Unit shall strictly audit the compliance with the Company's regulations.

### 3. Event Identification

The Company specified risks which may likely to impact the achievement of the Company's objectives and targets, both risks from external factors and internal factors and sorted out priority of risks from high to low. In addition, methods and plans for management of such risks have been specified and reported to the meeting of the Risk Management Committee.

### 4. Risk Assessment

The Risk Management Committee will supervise and prescribe risk management measures as well as assess risks which may impact business operations and targets of the Company. Such risks have been followed up, measured and reported to the executives for their acknowledgement every quarter in order to find preventive measures on time.

### 5. Risk Response

The Company has proper internal control measures which are appropriated with the risks of the changing business. Risks in each operating procedures have been adjusted. The Company's internal control measures included the segregation of responsibilities and approval authority for purpose of check and balance. The Internal Audit Unit shall review the adequacy and appropriateness of the internal control system.

### 6. Control Activities

The Company specified that internal control should be applied to all levels and operation manual must be prepared so that lines of business, divisions and departments can strictly follow. The Company also has a written information technology security policy, for instance, access to computer center must be controlled and data including work systems in the computers must be backed up so that they can be available for usage in case of emergency.

**7. Information and Communication**

The Company's information technology system can link data throughout the organization and it will be developed continually to assure that the system is proper and enough for data transmission and receiving. Data Center has been established as the Group of Company's operation center and its application has been controlled by the international standards. The Group of Company also has accredited certification to ISO 27001 (Information Security Management System) standards.

**8. Monitoring**

The Internal Audit Unit has responsibilities to audit the operations pursuant to the specified internal control system and directly report such results to the Audit Committee, who shall hold the meeting every quarter. In case material defects have been found, the Company's management team will be immediately notified for consideration on corrective and preventive measures in the future.

## Opinions of the Board of Directors regarding the Company's Internal Control System

Based on the above assessment, the Board of Directors' Meeting No. 1/2018 on February 27, 2018, in which all 3 Audit Committee members attended, has evaluated the Company's internal control system by using the Securities and Exchange Commission evaluation questionnaire and concluded that the Company had a sufficient internal control system. The Company provided sufficient manpower to ensure that the operation would proceed efficiently. Internal control system could be strengthened in monitoring not only the operation of the Company but also the operation of the subsidiaries in safe guarding of assets from wrong usage or used by unauthorized persons. Business transaction with related persons and the persons who had conflict of interest with the Company were prohibited. The Board of Directors also concluded that internal control system for other topics was done sufficiently.

Furthermore, the Company's auditors, Ms. Sarinda Hirunprasurtwutti, an auditor license no. 4799, audited the financial statements of the Company and subsidiaries for the year ended December 31, 2017 without any comment on the Company's internal control system as significant error.

## Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee. The Internal Audit Charter and Manual are regularly updated as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standard for the Professional Practices of Internal Auditing (Standard) and delivers a high standard of service with due professional care to support the Company's good corporate governance policy and practice, adding value to both the Company's stakeholders and the Company's sustainable development.

The Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on the preparation of internal control measures and risk management, etc. to ensure that Company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the planned system can be performed continually and it has been revised and updated regularly. The Company also supports the sufficiency of manpower to fit for work load.

In assessing the effectiveness of Risk Management, the Internal Audit Office reviews event identification and risk factors which affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk assessment, and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appetite level, is reported timely to all relevant personnel, and is reviewed continuously.

In assessing external and internal fraud risks management, the internal audit Office performs fraud risk assessment and events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considered the most effective measures to prevent and control risk to ensure that the Company achieves its objectives.

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.

## Head of Internal Audit and Compliance Unit

### Head of Internal Audit

The Audit Committee proposed the Board of Directors to appoint Mr. Wichai Rongkawilit who had adequate education, working experience and training courses as the Company's Head of Internal Audit on February 29, 2016.

Additionally, the Audit Committee is responsible for consideration the independence of the Internal Audit unit as well as the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of an internal audit. In 2017, the Audit Committee assessed performance of the head of internal audit and was of the opinion that the head of Internal Audit has suitable qualifications and can effectively perform his duties with the following details:

1. To supervise the audit works to make them conform to the plans approved by the Audit Committee.
2. To report important issues concerning internal control systems of the Company which have been found upon audit process.
3. To give suggestion to the Company's executives and employees on efficient performance.
4. To control the audit work to ascertain that the Company's performance meet legal requirements, regulations of the SEC and the SET or regulations of the relevant government agencies.
5. To coordinate, supervise and control on various aspects, such as risk management, code of conducts and etc.

Details about education, experience and training of the head of internal audit are shown in the section "The Board of Directors, Management, Company Secretary and Head of Internal Audit". Result of Internal Auditor Assessment is shown in the section "Corporate Governance" under the topic of "Head of Internal Audit Assessment".

Furthermore, Head of Internal Audit is able to give useful information, recommendation to any department in the Company regarding general practice in accordance with the laws and regulations as well.

### Head of Compliance Unit

The Company does not have a separate Compliance Unit, however, 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, the Public Company Limited Act and other relevant laws. Responsibilities of Company Secretary as Head of Compliance Unit are as follows:

- Perform duty with responsibility, caution and honesty as stipulated by laws and other relevant regulations.
- Supervise and oversee the operation activities of the Board of Directors and propose recommendations to the Board concerning the Company’s regulations and the regulations of the related department.

## Risk Management

The Company established risk management policy which included the analysis of possible risks which may have materials impacts, preparation of risk mitigation plan as well as improvement of internal control systems in order to be able to effectively control and manage risks and report the results to the Board of Directors. These methods can ensure that the Company will have proper risk management and the risks can be effectively and efficiently managed.

Criteria for risk assessment in each level has been clearly defined, both at corporate level and operation level, so that risks in all operation procedures can be thoroughly identified. Risks will be considered in 2 aspects, i.e. likelihood and impacts. Risks will be ranked as high, medium and low.

The Company has appointed the Risk Management Committee by electing appropriate persons from the members of the Board of Directors, simultaneously, to consider and appoint the chairman of Risk Management Committee from the committee members to assess and review risks of various departments as well as propose the policies related to risk management. During 2017, the Risk Management Committee conducted 3 meetings.

In addition, the Company has set the Risk management working team of which members consisted of the Company’s director and management to take responsibilities as follows:

1. Classify the significant risk and provide the effectively and efficiently method to control all company’s risks to the appropriate level.
2. Monitor and follow up all practices to comply with the risk management policy and general guideline as approved by the Board of Directors.
3. Regularly report to the Board of Directors regarding the Company’s risk management, general practices, action plan, status of risk and any changes including corrective and preventive measures to comply with the specified policy and strategy.

# Anti-Corruption

The Company operates business by placing importance on anti-corruption and adherence to integrity, ethics, transparent and auditable management as well as accountability to all stakeholders. The Company prescribed suitable code of conduct guidelines for the Board of Directors, the executives and the employees with regards to business ethics and employee ethics. Compliance with the policy has been reviewed continually.

## Duties and Responsibilities

- The Board of Directors is responsible for specifying the anti-corruption policy.
- The Audit Committee is responsible to audit the accounting and financial report, internal control and internal audit including risk management system to ensure that they are compliance with the international standards, concisely and effectively.
- The management team is responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

In addition, the Company has set the written Anti-Corruption policy and its General Operating guidelines and has been disclosed to the organization and posted it on the Company's website at [www.samartdigital.com](http://www.samartdigital.com). Details was shown in "Anti-Corruption".

## Anti-Corruption Policy

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. Directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adherence. Details of the policy are as follows:

### 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 memento:
- Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company's regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.
  - Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one's duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
  - Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
  - If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.
3. Transactions with the government sector:
- Conduct properly and honestly when in contact with government officials or agencies.
  - Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
  - Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

## General Operating Guidelines

### 1. The process of risk assessment and risk management.

The Company has an internal audit unit to audit operations that may trend to have risks of all departments of each company, including risks from corruption to ensure that all departments have appropriated internal control system in place, both on preventive control and detective control. If it is found that any department does not have adequate internal control system or there is a corruption case, such matter shall be reported to the Audit Committee and the high level executives. Preventive guidelines must have also been reported in order to improve the internal control system.

### 2. Protection

To ensure that the remuneration provided to the employees is adequate, focused on creation of consciousness and it must not be the source for corruption. The Human Resource Department shall compile the survey results report on wage adjustment in each year from the well-known institutes, both domestically and internationally as well as exchange information with the Human Resource Department of other companies in the telecommunication and computer businesses. The information gained shall be used for consideration on provision of remuneration to the employees.

**3. Training and Communication**

To encourage operations pursuant to anti-corruption policies by providing training to employees to promote honesty, integrity and best practices on good conduct and ethics for employees including code of business ethics of the Company during the orientation of the new employees. All employees can access to such information via HR Website ([www.samarthre.com](http://www.samarthre.com)).

**4. Reporting Channels**

To supervise on compliance with anti-corruption policies, the Company encourages its employees and stakeholders to report any policy violations, unfair practices or any misconduct, i.e. against good governance principles, code of business ethics, rules & regulations of the Company or the laws. Such matter can be reported to the Chairman of the Audit Committee via postal services at the designated address provided in the Company's website or it can be submitted by person. The Chairman of the Audit Committee shall proceed pursuant to the procedures and then forward to the members of the Audit Committee for further consideration. The Company shall protect the whistle blower by not disclosing name of such whistle blower to any person.

**5. Governing and monitoring of the policy**

The internal audit unit shall summarize the audit result only the corruption issues of each department during the previous year and report to the Audit Committee annually with recommendations to solve the problems.

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 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 executives 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.



# Connected Transactions

Related transactions which might have conflicts of interest for the year ended December 31, 2017 are as follows:

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
<p>1. Samart Digital Plc. A Major shareholder of Samart Digital Plc. with 70.94% stake owner.</p> <p><u>Related Directors</u></p> <p>1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck 3. Mr. Pracha Phathayakorn</p>	<p>Samart Digital Plc. and its subsidiaries paid rental and utility service fees to Samart Corporation Plc. as follows;</p> <ul style="list-style-type: none"> <li>- Samart Digital Plc. 19.125</li> <li>- Samart Multimedia Co., Ltd. 9.640</li> <li>- Entertainment Tree Co., Ltd. 0.105</li> <li>- I-Sport Co., Ltd. 0.447</li> </ul> <p>(Total outstanding as of December 31, 2017 was Baht 27.953 million)</p>		<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that the rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters</p>
	<p>Samart Digital Plc. sold mobile phone and accessories to Samart Corporation Plc. and its subsidiaries as follows;</p> <ul style="list-style-type: none"> <li>- Samart Corporation Plc. 0.329</li> <li>- Samart Engineering Co., Ltd. 0.128</li> <li>- One to One Contacts Plc. 0.294</li> <li>- Vision and Security System Co., Ltd. 0.538</li> <li>- Cambodia Air Traffic Services Co., Ltd. 0.005</li> <li>- Samart U-Trans Co., Ltd. 0.297</li> <li>- Teda Co., Ltd. 0.038</li> <li>- Samart Telcoms Plc. 18.260</li> <li>- Samart Communication Services Co., Ltd. 0.224</li> <li>- Samart Comtech Co., Ltd. 0.824</li> <li>- Samart Infonet Co., Ltd. 0.016</li> <li>- Samart Ed Tech Co., Ltd. 0.003</li> <li>- Posnet Co., Ltd. 0.040</li> </ul> <p>(Total outstanding as of December 31, 2017 was Baht 19.803 million)</p>		<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
	<p>Samart Digital Plc. sold sim card and provided mobile phone services to Samart Corporation Plc. and its subsidiaries as follows;</p> <ul style="list-style-type: none"> <li>- Samart Corporation Plc. 0.259</li> <li>- Samart Engineering Co., Ltd. 0.076</li> <li>- One to One Contacts Plc. 0.251</li> <li>- Vision and Security System Co., Ltd. 0.100</li> <li>- Samart U-Trans Co., Ltd. 0.059</li> <li>- Teda Co., Ltd. 0.096</li> <li>- Transec Power Services Co., Ltd. 0.069</li> <li>- Samart Telcoms Plc. 0.281</li> </ul>		<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods and services according to the general trade conditions.</p>

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> <li>- Samart Communication Services Co., Ltd.</li> <li>- Samart Comtech Co., Ltd.</li> <li>- Samart Infonet Co., Ltd.</li> <li>- Smarterware Co., Ltd.</li> <li>- Samart Ed Tech Co., Ltd.</li> <li>- Posnet Co., Ltd.</li> <li>- Thai Trade Net Co., Ltd.</li> <li>- Portalnet Co., Ltd.</li> </ul> <p>(Total outstanding as of December 31, 2017 was Baht 0.597 million)</p>	<p>0.187</p> <p>0.275</p> <p>0.088</p> <p>0.130</p> <p>0.059</p> <p>0.325</p> <p>0.054</p> <p>0.011</p>	
	<p>Samart Digital Plc. and its subsidiaries paid Information Technology fee to Samart Corporation Plc. as follows;</p> <ul style="list-style-type: none"> <li>- Samart Digital Plc.</li> <li>- Samart Multimedia Co., Ltd.</li> <li>- I-Mobile Plus Co., Ltd.</li> <li>- Entertainment Tree Co., Ltd.</li> <li>- I-Sport Co., Ltd.</li> </ul>	<p>6.884</p> <p>4.382</p> <p>0.012</p> <p>0.028</p> <p>0.929</p>	<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>
	<p>Samart Digital Plc. and its subsidiaries paid SAP Success Factors on Cloud Service to Samart Corporation Plc. as follows;</p> <ul style="list-style-type: none"> <li>- Samart Digital Plc.</li> <li>- Sim2Asset Co., Ltd.</li> <li>- Thai Base Station Co., Ltd.</li> </ul>	<p>0.110</p> <p>0.120</p> <p>0.001</p>	<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>
	<p>Samart Digital Plc. and its subsidiaries paid miscellaneous expenses such as training room rental, telephone preventive maintenance to Samart Corporation Plc. as follows;</p> <ul style="list-style-type: none"> <li>- Samart Digital Plc.</li> <li>- Samart Multimedia Co., Ltd.</li> <li>- I-Mobile Plus Co., Ltd.</li> <li>- I-Sport Co., Ltd.</li> <li>- Sim2Asset Co., Ltd.</li> </ul>	<p>0.053</p> <p>0.047</p> <p>0.001</p> <p>0.007</p> <p>0.004</p>	<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>
	<p>Samart Digital Plc. bought equipment for sale from Samart Engineering Co., Ltd.</p> <p>(Total outstanding as of December 31, 2017 was Baht 15.837 million)</p>	<p>14.713</p>	<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
	<p>Samart Digital Plc. and its subsidiaries bought bluetooth from Samart Corporation Plc.</p>	<p>0.031</p>	<p>The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	Samart Digital Plc. bought CCTV and accessories from Vision and Security System Co., Ltd.	0.687	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.
	Samart Digital Plc. sold office equipments to subsidiaries of Samart Corporation Plc. as follows; - Vision and Security System Co., Ltd. - Samart Telcoms Plc. - One to One Contacts Plc. - Teda Co., Ltd.	0.010 0.002 0.010 0.033	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of used asset at the market price.
	Samart Digital Plc. provided electrical testing service to Samart Telcoms Plc.	0.072	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart Digital Plc. and its subsidiaries paid contact center management fee to One to One Contacts Plc. as follows; - Samart Digital Plc. - Samart Multimedia Co., Ltd. - I-Sport Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 2.626 million)	7.844 0.144 0.285	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart Digital Plc. and its subsidiaries paid internet service to Samart Infonet Co., Ltd. as follows; - Samart Digital Plc. - Samart Multimedia Co., Ltd. - I-Mobile Plus Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 0.195 million)	1.608 1.904 0.608	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart Multimedia Co., Ltd. provided SMS services to One to One Contacts Plc. (Total outstanding as of December 31, 2017 was Baht 0.024 million)	0.174	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	I-Sport Co., Ltd. provided football player sourcing to Vision and Security System Co., Ltd.	0.070	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	I-Sport Co., Ltd. sold sport shirt to Samart Engineering Co., Ltd.	0.020	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.
	I-Sport Co., Ltd. bought office equipment from Samart Engineering Co., Ltd.	0.081	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.
	Samart Multimedia Co., Ltd. hired One to One Contacts Plc. to prepare and provide information for goods and services. (Total outstanding as of December 31, 2017 was Baht 7.298 million)	16.920	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart Multimedia Co., Ltd. sold premium products to Samart Corporation Plc. and it's subsidiaries as follows; - Samart Corporation Plc. - Samart Engineering Co., Ltd. - Samart Telcoms Plc. - Samart Communication Services Co., Ltd. - Samart Comtech Co., Ltd. - Samart Infonet Co., Ltd. - Thai Trade Net Co., Ltd. - Portalnet Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 0.007 million)	0.431 0.054 0.374 0.184 0.363 0.039 0.048 0.032	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.
	Samart Multimedia Co., Ltd. provided fortuneteller services to Portalnet Co., Ltd.	0.020	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	I-Mobile Plus Co., Ltd. sold sim card and provided mobile phone services to Samart Corporation Plc. and its subsidiaries as follows; - One to One Contacts Plc. - Posnet Co., Ltd. - Samart Comtech Co., Ltd. - Samart Infonet Co., Ltd.	0.038 0.002 0.008 0.002	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of goods and services according to the general trade conditions.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	I-Mobile Plus Co., Ltd. sold cars to Samart Comtech Co., Ltd.  (Total outstanding as of December 31, 2017 was Baht 3.796 million)	3.548	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.
	Samart Digital Plc. received loan from Samart Corporation Plc.	1,310.000	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that the transaction, approved by the Board of Directors Meeting on January 26, 2017, was fair and beneficial to the Company and complied with the group's policy.
	Samart Digital Plc. paid Interest on loans to Samart Corporation Plc. (Total outstanding as of December 31, 2017 was Baht 20.988 million)	24.288	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that the Interest rate was complied with the group's policy.
	Thai Base Station Co., Ltd. provided space and tower rental to Samart Communication Services Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 3.945 million)	14.934	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.
2. Vilailuck International Holding Co., Ltd. A major shareholder of Samart Corporation Plc. with 18.42% stake owner and SAMART is the major shareholder of Samart Digital Plc.  <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries paid space rental, utility service fee, parking fee, property tax and to Vilailuck International Holding Co., Ltd. as follows: - Samart Digital Plc. - Samart Multimedia Co., Ltd. - I-Mobile Plus Co., Ltd. - Entertainment Tree Co., Ltd. - I-Sport Co., Ltd. - Sim 2 Asset Co., Ltd. - Thai Base Station Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 0.068 million)	2.739 0.089 0.018 0.004 1.342 0.008 0.001	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that the rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
	Samart Digital Plc. sold mobile phone and accessories to Vilailuck International Holding Co.,Ltd.	0.078	
	Samart Digital Plc. provided mobile phone services to Vilailuck International Holding Co., Ltd.	0.009	

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
3. CSV Asset Co., Ltd. whose major shareholder of 99.97% stake owner is Vilailuck International Holding Co., Ltd. and VIH is a major shareholder of SAMART and SAMART is a major shareholder of Samart Digital Plc.  <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. paid space rental, services for public utilities, property tax to CSV Asset Co., Ltd.          (Total outstanding as of December 31, 2017 was Baht 0.061 million)	3.726	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that the rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.
4. Thai Ticket Pro Co., Ltd. A director is connected person.  <u>Related Director</u> 1. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries bought air ticket from Thai Ticket Pro Co., Ltd. as follows; - Samart Digital Plc. - Samart Multimedia Co., Ltd. - Thai Base Station Co., Ltd.  (Total outstanding as of December 31, 2017 was Baht 0.019 million)	0.063  0.034  0.016	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.
5. Win Performance Co., Ltd. A director is connected person.  <u>Related Director</u> 1. Mr. Watchai Vilailuck	Samart Digital Plc. provided the network peripheral maintenance services to Win Performance Co., Ltd. (Total outstanding as of December 31, 2017 was Baht 0.428 million)	3.100	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.
	Samart Multimedia Co., Ltd. sold bulk of SMS to Win Performance Co.,Ltd.  (Total outstanding as of December 31, 2017 was Baht 0.425 million)	1.500	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.
	I-Mobile Plus Co., Ltd. sold bulk of SMS to Win Performance Co., Ltd.	4.256	The Audit Committee meeting No. 1/2018 on February 27, 2018 resolved that it was a normal business transaction for sale and purchase of according to the general trade conditions.

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

### **Necessity and Rationale of transactions**

The Audit Committee had the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. The conditions were set according to the general trade conditions.

### **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. 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.

### **Policy and Trend in Future Connected Transactions**

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with the SET's regulations and notifications. In case of any conflict of interest transaction occurred in the future, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the Company's audited/reviewed notes to the financial statement.

# Management Discussion and Analysis

## Financial Statements

Summary of financial positions and operating results of Samart Digital Public Company Limited and its subsidiaries are as follows:

(Unit: Million Baht)

Item	As of December 31		
	2015	2016	2017
Cash and cash equivalents	149	119	242
Account receivables - net	7,066	5,681	2,986
Inventories	863	469	128
Land, building and equipment - net	780	700	1,154
Total assets	9,994	7,974	6,385
Overdrafts and loans from financial institutions	5,661	4,730	4,048
Account payables	497	113	88
Total liabilities	6,764	5,458	5,835
Paid up capital	440	440	440
Retained earnings (Deficit)	1,535	817	(1,101)
Non-controlling interests of the subsidiaries	111	120	91
Shareholders' equity	3,230	2,516	550
Revenue from sales and services	7,730	3,366	1,334
Selling support income	28	19	1
Total revenues	7,799	3,461	1,364
Cost of sales and services	6,183	3,050	1,368
Selling and Administrative expenses include other expenses	1,360	1,067	2,223
Finance Cost	206	182	191
Net profit (loss)	37	(720)	(1,925)
Earning (loss) per share (Baht)	0.008	(0.164)	(0.440)
Cash flow from (used in) operating activities	230	759	337
Cash flow from (used in) investing activities	(80)	5	(399)
Cash flow from (used in) financing activities	(160)	(787)	186
Net increase (decrease) in cash and cash equivalents	10	(30)	123
Par value per share (Baht)	0.10	0.10	0.10
Ordinary shares outstanding (Million shares)	4,400.25	4,400.25	4,400.25
Weighted average number of ordinary shares (Million shares)	4,400.25	4,400.25	4,400.25
Book value per share (Baht)	0.73	0.57	0.13
Dividend per share (Baht)	0.015	-	-



Financial ratios of Samart Digital Public Co., Ltd. and its subsidiaries are as follows:

Financial Ratio		As of December 31		
		2015	2016	2017
<b>LIQUIDITY RATIO</b>				
Current ratio	(Times)	1.30	1.31	0.80
Quick ratio <sup>(1)</sup>	(Times)	1.09	1.14	0.62
Cash turnover	(Times)	0.03	0.13	0.06
Receivable turnover ratio	(Times)	1.19	0.53	0.31
Average collection period	(Days)	303	682	1,170
Inventory turnover ratio	(Times)	3.66	4.58	4.59
Average sale period	Days	99	79	79
Payable turnover ratio	(Times)	7.41	10.01	13.60
Payment period	(Days)	49	36	27
Cash conversion cycle	(Days)	353	725	1,222
<b>PROFITABILITY RATIO</b>				
Gross profit <sup>(2)</sup>	(%)	20.30	9.90	(2.44)
Operating profit margin <sup>(3)</sup>	(%)	0.64	(24.77)	(181.09)
Other profit margin	(%)	0.52	2.18	2.15
Operating cash flow to profitability	(%)	479.24	(90.52)	(13.92)
Net profit margin	(%)	0.48	(20.79)	(141.10)
Return on equity	(%)	1.15	(26.09)	(134.81)
<b>EFFICIENCY RATIO</b>				
Return on assets	(%)	0.36	(8.01)	(26.81)
Return on fixed assets	(%)	31.87	(72.19)	(185.28)
Asset turnover	(Times)	0.76	0.39	0.19
<b>FINANCIAL POLICY RATIO</b>				
Debt to equity	(Times)	2.09	2.17	10.60
Interest coverage <sup>(4)</sup>	(Times)	2.42	(2.63)	(10.75)
Commitment coverage <sup>(4)</sup>	(Times)	0.81	(1.21)	(3.40)
Dividend payout ratio	(%)	177.61	-	-

- Remarks**
- <sup>(1)</sup> Quick ratio was calculated by including restricted cash deposits.
  - <sup>(2)</sup> Gross profit was calculated by including sales support revenue.
  - <sup>(3)</sup> Operating profit was defined as earnings before tax and non-controlling interests of the subsidiaries.
  - <sup>(4)</sup> Earnings before interest, tax, non-controlling interests of the subsidiaries, and depreciation & amortization was used instead of net cash flows from operation.

## Operation Overview

In 2017, the Company and subsidiaries reported total revenues of Baht 1,364 million, a decrease of Baht 2,097 million or 60.6% compared with 2016. This was primarily resulted from cease of i-mobile handset business and left only retail business of other brands. In addition, there was a decrease in revenues of Non-Mobile Business through both Content Business and TV Business (Live Broadcast).

Operating loss of Baht 2,417 million, increased by Baht 1,579 million or 188.2% compared with 2016 as the decline in gross profit margin together with higher other expenses which is mainly allowance for doubtful accounts. As a result, net loss was Baht 1,925 million, an increase of Baht 1,205 million from the previous year.

## Results of Operation of the Company and Subsidiaries

### Sales and service income including gross profit

(Unit: Million Baht)

	Mobile Business		Non-Mobile Business		Total	
	2017	2016	2017	2016	2017	2016
Sales and service income	791	2,555	543	811	1,334	3,366
Selling support income	1	19	-	-	1	19
Cost of sales and services	(832)	(2,419)	(536)	(631)	(1,368)	(3,050)
Gross profit	(40)	155	7	180	(33)	335
Selling and Administrative expenses and other expenses					(2,223)	(1,067)
Other income					29	75
Finance cost					(191)	(182)
Corporate income tax					464	127
Non-controlling interests of the subsidiaries					29	(8)
Net loss					(1,925)	(720)

### Mobile Business

Revenue of Mobile Business, including selling support income, was Baht 791 million, reduced by Baht 1,764 million or 69.0% compared with 2016. This was mainly resulted from the cease of i-mobile handset business in this period. In addition, gross profit dropped by 195 million or 125.8%, related to the decrease in revenues and stock clearance.

### Non-Mobile Business

Revenue of Non-Mobile Business was Baht 543 million, a decrease of Baht 268 million or 33.1% compared with 2016, mainly from the decrease in revenues of both Content Business and TV Business (Live Broadcast) compared with the previous year. Gross profit was Baht 7 million, a decrease of Baht 173 million or 96%.

### Other Income

Other income was Baht 29 million, representing 2.1% of total revenues in 2017, a decrease of Baht 46 million or 61.3% compared with the previous year

### Selling and Administration Expenses including Other Expenses

Selling and administration expenses including other expenses were Baht 2,223 million, an increase of Baht 1,156 million or 108.4% compared with 2016. This was primarily from allowance for doubtful accounts from Mobile Business of Baht 1,535 million for the certain receivable who have past due over than 1 year and have repayment problems whilst selling expenses decreased Baht 276 million as the declining in revenue.

### Finance Cost

Finance cost was Baht 191 million, an increase of Baht 9 million or 4.7% compared with 2016, due to the increase in short term loans from related companies as higher working capital requirement during the period.

### Income Tax

Income tax income were totally Baht 464 million, an increase from 2016 of Baht 337 million, corresponding to deferred tax benefit the Company had gain in 2017.

## Financial Position

### Assets

As of December 31, 2017, total assets were Baht 6,385 million, a considerable decrease of Baht 1,589 million or 19.9% compared with the end of 2016. This was contributed primarily by the decline in trade receivables and inventories corresponding to the cease of i-mobile handset business. The portion of trade receivables and inventories were 46.8% and 2.0% of total assets respectively.

Total non-current assets were Baht 2,139 million, an increase of 921 million or 75.6% compared with the end of 2016, representing 33.5% of total assets, in which equipment was a major component with 18.1% of total assets. Return on Asset (ROA) declined from (8.01%) to (26.81%) in 2017.

### Trade Receivables

As of December 31, 2017, trade receivables were Baht 3,140 million, a significant decrease of Baht 2,785 million or 47.0% compared with the end of 2016. Allowance for doubtful accounts was provided through an estimation of uncollectible receivables, which based on the Company's collection experience, analysis of debtors, and current status of receivables outstanding at balance sheets date. The management of the Company and its subsidiaries are in the process to follow up these debts according to the Company's dunning processes and believe that the allowance for doubtful accounts is reasonable and adequate.

### Inventories

As of December 31, 2017, net inventories were Baht 128 million, significantly decreased by Baht 341 million or 72.8% compared with the end of 2016. This was mainly contributed by the decline in finished goods and supplies of Mobile Business as the cease of i-mobile handset business in this year. An allowance for obsolescence has complied with the Company's policy. The Company and subsidiaries recorded an increase of 70 million for the allowance during 2017. The average sales period maintained at 79 days.

### Other Current Assets

As of December 31, 2017, other current assets were Baht 735 million, an increase of Baht 494 million or 204.3% compared with the end of 2016, mainly from the increase in advance for purchase of inventories for new projects.

### Non-Current Assets

As of December 31, 2017, non-current assets were Baht 2,319 million, increased by Baht 921 million or 75.6% from the end of 2016. This was mainly contributed by the increase in fixed assets which are mainly digital trunked radio project.

### Liquidity

As of December 31, 2017, cash and cash equivalents were Baht 242 million, an increase of Baht 123 million or 103.7% compared with the end of 2017. Sources and uses of fund are as follows:

- Net cash flows from operating activities of Baht 337 million was mainly attributed to the decline in trade receivables and inventories corresponding to the cease of i-mobile handset business and trade receivables repayment.
- Net cash flows use in investing activities of Baht 399 million was mainly attributed to given the purchase of equipment to support the Company's business expansion in 2018.
- Net cash flows from financing activities of Baht 186 million was mainly attributed to drawdown of short term loans from related companies.

Compared with 2016, the Company's liquidity ratio, quick ratio, and cash ratio declined from 1.31 times to 0.80 times, from 1.14 times to 0.62 times, and from 0.13 times to 0.06 times respectively.

**Sources of Funds**

As of December 31, 2017, total shareholders' equity was Baht 550 million, a decrease of Baht 1,966 million or 78.1% compared with the end of 2016. Accordingly, net loss in 2017 was Baht 1,925 million.

Total liabilities as of December 31, 2017 were Baht 5,835 million, increased Baht 377 million or 6.9% compared with the end of 2016. Total liabilities consist of current liabilities of Baht 5,336 million, and non-current liabilities of Baht 499 million, representing 83.6% and 7.8% of total assets respectively. Major components are as follows:

- Bank overdrafts and loans from financial institutions were totally Baht 4,048 million, representing 69.4% of total liabilities or 63.4% of total assets, a considerable decrease of Baht 682 million or 14.4% compared with the end of 2016.
- Trade payables and other payables were Baht 405 million, representing 6.9% of total liabilities or 6.3% of total assets, decreased by Baht 92 million or 18.5% compared with the end of 2016.
- Short term loans were Baht 1,332 million, representing 22.8% of total liabilities or 20.9% of total assets, increased by Baht 1,169 or 719.1% compared with the end of 2016.

Regarding above liabilities and shareholders' equity, the Company's debt to equity ratio increased from 2.17 times to 10.60 times in 2017.

# Report of the Board of Directors’ Responsibilities for the Financial Reports

The Company’s Board of Directors is responsible for the financial statements of Samart Digital Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as well as the information that appears in the Annual Report. The financial statements are prepared in accordance with Thai Financial Reporting Standards. Appropriate accounting policies have used and practiced regularly. Careful consideration and best estimates have made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors.

The Board of Directors has provided for and maintained appropriate and effective internal control system to obtain reasonable assurance that the accounting information is accurate, complete and sufficient to maintain the Company’s assets and to prevent fraud or significant unusual transactions.

In this regard, the Board of Directors appoints the Audit Committee to examine the accounting policies and the quality of the financial reports as well as the internal control and internal audit systems. The opinions of the Audit Committee on these matters appear in the Report of the Audit Committee in this Annual Report.

The financial statements of Samart Digital Public Company Limited and its consolidated financial statements were audited by EY Office Limited, the Company’s auditor. During the audit, the Board of Directors supported the auditor with various information and documents so that the auditor could audit and express its opinions according to the accounting standards. The opinions of the auditor appear in the Report of Independent Auditor in this Annual Report.

The Board of Directors was of the opinion that the overall internal control system of the Company was at a satisfactory level. The financial statements of Samart Digital Public Company Limited and its consolidated financial statement as of December 31, 2017 was creditable presentation in accordance with Thai Financial Reporting Standards and compliance with related laws and regulations.



(Mr. Watchai Vilailuck)

Director

Samart Digital Public Company Limited



(Mrs. Sukanya Vanichjakvong)

Director

Samart Digital Public Company Limited

# Independent Auditor's Report

**To the Shareholders of Samart Digital Public Company Limited**

(formerly known as "Samart I-Mobile Public Company Limited")

**Opinion**

I have audited the accompanying consolidated financial statements of Samart Digital 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 Digital 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 Digital Public Company Limited and its subsidiaries and of Samart Digital 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 the matter as described in Note 3 and Note 4 to the financial statements, that during the current year, the Company made the change in its accounting policy as the adoption of TAS 27 (revised 2016); Separate Financial Statements. The Company has restated the 2016 financial statements to reflect the changes in such accounting policy. 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**

The Group has disclosed its policies on revenue recognition from sales and service income in Note 5.1 to the financial statements. Sales and service income represent significant amounts in the financial statements and directly affect profit or loss of the Group. In addition, the Group has entered into agreements with a large number of customers and there are a variety of conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I selected sales and service agreements, examined supporting documents for sales transactions occurring during the year and near the end of the accounting period, and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Allowance for doubtful accounts**

As at 31 December 2017, the Group had significant balances of trade accounts receivable (accounting for 49% and 49% 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 5.3, 6.2 and 10 to the financial statements, requires significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. This impact the amounts of allowance for doubtful accounts to be set aside. I therefore gave significant attention to allowance for doubtful accounts.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for doubtful accounts and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for 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.

#### **Deferred tax**

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 5.16, 6.5 and 34 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. There is a risk with respect to the amount of deferred tax assets. I therefore gave significant attention to allowance for doubtful accounts.

I assessed and gained an understanding of the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, and gaining an understanding of the Group's designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with particular consideration given to information and assumptions that directly affect revenue growth and gross profit margin, such as interest rates and gross domestic product. Furthermore, I performed comparative analysis based on industry information from external sources, and compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Company.

#### **Allowance for diminution in value of inventory**

As technology products are constantly developing, any changes in technology could affect the inventory value. Estimating the net realisable value of inventory, as disclosed in Note 5.4, 6.3 and 12 to the financial statements, is an area of significant management's judgement, particularly with regard to the estimation of provision for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the technology industry. There is a risk with respect to the amount of provision set aside for allowance for diminution in the value of inventory. I therefore gave significant attention to allowance for diminution in value of inventory.

I assessed and gained an understanding internal controls of the Group relevant to the determination of allowance for diminution in the value of inventory by making enquiry of the responsible executives, gaining an understanding of the criteria applied in determining the allowance for diminution in value of inventory, and reviewing the consistency of the application, and the rationale for the recording of specific provisions. I compared the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover. I performed analysis to compare the net proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line. I also compared historical data of losses on sales and write-offs of inventory during the year with the allowance for diminution in value of inventory recorded at the preceding year-end.

#### **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:

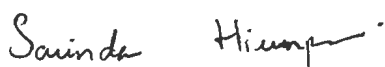
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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

# Financial Statements

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		31 December 2017	31 December 2016	31 December 2017	31 December 2016	1 January 2016
<b>Assets</b>					(Restated)	
<b>Current assets</b>						
Cash and cash equivalents	8	242,176,635	118,896,587	188,247,969	19,949,824	75,483,332
Temporary investments	9	1,124,533	2,258,111	1,124,533	2,258,111	2,350,049
Trade and other receivables	7, 10	3,139,960,976	5,924,665,208	3,046,222,795	5,856,567,369	7,021,387,602
Short-term loans	7, 11	-	-	205,000,000	176,831,504	368,574,315
Inventories	12	127,507,611	468,839,232	128,945,957	465,704,416	705,811,922
Other current assets	13	735,253,120	241,593,159	456,886,208	68,270,876	81,817,223
<b>Total current assets</b>		<b>4,246,022,875</b>	<b>6,756,252,297</b>	<b>4,026,427,462</b>	<b>6,589,582,100</b>	<b>8,255,424,443</b>
<b>Non-current assets</b>						
Restricted bank deposits	8, 14	103,266,396	104,918,542	103,266,396	104,918,542	104,027,769
Available-for-sale investments	15	39,333,789	70,271,514	17,100,000	26,400,000	116,835,120
Investments in subsidiaries	16	-	-	625,508,608	680,066,386	1,108,722,649
Equipment	17	1,153,671,111	699,974,407	726,611,889	446,329,717	487,687,757
Goodwill	18	59,323,000	59,991,852	-	-	-
Intangible assets	19	39,903,749	7,330,170	-	-	-
Deferred tax assets	34	712,907,649	243,290,636	665,106,635	216,798,337	73,638,280
Other non-current assets		30,971,655	32,469,020	24,020,120	24,464,875	22,718,390
<b>Total non-current assets</b>		<b>2,139,377,349</b>	<b>1,218,246,141</b>	<b>2,161,613,648</b>	<b>1,498,977,857</b>	<b>1,913,629,965</b>
<b>Total assets</b>		<b>6,385,400,224</b>	<b>7,974,498,438</b>	<b>6,188,041,110</b>	<b>8,088,559,957</b>	<b>10,169,054,408</b>

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)  
Statement of financial position (continued)  
As at 31 December 2017

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	1 January 2016
<b>Liabilities and shareholders' equity</b>				(Restated)	
<b>Current liabilities</b>					
Bank overdrafts and short-term					
loans from financial institutions      20	3,513,080,671	4,473,301,748	3,459,567,276	4,333,415,716	5,535,179,101
Trade and other payables      7, 21	405,448,645	497,324,425	190,906,760	301,156,351	1,167,398,357
Short-term loans      7, 22	1,332,140,000	162,641,070	1,806,500,000	768,000,000	291,885,000
Current portion of long-term					
loans from financial institutions      23	30,000,000	2,946,823	30,000,000	-	-
Current portion of liabilities under					
finance lease agreements      24	39,808,478	3,028,884	-	-	1,725,739
Income tax payable	-	747,001	-	-	-
Other current liabilities      25	15,474,323	29,778,062	4,041,357	19,315,179	26,445,293
<b>Total current liabilities</b>	5,335,952,117	5,169,768,013	5,491,015,393	5,421,887,246	7,022,633,490
<b>Non-current liabilities</b>					
Long-term loans from financial					
institutions, net of current portion      23	220,000,000	250,000,000	220,000,000	250,000,000	-
Liabilities under finance lease					
agreements, net of current portion      24	245,091,706	284,678	-	-	-
Provision for long-term					
employee benefits      26	33,082,129	37,498,716	17,741,978	19,800,815	26,226,183
Other non-current liabilities	836,677	371,966	235,666	371,966	901,705
<b>Total non-current liabilities</b>	499,010,512	288,155,360	237,977,644	270,172,781	27,127,888
<b>Total liabilities</b>	5,834,962,629	5,457,923,373	5,728,993,037	5,692,060,027	7,049,761,378

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	1 January 2016
<b>Liabilities and shareholders' equity (continued)</b>				(Restated)	
<b>Shareholders' equity</b>					
Share capital					
Registered					
9,900,562,500 ordinary shares of Baht 0.1 each (31 December 2016 and 1 January 2016: 4,400,250,000 ordinary shares of Baht 0.1 each)	27	990,056,250	440,025,000	990,056,250	440,025,000
Issued and paid-up 4,400,250,000 ordinary shares of Baht 0.1 each		440,025,000	440,025,000	440,025,000	440,025,000
Share premium		1,230,452,034	1,230,452,034	1,230,452,034	1,230,452,034
Surplus on changes in percentage of shareholding in subsidiary		569,584	569,584	569,584	569,584
Retained earnings					
Appropriated - statutory reserve	28	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated (deficit)		(1,145,278,840)	773,051,871	(1,145,278,840)	773,051,871
Other components of shareholders' equity		(111,119,705)	(91,998,559)	(111,119,705)	(91,998,559)
Equity attributable to owners of the Company		459,048,073	2,396,499,930	459,048,073	2,396,499,930
Non-controlling interests of the subsidiaries		91,389,522	120,075,135	-	-
<b>Total shareholders' equity</b>		550,437,595	2,516,575,065	459,048,073	2,396,499,930
<b>Total liabilities and shareholders' equity</b>		6,385,400,224	7,974,498,438	6,188,041,110	8,088,559,957
					10,169,054,408

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Income statement

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Revenues</b>					(Restated)
Sales		759,153,447	2,461,127,403	722,365,329	2,457,324,562
Service income	29	574,432,711	905,290,359	11,497,433	24,437,225
Other income	30	30,588,017	94,885,335	43,034,387	214,300,458
<b>Total revenues</b>		1,364,174,175	3,461,303,097	776,897,149	2,696,062,245
<b>Expenses</b>	31				
Cost of sales		810,907,735	2,300,482,590	800,213,475	2,243,860,296
Cost of services		556,520,694	750,284,357	7,768,213	47,601,066
Selling expenses		333,715,782	609,756,065	290,107,318	547,505,406
Administrative expenses		300,102,538	392,260,373	190,766,387	227,425,105
Other expenses	32	1,589,077,844	64,732,661	1,577,778,692	47,339,726
<b>Total expenses</b>		3,590,324,593	4,117,516,046	2,866,634,085	3,113,731,599
<b>Loss before share of loss from investments in subsidiaries, finance cost and income tax income</b>		(2,226,150,418)	(656,212,949)	(2,089,736,936)	(417,669,354)
Share of loss from investments in subsidiaries	16	-	-	(95,087,993)	(272,246,369)
<b>Loss before finance cost and income tax income</b>		(2,226,150,418)	(656,212,949)	(2,184,824,929)	(689,915,723)
Finance cost	33	(191,104,566)	(182,442,991)	(187,483,136)	(184,049,452)
<b>Loss before income tax income</b>		(2,417,254,984)	(838,655,940)	(2,372,308,065)	(873,965,175)
Income tax income	34	463,571,393	126,808,638	447,487,572	154,323,005
<b>Loss for the year</b>		(1,953,683,591)	(711,847,302)	(1,924,820,493)	(719,642,170)
<b>Loss attributable to:</b>					
Equity holders of the Company		(1,924,820,493)	(719,642,170)	(1,924,820,493)	(719,642,170)
Non-controlling interests of the subsidiaries		(28,863,098)	7,794,868		
		(1,953,683,591)	(711,847,302)		
<b>Basic earnings (loss) per share</b>	35				
Loss attributable to equity holders of the Company		(0.44)	(0.16)	(0.44)	(0.16)
Weighted average number of ordinary shares (shares)		4,400,250,000	4,400,250,000	4,400,250,000	4,400,250,000

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Loss for the year</b>		(1,953,683,591)	(711,847,302)	(1,924,820,493)	(Restated) (719,642,170)
<b>Other comprehensive income:</b>					
<i>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currencies		(236,492)	(7,070,805)	(236,492)	(7,070,805)
Reclassification of exchange differences on translation of financial statements in foreign currencies of disposed subsidiaries to profit or loss		-	(28,155,032)	-	(28,155,032)
		(236,492)	(35,225,837)	(236,492)	(35,225,837)
Loss on changes in value of available-for-sale investments	15	(26,666,607)	(17,412,251)	(26,666,607)	(17,412,251)
Reclassification of loss on changes in value of disposed available-for-sale investments to profit or loss	15	3,060,789	55,263,603	3,060,789	55,263,603
Income tax effect	34	4,721,164	(7,570,271)	4,721,164	(7,570,271)
		(18,884,654)	30,281,081	(18,884,654)	30,281,081
<b>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods, net of tax</b>		(19,121,146)	(4,944,756)	(19,121,146)	(4,944,756)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Reversal of actuarial gain on defined benefit plan from the subsidiaries' liquidation		(282,349)	-	(282,349)	-
Actuarial gain	26	8,616,432	2,242,282	8,394,576	2,242,282
Income tax effect	34	(1,666,816)	(448,456)	(1,622,445)	(448,456)
		6,667,267	1,793,826	6,489,782	1,793,826
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</b>		6,667,267	1,793,826	6,489,782	1,793,826
<b>Other comprehensive income for the year</b>		(12,453,879)	(3,150,930)	(12,631,364)	(3,150,930)
<b>Total comprehensive income for the year</b>		(1,966,137,470)	(714,998,232)	(1,937,451,857)	(722,793,100)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(1,937,451,857)	(722,793,100)	(1,937,451,857)	(722,793,100)
Non-controlling interests of the subsidiaries		(28,685,613)	7,794,868		
		(1,966,137,470)	(714,998,232)		

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)  
Statement of changes in shareholders' equity  
For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company											Equity attributable to non-controlling interests of the subsidiaries	Total of shareholders' equity
Issued and paid-up share capital	Share premium	Surplus on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity				Total equity attributable to owners of the Company			
					Other comprehensive income		Total other components of shareholders' equity					
					Exchange differences on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments						
Balance as at 31 December 2015	440,025,000	1,230,452,034	569,584	44,400,000	1,490,900,215	39,930,131	(126,983,934)	(87,053,803)	3,119,293,030	110,944,175	3,230,237,205	
Loss for the year	-	-	-	-	(719,642,170)	-	-	-	(719,642,170)	7,794,868	(711,847,302)	
Other comprehensive income for the year	-	-	-	-	1,793,826	(35,225,837)	30,281,081	(4,944,756)	(3,150,930)	-	(3,150,930)	
Total comprehensive income for the year	-	-	-	-	(717,848,344)	(35,225,837)	30,281,081	(4,944,756)	(722,793,100)	7,794,868	(714,998,232)	
Increase in non-controlling interests of the subsidiaries from purchase and additional call up share capital of subsidiary	-	-	-	-	-	-	-	-	-	14,539,355	14,539,355	
Decrease in non-controlling interests of the subsidiaries from sales of subsidiaries	-	-	-	-	-	-	-	-	-	(13,104,263)	(13,104,263)	
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(99,000)	(99,000)	
Balance as at 31 December 2016	440,025,000	1,230,452,034	569,584	44,400,000	773,051,871	4,704,294	(96,702,853)	(91,998,559)	2,396,499,930	120,075,135	2,516,575,065	
Balance as at 31 December 2016	440,025,000	1,230,452,034	569,584	44,400,000	773,051,871	4,704,294	(96,702,853)	(91,998,559)	2,396,499,930	120,075,135	2,516,575,065	
Loss for the year	-	-	-	-	(1,924,820,493)	-	-	-	(1,924,820,493)	(28,863,098)	(1,953,683,591)	
Other comprehensive income for the year	-	-	-	-	6,489,782	(236,492)	(18,884,654)	(19,121,146)	(12,631,364)	177,485	(12,453,879)	
Total comprehensive income for the year	-	-	-	-	(1,918,330,711)	(236,492)	(18,884,654)	(19,121,146)	(1,937,451,857)	(28,685,613)	(1,966,137,470)	
Balance as at 31 December 2017	440,025,000	1,230,452,034	569,584	44,400,000	(1,145,278,840)	4,467,802	(115,587,507)	(111,119,705)	459,048,073	91,389,522	550,437,595	

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



Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of changes in shareholders’ equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements							
	Issued and paid-up share capital	Share premium	Surplus on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders’ equity		
						Exchange differences on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments	Total other components of shareholders’ equity
				Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 31 December 2015 - as previously reported</b>	440,025,000	1,230,452,034	-	44,400,000	866,409,307	-	(107,930,882)	(107,930,882)
Cumulative effect of change in accounting policy for recording of investment under the equity method (Note 3)	-	-	569,584	-	624,490,908	39,930,131	(19,053,052)	20,877,079
<b>Balance as at 31 December 2015 - as restated</b>	440,025,000	1,230,452,034	569,584	44,400,000	1,490,900,215	39,930,131	(126,983,934)	(87,053,803)
Loss for the year	-	-	-	-	(719,642,170)	-	-	-
Other comprehensive income for the year	-	-	-	-	1,793,826	(35,225,837)	30,281,081	(4,944,756)
Total comprehensive income for the year	-	-	-	-	(717,848,344)	(35,225,837)	30,281,081	(4,944,756)
<b>Balance as at 31 December 2016 - as restated</b>	440,025,000	1,230,452,034	569,584	44,400,000	773,051,871	4,704,294	(96,702,853)	(91,998,559)
<b>Balance as at 31 December 2016 - as previously reported</b>	440,025,000	1,230,452,034	-	44,400,000	487,305,649	-	(65,640,000)	(65,640,000)
Cumulative effect of change in accounting policy for recording of investment under the equity method (Note 3)	-	-	569,584	-	285,746,222	4,704,294	(31,062,853)	(26,358,559)
<b>Balance as at 31 December 2016 - as restated</b>	440,025,000	1,230,452,034	569,584	44,400,000	773,051,871	4,704,294	(96,702,853)	(91,998,559)
Loss for the year	-	-	-	-	(1,924,820,493)	-	-	-
Other comprehensive income for the year	-	-	-	-	6,489,782	(236,492)	(18,884,654)	(19,121,146)
Total comprehensive income for the year	-	-	-	-	(1,918,330,711)	(236,492)	(18,884,654)	(19,121,146)
<b>Balance as at 31 December 2017</b>	440,025,000	1,230,452,034	569,584	44,400,000	(1,145,278,840)	4,467,802	(115,587,507)	(111,119,705)
								459,048,073

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					(Restated)
Loss before tax		(2,417,254,984)	(838,655,940)	(2,372,308,065)	(873,965,175)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:					
Unrealised (gain) loss on exchange		11,220,302	(1,570,219)	11,802,892	17,383,716
Gain on disposal of temporary investments in trading securities	9	(252,980)	-	(252,980)	-
Loss on change in value of temporary investments in trading securities	9	200,828	91,938	200,828	91,938
Loss (gain) on disposals of available-for-sale investments	15	3,134,673	(11,235,209)	101,650	(11,235,209)
Gain on change in fair value of forward exchange contracts		-	(38,859)	-	(38,859)
Write-off bad debts	32	164,103	27,335,380	1,447,561	-
Increase in allowance for doubtful accounts - trade accounts receivable		1,535,030,726	2,106,938	1,535,058,931	2,088,339
Increase in allowance for diminution in value of other receivables and sales promotion receivables		21,426,900	30,471,605	21,426,900	30,471,605
Increase in reduction cost of inventory to net realisable value	12	70,130,520	251,042,015	90,386,401	212,491,416
Write-off inventories		3,188,875	23,918,207	3,179,810	-
Write-off withholding tax deducted at sources		1,664,993	194,323	-	-
Gain on disposal of investments in subsidiaries		-	-	-	(39,576,594)
Surplus from capital refund of subsidiary		-	-	-	(1,300,054)
Share of loss from investments in subsidiaries	16.2	-	-	95,087,993	272,246,369
Loss (gain) on disposals of investments in subsidiaries	16.8	6,947,712	(39,409,099)	22	125
Exchange differences on translation of financial statements in foreign currencies		-	-	236,492	7,070,805
Loss from the subsidiaries liquidation		1,309	-	-	-
Write-off goodwill		513,500	719,593	-	-
Gain on disposal of equipment	30	(140,994)	(2,953,534)	(116,024)	(2,522,965)

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities (continued)</b>					(Restated)
Transfer equipment to expenses		1,009,295	14	-	13
Depreciation	17	207,585,665	185,319,209	132,836,063	101,678,676
Loss on impairment of equipment	17	7,962,507	-	7,962,507	-
Amortisation of intangible assets	19	1,557,171	2,858,196	-	-
Loss on write-off intangible assets		1,392,825	-	-	-
Amortisation of deferred interests under finance lease agreements		5,129,153	648,164	-	11,536
Provision in allowance for warranty		(5,928,000)	(824,000)	(5,928,000)	(824,000)
Provision for long-term employee benefits	26	4,682,199	(3,584,271)	2,437,528	(3,474,229)
Interest income	30	(1,266,235)	(1,732,606)	(6,515,811)	(12,291,160)
Interest expenses	33	182,655,932	178,291,123	185,017,817	181,337,674
Loss from operating activities before changes in operating assets and liabilities		(359,244,005)	(197,007,032)	(297,937,485)	(120,356,033)
Operating assets (increase) decrease					
Trade and other receivables		1,184,770,241	1,418,136,746	1,225,090,530	1,146,518,002
Inventories		267,954,087	120,111,434	243,134,110	24,337,328
Other current assets		(469,022,571)	92,465,435	(395,364,471)	18,936,902
Other non-current assets		45,386	(1,454,727)	444,755	(1,746,486)
Operating liabilities increase (decrease)					
Trade and other payables		(122,358,341)	(429,617,707)	(188,067,916)	(758,348,780)
Other current liabilities		(8,200,407)	(25,683,277)	(9,345,822)	(6,267,256)
Other non-current liabilities		(136,300)	(1,737,738)	(136,300)	(529,739)
Cash flows from operating activities		493,808,090	975,213,134	577,817,401	302,543,938
Proceeds from sales of temporary investment in trading securities	9	1,185,730	-	1,185,730	-
Cash paid for interest expenses		(159,948,286)	(180,089,003)	(164,405,422)	(182,265,507)
Cash paid for income tax		(26,355,594)	(49,932,228)	(2,845,739)	(5,390,554)
Cash paid for long-term employee benefits	26	(211,300)	-	-	-
Cash received from withholding tax refundable	13.1	28,105,251	13,984,398	9,344,932	-
<b>Net cash flows from operating activities</b>		<b>336,583,891</b>	<b>759,176,301</b>	<b>421,096,902</b>	<b>114,887,877</b>

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)  
Statement of cash flows (continued)  
For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from investing activities</b>					(Restated)
Cash paid to provide short-term loans to related parties	7	-	-	(106,500,000)	(68,046,564)
Cash received from repayment of short-term loans to related parties	7	-	-	77,748,914	241,122,655
Cash received for interest income		1,266,235	1,732,607	7,532,436	15,434,841
Cash received from repayment of short-term loans to employees		-	330,611	-	-
Decrease (increase) in restricted bank deposits	8	1,652,146	(890,773)	1,652,146	(890,773)
Proceeds from sales of available-for-sale investments	15	4,197,234	154,533,933	598,350	154,533,933
Cash paid for acquisition of investment in a new subsidiary	16.5	(45,639,306)	(1,292,482)	(50,000,000)	(3,137,360)
Cash paid for share increment in subsidiaries		-	-	-	(143,580,100)
Cash flows from disposal of investments in subsidiaries		19,209,932	(5,203,039)	15,299,750	5,000,000
Cash outflow from liquidation of investments in subsidiaries		(77,568)	-	-	-
Cash received from capital reduction of subsidiaries		-	-	-	30,412,430
Cash paid for acquisition of equipment		(381,721,058)	(170,829,015)	(364,124,877)	(185,536,036)
Cash paid for acquisition of intangible assets		(1,591,800)	-	-	-
Proceeds from disposal of equipment		3,219,231	26,760,856	208,202	23,233,082
Dividend income from subsidiaries		-	-	-	245,488,972
Cash received from liquidation of subsidiaries		-	-	371,254	-
<b>Net cash flows from (used in) investing activities</b>		<b>(399,484,954)</b>	<b>5,142,698</b>	<b>(417,213,825)</b>	<b>314,035,080</b>
<b>Cash flows from financing activities</b>					
Increase (decrease) in bank overdrafts		(86,372,689)	89,776,052	(52)	-
Proceeds from short-term loans from banks		662,600,000	4,321,490,000	562,600,000	4,291,490,000
Cash paid to settle short-term loans from banks		(1,412,200,000)	(4,468,000,000)	(1,312,200,000)	(4,468,000,000)
Decrease in trust receipts		(124,248,388)	(1,088,588,466)	(124,248,388)	(1,025,253,385)
Proceeds from short-term loans from related parties	7	1,495,000,000	417,000,000	1,610,000,000	1,384,999,460

The accompanying notes are an integral part of the financial statements

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from financing activities (continued)</b>					(Restated)
Repayment of short-term loans from related parties	7	(325,000,000)	(277,000,000)	(571,500,000)	(908,884,460)
Repayment of short-term loans from unrelated parties		(2,600,000)	(42,202)	-	-
Proceed from long-term loan from financial institution	23	-	250,000,000	-	250,000,000
Cash paid to settle long-term loans from financial institutions	23	(2,946,823)	(23,886,459)	-	-
Cash paid to settle liabilities under finance lease agreements		(17,839,087)	(12,565,387)	-	(1,737,275)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary		-	(99,000)	-	-
Increase in non-controlling interests of the subsidiaries from purchase and additional call-up share capital of subsidiary		-	14,088,000	-	-
Decrease in non-controlling interests of the subsidiaries from sales of subsidiaries		-	(8,877,784)	-	-
<b>Net cash flows from (used in) financing activities</b>		186,393,013	(786,705,246)	164,651,560	(477,385,660)
<b>Translation adjustments</b>		(211,902)	(7,958,834)	(236,492)	(7,070,805)
<b>Net increase (decrease) in cash and cash equivalents</b>		123,280,048	(30,345,081)	168,298,145	(55,533,508)
Cash and cash equivalents at beginning of year		118,896,587	149,241,668	19,949,824	75,483,332
<b>Cash and cash equivalents at end of year</b>		242,176,635	118,896,587	188,247,969	19,949,824
<b>Supplemental disclosures of cash flows information</b>					
Non-cash items for investing activities					
Receivable from disposal of investment in subsidiary		-	15,299,750	-	15,299,750
Transfer inventories to equipment		58,139	3,278,763	58,139	3,278,763
Increase in accounts payable for purchase of equipment		17,827,822	-	59,989,905	-
Assets acquired under hire purchase agreements		265,098,907	-	-	-

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

Samart Digital Public Company Limited and its subsidiaries  
(formerly known as “Samart I-Mobile Public Company Limited”)  
Notes to consolidated financial statements  
For the year ended 31 December 2017

## 1. General information

Samart Digital 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 distribution of communications and electronics equipment. Its registered address is 99/10, Moo 4, Software Park Building, 26th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi.

On 27 September 2017, an Extraordinary Meeting of the Company’s shareholders passed a resolution approving the change of the Company’s name from “Samart I-Mobile Public Company Limited” to “Samart Digital Public Company Limited”. The Company registered the change of the Company’s name with the Ministry of Commerce on 6 October 2017.

## 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 Digital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

#### *Subsidiaries directly held by the Company*

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
Samart Multimedia Co., Ltd.	Provision content services via audiotext and call center	Thailand	100	100
Brain Source Co., Ltd.	Liquidation was completed during the year (2016: In process of liquidation)	Thailand	-	100
I-Mobile Plus Co., Ltd.	Provision of wireless telecommunication business	Thailand	100	100
Teleconnex Co., Ltd.	In process of liquidation (2016: Distributor of mobile phones and accessories)	Hong Kong	100	100
Zecureasia Co., Ltd.	Distributor of mobile phones	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
Samart Mobile Services Co., Ltd.	Temporarily ceased its business	Thailand	97.4	97.4
SIM2ASSET Co., Ltd.	Real estate agent services	Thailand	100	100
Thai Base Station Co., Ltd.	Provision space rental and other service and distribute telecommunication equipment and systems	Thailand	100	-

*Indirect subsidiaries held by the Company's subsidiaries*

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2017 Percent	2016 Percent
Investments through Samart Multimedia Co., Ltd.				
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	50	50
Entertainment Tree Co., Ltd. (The Company has control and sets policies for operation and financial management over this company)	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	45	45
Phoinikas Co., Ltd.	Disposed during the year (2016: Digital Marketing Service)	Thailand	-	100
Investment through Zecureasia Co., Ltd.				
I-Mobile Direct Co., Ltd.	Liquidation was completed during the year (2016: In process of liquidation)	Thailand	-	100
Investments through I-Sport Co., Ltd.				
Siam Sport Television Co., Ltd.	Television media, sport license and sport-related business	Thailand	50	50
I-Sport Media Co., Ltd.	Temporarily ceased its business	Thailand	50	50

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” in the statement of changes in shareholders' equity.

- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in shareholders' equity under the caption of "Surplus on investment in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date". When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders' equity under the caption of "Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date".

2.3 The separate financial statements present investments in subsidiaries under the equity 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 and its subsidiaries' financial statements, except for the following new accounting standard.

##### **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.

The Company has decided to change its accounting policy for investments in subsidiaries in the separate financial statements from cost method to equity method since 1 January 2017. The Company adjusted the transaction retrospectively. The cumulative effect of the changes is described in Note 4.

#### (b) **Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

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



#### 4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current period, the Company has changed its accounting policy related to investments in subsidiaries in separate financial statements from cost method to equity method and elected to restate the prior period's financial statements to reflect the effect of the change. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statements of financial position, income and other comprehensive income are summarised below.

(Unit: Million Baht)

	Separate financial statement		
	31 December 2017	31 December 2016	1 January 2016
<b>Statements of financial position comprehensive</b>			
Increase in investments in subsidiaries	155	260	646
Increase in unappropriated retained earnings	193	286	624
Decrease in other components of shareholders' equity	38	26	21

(Unit: Million Baht)

	Separate financial statement	
	For the years ended 31 December	
	2017	2016
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Increase in share of loss from investments in subsidiaries	95	272
Increase in net loss	92	339
<b>Other comprehensive income:</b>		
Increase in share of other comprehensive loss from investments in subsidiaries	12	47
<b>Earnings per share (Baht):</b>		
Increase in basic loss per share	0.02	0.08

#### 5. Significant accounting policies

##### 5.1 Revenue recognition

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Unearned revenue from telephone service of prepaid phone cards*

Unearned revenue from telephone service of the prepaid system represents the unused portion of the face

value of prepaid phone cards. It is deferred and recognised based on actual usage or upon expiration of the usage as stated on cards, depending on which comes first.

*Revenue from telephone services*

Revenue from telephone services is recognised when the telephone services have been rendered.

*Selling support income*

Selling support income is recognised as income on an accrual basis.

*Advertising income*

Advertising income is recognised upon the broadcasting of such programs.

*Entrance fee on franchise agreement*

Entrance fee on franchise agreement is recognised on the term of agreement.

*Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

## **5.2 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.

## **5.3 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.

## **5.4 Inventories**

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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

## **5.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the equity method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange. If the last bid price of the last working day of the year as quoted on the Stock Exchange is not available, the basis used by the Company and its subsidiaries to determine the fair value of marketable securities is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **5.6 Equipment/Depreciation**

Condominium and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Condominium	-	20 years
Network equipment and network improvement	-	5 years
Transmission equipment	-	5 - 10 years
Furniture, fixture and office equipment	-	3 - 7 years
Furniture of sound recording room	-	5 - 10 years
Motor vehicles	-	5 and 7 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## **5.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **5.8 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

	<u>Useful lives</u>
Computer software	- Agreement term
Right under license agreement for audio-visual of football match	- 3 years
Copy right of online game	- 3 years
Right for air time	- 5 years
Right for telecommunication tower service	- 10 years

## 5.9 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 and 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.

## 5.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 5.11 Long-term leases

### *Finance leases*

Leases of 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 are depreciated over the useful life of the assets.

*Operating leases*

Leases of 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.

**5.12 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

**5.13 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the condominium 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.

**5.14 Employee benefits**

***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

***Post-employment benefits***

*Defined contribution plans*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

***Provision for vacation***

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company's and its subsidiaries' policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

**5.15 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.

**5.16 Income tax**

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

**Current income tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**5.17 Derivatives**

***Forward exchange contracts***

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

**5.18 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.

## 6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### 6.1 Consolidation of subsidiary is held less than half of shares

The management of Samart Multimedia Co., Ltd., a subsidiary company, determined that it has control over Entertainment Tree Co., Ltd., even though it holds 45% of shares and voting rights that is less than half of shares and voting rights. This is because it has the ability to direct the significant activities. As a result, Entertainment Tree Co., Ltd., is deemed to be a subsidiary of Samart Multimedia Co., Ltd. and has to be included in the consolidated financial statements from the date on which Samart Multimedia Co., Ltd. assumed control.

### 6.2 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.

### 6.3 Reducing cost to net realisable value of inventories

Determining the reduce 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 additional costs to be incurred in preparing the inventory for sale; and reduce 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.

### 6.4 Goodwill

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**6.5 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.

**6.6 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.

**6.7 Contingent liabilities**

The subsidiaries have contingent liabilities as a result of claims for payment. The management has exercised judgement to assess the situation and believes that no liabilities will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, principally in respect of the purchase and sales of goods, and the provision of services and loans. Such transactions, which were summarised below, were concluded on terms and bases agreed upon between the Company and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determining at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Rental expenses are charged at the amount stated in the agreement.
3. Management service income is charged at the amount stated in the agreement.
4. Other service income and expenses are charged at a mutually agreed price.
5. Interest on loans to the subsidiary companies are charged at cost of fund plus 0.25 percent per annum.
6. Interest on loans from subsidiary companies are charged at 12-month fixed deposit rate of commercial banks that the subsidiary companies frequently use and at cost of fund plus 0.25 percent per annum.
7. Interest on loans from parent company is charged at cost of fund plus 0.25 percent per annum.
8. 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 not over five percent.
9. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of assets.
10. Consulting fee is charged at a rate of 0.75 percent of sales and according to the conditions stipulated in the agreements.
11. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
12. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.



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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Transactions with parent company</b>				
Sales	1	1	-	1
Service income	-	1	-	-
Sales of equipment	-	2	-	1
Interest expenses	24	1	24	1
IT service fee expense	12	12	7	8
Rental and other expenses	29	28	19	18
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)				
Sales	-	-	9	-
Purchases of goods	-	-	-	385
Purchases of services	-	-	-	2
Purchases of equipment	-	-	16	1
Return of goods	-	-	2	-
Management fee income	-	-	13	30
Interest income	-	-	5	11
Interest expenses	-	-	7	7
Advertising income	-	-	11	72
Consulting income	-	-	-	7
Other expenses	-	-	1	-
<b>Transactions with related companies</b>				
Sales	26	10	21	10
Service income	8	4	2	2
Sales of equipment	-	1	-	1
Rental income	15	-	-	-
Other income	3	-	3	-
Purchase of goods	15	-	15	-
Purchase of services	18	24	-	-
Purchases of equipment	266	46	1	-
Rental and other expenses	20	18	16	16
Interest expenses	5	-	-	-

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts receivable - related parties (Note 10)</b>				
Parent company	33	192	33	80
Subsidiary companies	-	-	5,456	1,331
Related companies (related by shareholder)	27,541	911	19,770	747
Total trade accounts receivable - related parties	27,574	1,103	25,259	2,158
<b>Amounts due from and advance to related parties (Note 10)</b>				
Parent company	-	365	-	365
Subsidiary companies	-	-	8,708	110,956
Related companies (related by shareholder)	1,025	2,616	1,025	2,311
Total amounts due from and advance to related parties	1,025	2,981	9,733	113,632
<b>Trade accounts payable - related parties (Note 21)</b>				
Subsidiary companies	-	-	-	74,837
Related companies (related by shareholder)	23,156	12,988	15,858	22
Total trade accounts payable - related parties	23,156	12,988	15,858	74,859
<b>Amounts due to and advance from related parties (Note 21)</b>				
Parent company	48,941	27,405	41,673	17,471
Subsidiary companies	-	-	585	2,179
Related companies (related by shareholder)	2,968	43,442	2,645	3,913
Total amounts due to and advance from related parties	51,909	70,847	44,903	23,563

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

As at 31 December 2017 and 2016, the balances of short-term loans between the Company and those related parties and the movement were as follows:

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at 31 December 2016	During the year		Loss on exchange differences on translation of financial statements in foreign currencies	Balance as at 31 December 2017
			Increase	Decrease		
Short-term loans to related parties (Note 11)	Related by					
I-Mobile Plus Co., Ltd.	Subsidiary	133,320	21,000	(34,820)	-	119,500
Teleconnext Co., Ltd.	Subsidiary	38,512	-	(37,929)	(583)	-
Zecureasia Co., Ltd.	Subsidiary	5,000	2,000	(5,000)	-	2,000
SIM2ASSET Co., Ltd.	Subsidiary	-	3,000	-	-	3,000
Thai Base Station Co., Ltd.	Subsidiary	-	80,500	-	-	80,500
Total		176,832	106,500	(77,749)	(583)	205,000

(Unit: Thousand Baht)

Short-term loans from related parties (Note 22)  Related by		Consolidated financial statements			
		Balance as at 31 December 2016	During the year		Balance as at 31 December 2017
			Increase	Decrease	
Samart Corporation Public Co., Ltd.	Parent company	140,000	1,495,000	(325,000)	1,310,000
Total		140,000	1,495,000	(325,000)	1,310,000

(Unit: Thousand Baht)

Short-term loans from related parties (Note 22)		Related by	Sepstrate financial statements			
			Balance as at 31 December 2016	During the year		Balance as at 31 December 2017
				Increase	Decrease	
Samart Corporation Public Co., Ltd.	Parent company	140,000	1,495,000	(325,000)	1,310,000	
Samart Mobile Services Co., Ltd.	Subsidiary	532,000	-	(39,000)	493,000	
Samart Multimedia Co., Ltd.	Subsidiary	86,000	115,000	(197,500)	3,500	
Zecureasia Co., Ltd.	Subsidiary	10,000	-	(10,000)	-	
Total		768,000	1,610,000	(571,500)	1,806,500	

#### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	17.9	25.3	17.9	25.2
Post-employment benefits	0.2	0.2	0.1	0.1
Total	18.1	25.5	18.0	25.3

#### Significant agreements with related parties

##### Long-term rental agreements

The Company and its subsidiary companies entered into a three-year sub-office space rental agreements with Samart Corporation Public Co., Ltd., its parent company, for use in their operations. The Company and its subsidiary companies have to pay monthly rental fees approximately Baht 1.8 million (Separate financial statements: Baht 1.6 million).

The commitment under the operating lease agreements with the related party are disclosed in Note 38.1 to the financial statements.

##### Service and management agreements

- In May 2016, the Company and two subsidiary companies (Samart Multimedia Co., Ltd. and I-Mobile Plus Co., Ltd.) entered into five-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Company and its subsidiary companies have to pay a monthly service fees totaling approximately Baht 1.0 million (Separate financial statements: Baht 0.6 million).

- b) In May 2017, the Company and its subsidiary companies entered into the three-year facility service agreements with Samart Corporation Public Co., Ltd., the parent company, under which they have to pay monthly facility service fees at the rates stipulated in the agreements.

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 38.2.2 to the financial statements.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	957	868	357	394
Bank deposits	344,486	222,947	291,157	124,474
Total cash and bank deposits	345,443	223,815	291,514	124,868
Less: Restricted bank deposits	(103,266)	(104,918)	(103,266)	(104,918)
Total cash and cash equivalents	242,177	118,897	188,248	19,950

As at 31 December 2017, bank deposits carried interests between 0.05 and 1.00 percent per annum (2016: between 0.05 and 1.00 percent per annum).

## 9. Temporary investments

As at 31 December 2017 and 2016, the Company had temporary investments in trading securities as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
Common stocks/Warrants	44,130	1,125	45,604	2,258
Less: Change in value	(43,005)		(43,346)	
Total temporary investments in trading securities	1,125		2,258	

Movements of the temporary investments in trading securities account for the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2017	2016
<b>Balance as at beginning of the year</b>	2,258	2,350
Disposals during the year:		
Proceed from sales	(1,185)	-
Gain on disposals (Note 30)	253	-
Total	(932)	-
Loss on change in value (Note 32)	(201)	(92)
<b>Balance as at end of the year</b>	1,125	2,258

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts receivable - related parties (Note 7)</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	26,558	1,050	20,590	2,099
Past due				
Up to 3 months	44	14	44	20
3 - 6 months	769	-	852	-
6 - 12 months	164	-	3,734	-
Over 12 months	39	39	39	39
Total trade accounts receivable - related parties	27,574	1,103	25,259	2,158
<b>Trade accounts receivable - unrelated parties</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	51,867	181,652	3,755	118,476
Past due				
Up to 3 months	9,660	489,696	1,065	450,681
3 - 6 months	1,983	1,109,829	1,579	1,095,647
6 - 12 months	53,731	2,744,709	53,731	2,740,486
Over 12 months	4,379,638	1,171,114	4,372,810	1,156,084
Total	4,496,879	5,697,000	4,432,940	5,561,374
Less: Allowance for doubtful debts	(1,538,530)	(16,769)	(1,537,219)	(2,160)
Total trade accounts receivable - unrelated parties, net	2,958,349	5,680,231	2,895,721	5,559,214
Total trade accounts receivable - net	2,985,923	5,681,334	2,920,980	5,561,372
<b>Other receivables</b>				
Amounts due from and advance to related parties (Note 7)	1,025	2,981	9,733	113,632
Accrued service income	30,252	58,623	-	-
Other receivables - unrelated parties	141,771	208,833	134,520	208,669
Sales promotion receivables	3,800	4,749	3,800	4,749
Less: Allowance for diminution in value of other receivables and sales promotion receivables	(22,810)	(31,855)	(22,810)	(31,855)
Total other receivables - net	154,038	243,331	125,243	295,195
Trade and other receivables - net	3,139,961	5,924,665	3,046,223	5,856,567

As at 31 December 2017, the balance of the Company and its subsidiaries' trade accounts receivable - unrelated parties that have been outstanding more than 12 months amounted to Baht 4,380 million (2016: Baht 1,171 million), and this balance amounted to Baht 4,372 million in the separate financial statements (2016: Baht 1,156 million). These receivables regularly have business transactions with the Company and its subsidiaries and have continued to make repayments. The Company and its subsidiaries have followed up these debts and are confident that all debts could be collected. However, for prudent reasons, during the year 2017, the management of the Company and its subsidiaries set aside an allowance for doubtful debts for certain receivables that have repayment problems and believe that the allowance for doubtful debts is reasonable and adequate.

## 11. Short-term loans

(Unit: Thousand Baht)

	Separate financial statements	
	2017	2016
Short-term loans to related parties (Note 7)	205,000	176,832
Total short-term loans	205,000	176,832

## 12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	204,792	424,993	(166,526)	(231,548)	38,266	193,445
Supplies	264,967	306,157	(175,989)	(40,837)	88,978	265,320
Goods in transit	264	10,074	-	-	264	10,074
Total	470,023	741,224	(342,515)	(272,385)	127,508	468,839

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Finished goods	166,593	361,965	(126,889)	(171,654)	39,704	190,311
Supplies	264,967	306,157	(175,989)	(40,837)	88,978	265,320
Goods in transit	264	10,073	-	-	264	10,073
Total	431,824	678,195	(302,878)	(212,491)	128,946	465,704

During the current year, the Company and its subsidiary companies reduced cost of inventories by Baht 70 million (Separate financial statements: Baht 90 million) to reflect the net realisable value. This was included in cost of sales. (2016: Baht 251 million and separate financial statements: Baht 193 million).

For the year 2016, Teleconnex Co., Ltd., a subsidiary company, wrote off cost of inventories due to obsolete inventories by Baht 24 million as recognised in administrative expenses.

### 13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Prepaid expenses	74,834	97,301	493	4,087
Withholding tax deducted at sources (Note 13.1)	73,575	69,022	8,236	14,736
Input tax refundable	68,941	41,399	54,784	37,646
Advance for purchase of inventories	176,935	15,402	174,835	10,172
Advance for purchase of equipments	74,025	-	-	-
Advance to employee	238,974	2,687	222,494	475
Undue input tax	29,943	8,462	2,648	3,490
Others	6,922	16,216	2,292	6,561
Less: Allowance for diminution in value of advance for purchase of inventories	(8,896)	(8,896)	(8,896)	(8,896)
Total other current assets - net	735,253	241,593	456,886	68,271

#### 13.1 Withholding tax deducted at sources

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

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
2011	226	226	-	-
2012	4,092	4,092	-	-
2013	3,467	3,467	-	-
2014	9,535	9,535	-	-
2015	4,998	30,557	-	9,345
2016	23,240	21,145	5,391	5,391
2017	28,017	-	2,845	-
Total	73,575	69,022	8,236	14,736

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 subsidiary companies received the refund of the withholding tax of 2014 to 2015 totaling approximately Baht 28 million (2016: the subsidiary companies received the refund of the withholding tax of 2011 to 2016 totaling approximately Baht 14 million). However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

### 14. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

## 15. Available-for-sale investments

As at 31 December 2017 and 2016, the Company and its subsidiary had available-for-sale investments as follows:

(Unit: Thousand Baht)

Common stock/Warrant	Consolidated financial statements					
	2017			2016		
	No. of shares (Thousand shares)	Fair value as at the purchase/ reclassification date	Fair value	No. of shares (Thousand shares)	Fair value as at the purchase/ reclassification date	Fair value
Siam Sport Syndicate Public Co., Ltd.	29,150	72,146	21,280	29,150	76,068	37,895
Warrant No. 5 of Siam Sport Syndicate Public Co., Ltd.	-	-	-	7,288	6,632	5,977
Warrant No. 6 of Siam Sport Syndicate Public Co., Ltd.	5,300	3,922	954	-	-	-
Ferrum Public Co., Ltd.	30,000	107,750	17,100	30,000	108,450	26,400
Total		183,818	39,334		191,150	70,272
Less: Change in value		(144,484)			(120,878)	
Total available-for-sale investments		39,334			70,272	

(Unit: Thousand Baht)

Common stock	Separate financial statements					
	2017			2016		
	No. of shares (Thousand shares)	Fair value as at the purchase/ reclassification date	Fair value	No. of shares (Thousand shares)	Fair value as at the purchase/ reclassification date	Fair value
Ferrum Public Co., Ltd.	30,000	107,750	17,100	30,000	108,450	26,400
Total		107,750	17,100		108,450	26,400
Less: Change in value		(90,650)			(82,050)	
Total available-for-sale investments		17,100			26,400	

Movements of available-for-sale investments account during the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Net book value at beginning of the year</b>	70,272	175,719	26,400	116,835
Disposals during the year				
Proceed from sales	(4,197)	(154,534)	(598)	(154,534)
Less: Gain (loss) on disposals (Note 30, 32)	(3,136)	11,235	(102)	11,235
Total	(7,333)	(143,299)	(700)	(143,299)
Reclassification of loss on changes in value previously recorded in other comprehensive income to profit or loss	3,061	55,264	-	55,264
Loss on changes in value	(26,666)	(17,412)	(8,600)	(2,400)
<b>Net book value at end of the year</b>	39,334	70,272	17,100	26,400



## 16. Investments in subsidiaries

### 16.1 Details of investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost			Net book value under equity method		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	1 January 2016	31 December 2017	31 December 2016 (Restated)	1 January 2016
Samart Multimedia Co., Ltd.	200,000	200,000	100	100	219,525	219,525	219,525	251,176	328,902	375,506
I-Mobile Plus Co., Ltd.	100,000	100,000	100	100	100,000	100,000	100,000	(151,314)	(129,404)	32,627
Teleconnect Co., Ltd.	HKD 5 million	HKD 5 million	100	100	54,142	54,142	54,142	30,636	25,965	107,806
Samart Mobile Services Co., Ltd.	490,000	490,000	97.4	97.4	43,917	43,917	43,917	455,601	448,663	477,468
SIM2ASSET Co., Ltd.	2,500	2,500	100	100	2,500	2,500	-	(2,492)	2,352	-
Brain Source Co., Ltd.	-	250	-	100	-	250	1,000	-	1,944	36,550
Zecureasia Co., Ltd.	1,250	1,250	100	100	25	100	100	(6,449)	1,644	216,263
Thai Base Station Co., Ltd.	10,000	-	100	-	50,000	-	-	48,351	-	-
I-Mobile International Co., Ltd.	-	-	-	-	-	-	185,000	-	-	19,842
Samart I-Mobile (Malaysia) Sdn. Bhd.	-	-	-	-	-	-	997	-	-	(157,339)
Net					470,109	420,434	604,681	625,509	680,066	1,108,723

## 16.2 Share of other comprehensive income

During the years, the Company recognises share of profit (loss) from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Subsidiary companies	For the year ended 31 December			
	Separate financial statements			
	Share of profit (loss) from investments in subsidiaries		Share of other comprehensive income (loss) from investments in subsidiaries	
	2017	2016	2017	2016
		(Restated)		(Restated)
Samart Multimedia Co., Ltd.	(67,122)	(34,477)	(10,577)	(12,131)
I-Mobile Plus Co., Ltd.	(23,367)	(161,958)	1,691	(73)
Teleconnext Co., Ltd.	5,379	(81,227)	-	-
Samart Mobile Services Co., Ltd.	3,769	3,351	35	19
SIM2ASSET Co., Ltd.	(4,844)	(148)	-	-
Brain Source Co., Ltd.	-	(616)	(338)	-
Zecureasia Co., Ltd.	(7,254)	(4,516)	77	-
Thai Base Station Co., Ltd.	(1,649)	-	-	-
Pt. Samart I-Mobile Indonesia	-	5,254	-	-
I-Mobile International Co., Ltd.	-	(5,797)	-	(709)
I-Mobile Direct Co., Ltd.	-	(778)	-	-
Mall (Thailand) Co., Ltd.	-	(740)	-	-
Samart I-Mobile (Malaysia) Sdn. Bhd.	-	9,406	-	-
Total	(95,088)	(272,246)	(9,112)	(12,894)

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	2017 (Percent)	2016 (Percent)	2017	2016	2017	2016
I-Sport Company Limited and its subsidiaries (Subsidiary companies of Samart Multimedia Co., Ltd.)	50	50	77	101	(26)	6

## 16.4 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)

	I-Sport Company Limited and its subsidiaries	
	2017	2016
Current assets	176	192
Non-current assets	429	219
Current liabilities	205	199
Non-current liabilities	250	9

Summarised information about comprehensive income

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2017	2016
Revenue	336	365
Profit (loss)	(53)	14
Total comprehensive income	(53)	14

Summarised information about cash flows

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2017	2016
Cash flows from (used in) operating activities	(11)	47
Cash flows used in investing activities	(7)	(4)
Cash flows used in financing activities	(17)	(4)
Net increase (decrease) in cash and cash equivalents	(35)	39

## 16.5 Purchase of investment

- a) On 5 February 2016, the Board of Directors of the Company approved the Company’s investment of Baht 60 million in joint investment between the Company and People Media Group Co., Ltd. in Mall (Thailand) Co., Ltd., with respective shareholdings of the Company and People Media Group Co., Ltd. will be at 51% and 49%, respectively. The purpose of the joint investment is to operate an e-commerce business, launching an online marketplace under the name Thailandmall.com of which the differentiating factor will be the sale of distinctive and identifiable Thai products worldwide through integrated online and offline channels. This will also build the brand image and boost sales of Thai products to overseas.

Subsequently, on 2 March 2016, the Company acquired 51% of that company’s registered share capital of Baht 5 million from People Media Group Co., Ltd. at a price of Baht 5 per share, of which 25%, or approximately Baht 0.6 million. As a result of the purchase of investment, under the acquisition method, the Company recorded the excess of the cost of acquisition of the ordinary shares over the fair value, amounting to approximately Baht 0.2 million as goodwill in non-current assets in the consolidated financial statements.

The fair value of the assets and liabilities of Mall (Thailand) Co., Ltd. acquired as at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	214
Other current assets	767
Trade and other payables	(60)
Net assets from acquisition of subsidiary company	921
Proportion of non-controlling interests in subsidiary at 49 percent	(451)
Net assets from acquisition of subsidiary company in proportion of shareholding at 51 percent	470
Cash used in acquisition of investment in subsidiary company	638
Goodwill	168

Net cash outflows from acquisition of ordinary shares of Mall (Thailand) Co., Ltd. was presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition of investment in subsidiary company	638
Less: Cash and cash equivalents of the subsidiary company	(214)
Net cash outflows from purchase of ordinary shares in subsidiary	424

On 2 March 2016, the Company fully paid to the former shareholders (the seller).

- b) On 29 March 2016, a meeting of the Board of Directors of the Company passed a resolution approving the purchase by Samart Multimedia Co., Ltd., a subsidiary company, of 30,000 ordinary shares with a par value of Baht 100 each of Phoinikas Co., Ltd. from the existing shareholders, representing a 100% interest in that company, for an amount not exceeding Baht 20 million. Phoinikas Co., Ltd. provides integrated digital marketing services covering a full range of client marketing needs from creation of digital media to online media services and production.

Subsequently, on 1 April 2016, the subsidiary company purchased the shares of Phoinikas Co., Ltd. and a subsidiary of Phoinikas Co., Ltd. (The Nest Bangkok Co., Ltd.) with mutually agreed price as stipulated in a share transfer document at Baht 187 per share, totaling approximately Baht 5.6 million. As a result of the purchase of investment, under the acquisition method, the subsidiary company recorded the excess of the cost of acquisition of the ordinary shares over the fair value, amounting to approximately Baht 0.9 million as goodwill in non-current assets in the consolidated financial statements.

The fair value of the assets and liabilities of Phoinikas Co., Ltd. and The Nest Bangkok Co., Ltd. acquired as at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	4,735
Trade and other receivables	12,742
Other current assets	10,450
Equipment	1,148
Intangible assets	1,700
Other non-current assets	1,036
Trade and other payables	(16,248)
Other current liabilities	(10,746)
Deferred tax liabilities	(340)
Net assets from acquisition of subsidiary companies	4,477
The higher of investment in subsidiary company arising as a result of acquisition additional shares at a price higher than net book value at the acquisition date	252
Cash used in acquisition of investment in subsidiary companies	5,604
Goodwill	875

Net cash outflows from acquisition of ordinary shares of Phoinikas Co., Ltd. and The Nest Bangkok Co., Ltd. was presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition of investment in subsidiary companies	5,604
Less: Cash and cash equivalents of the subsidiary companies	(4,735)
Net cash outflows from purchase of ordinary shares in subsidiaries	869

On 15 July 2016, the subsidiary company fully paid to the former shareholder (the seller).

- c) On 21 February 2017, a meeting of the Board of Directors of the Company, passed a resolution approving the purchase of 100,000 ordinary shares with a par value of Baht 100 each of Thai Base Station Co., Ltd. from the existing shareholders, representing a 100 percent interest in that company, for an amount not exceeding Baht 50 million. Thai Base Station Co., Ltd. provides space rental and other services and distributes telecommunication equipment and systems.

On 1 September 2017, the Company entered into a purchase and sale agreement to purchase ordinary shares of Thai Base Station Co., Ltd. from the former shareholder of that company at the mutually agreed price of Baht 50 million. The Company paid the amounts on 8 September 2017.

The fair values of the identifiable assets acquired and liabilities assumed from Thai Base Station Co., Ltd. as at the acquisition date, based on the estimates made by the Company are summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	4,361
Trade and other receivables	3,969
Withholding tax deducted at source	10,235
Other current assets	1,495
Equipment (Note 17)	9,986
Intangible assets (Note 19)	34,132
Other non-current assets	2,474
Trade and other payables	(9,198)
Other current liabilities	(6,853)
Other non-current liabilities	(601)
Net assets from acquisition of subsidiary company	50,000
Consideration transferred (cash)	(50,000)

Net cash outflows from purchase of ordinary shares of Thai Base Station Co., Ltd. are presented below.

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>
Cash used in purchase of investment in subsidiary company	50,000
Less: Cash and cash equivalents of the subsidiary company	(4,361)
Net cash outflows from purchase of ordinary shares in subsidiary	45,639

At present, the Company is in the process of assessing the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment is to be completed within a measurement period of twelve months from the acquisition date, pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2016) "Business Combinations". During the measurement period, the Company will make further retrospective adjustments to the provisional amounts recognised as at the acquisition date when it obtains complete accounting information for financial reporting purposes.

## 16.6 Changes in share capital of subsidiary companies

### *Increment of registered share capital*

- a) On 28 March 2016, an Annual General Meeting of Mall (Thailand) Co., Ltd., a subsidiary company, passed the following resolution:
  - 1) Approving to call-up a further Baht 1.25 million of the uncalled portion of its capital, or equivalent to 25% of its registered share capital. The subsidiary received payment on 28 March 2016 as a result its paid-up share capital amounts to Baht 2.5 million, or 50% of the registered share capital.

- 2) Approving the increment of its registered share capital from Baht 5 million (1 million ordinary shares of Baht 5 each) to Baht 60 million (12 million ordinary shares of Baht 5 each) by issuing 11 million ordinary shares with a par value of Baht 5 each. This share capital is 50% call-up. The Company and People Media Group Co., Ltd. paid for the incremental of the registered share capital totaling Baht 27.5 million on 28 March 2016. The subsidiary company registered the increase of share capital on 7 April 2016 with the Ministry of Commerce.
- b) On 22 July 2016, the Extraordinary General Meeting of shareholders of Samart I-Mobile (Malaysia) Sdn. Bhd., a subsidiary company, passed a resolution to approve the increase the registered share capital from 5 million Malaysian Ringgit (5 million ordinary shares of 1 Malaysian Ringgit each) to 16 million Malaysian Ringgit (16 million ordinary shares of 1 Malaysian Ringgit each) through an issuance of additional 11 million ordinary shares of 1 Malaysian Ringgit each.

Subsequently, on 19 September 2016, the Extraordinary General Meeting of shareholders of Samart I-Mobile (Malaysia) Sdn. Bhd., a subsidiary company, passed a resolution to approve the increase the registered share capital from 16 million Malaysian Ringgit (16 million ordinary shares of 1 Malaysian Ringgit each) to 16.8 million Malaysian Ringgit (16.8 million ordinary shares of 1 Malaysian Ringgit each) through an issuance of additional 800,000 ordinary shares of 1 Malaysian Ringgit each.

*Reduction of registered share capital*

- a) On 29 September 2016, the Extraordinary Meeting of the shareholders of Brain Source Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 0.25 million (2,500 ordinary shares of Baht 100 each) by cancelling 7,500 ordinary shares of Baht 100 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.
- b) On 29 September 2016, the Extraordinary Meeting of the shareholders of I-Mobile Direct Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 0.6 million (6,000 ordinary shares of Baht 100 each) to Baht 0.15 million (1,500 ordinary shares of Baht 100 each) by cancelling 4,500 ordinary shares of Baht 100 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.
- c) On 29 September 2016, the Extraordinary Meeting of the shareholders of I-Mobile Inter trade Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 1.25 million (125,000 ordinary shares of Baht 10 each) by cancelling 375,000 ordinary shares of Baht 10 each. The subsidiary company registered the reduction in the share capital with the Ministry of Commerce on 3 November 2016.

On 15 November 2016, an Extraordinary Meeting of I-Mobile Intertrade Co., Ltd., a subsidiary company, passed a resolution approving the change of the Company’s name with the Ministry of Commerce from “I-Mobile Intertrade Co., Ltd.” to “Zecureasia Co., Ltd.”.

#### **16.7 The plan to list I-Sport Co., Ltd. on the Market for Alternative Investment (MAI)**

On 29 July 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.

1. To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.

2. To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders which are the Company and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
3. To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.

As at 31 December 2017, the subsidiary company has not yet proceeded the above matters.

#### 16.8 Establishment of new company

On 9 August 2016, a meeting of the Company's Board of Directors passed a resolution approving the establishment of a new company named SIM2ASSET Co., Ltd. to provide real estate agent services, with a registered share capital of Baht 5 million, which is 100%-held by the Company. The establishment of the new company was registered with the Ministry of Commerce on 22 September 2016 and SIM2ASSET Co., Ltd. called up its first capital payment at 50% of its registered share capital. As at 31 December 2017 and 2016, the Company has paid in such share capital, amounting to Baht 2.5 million.

#### 16.9 Disposal of investments in subsidiary companies

- a) On 24 August 2016, I-Mobile International Co., Ltd., a subsidiary company, sold all of the 6,419,000 ordinary shares it held in Pt. Samart I-Mobile Indonesia to a third party at a total price of Baht 0.5 million.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Proceeds from disposal of investment in subsidiary company		488
Less: Cash and cash equivalents of subsidiary company at disposal date		(78)
Net cash flow from disposal of investment in subsidiary company		410
Add: Trade accounts payable	3,512	
Other current liabilities	1,513	
Exchange differences on translation of financial statements in foreign currency	16,169	21,194
Gain on disposal of investment in subsidiary company		21,604

- b) On 30 September 2016, the Company sold all of the 16.8 million ordinary shares it held in Samart I-Mobile (Malaysia) Sdn. Bhd. to a third party at a total price of Baht 5 million.



Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Proceeds from disposal of investment in subsidiary company		5,000
Less: Cash and cash equivalents of subsidiary company at disposal date		(620)
Net cash flow from disposal of investment in subsidiary company		4,380
Less: Trade accounts receivable	(13,929)	
Other current assets	(635)	
Add: Trade accounts payable	14,680	
Other current liabilities	583	
Exchange differences on translation of financial statements in foreign currency	11,986	12,685
Gain on disposal of investment in subsidiary company		17,065

- c) On 15 December 2016, a meeting of the Board of Directors of the Company passed a resolution to sell all of the 6 million ordinary shares it held in Mall (Thailand) Co., Ltd. (as described in Note 16.5 a) and 16.6 a) to the financial statements) to People Media Group Co., Ltd., another shareholder, at a total price of Baht 15 million. Subsequently on 20 December 2016, the subsidiary company had already sold such investment and received cash on 27 January 2017.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Disposal value of investment in subsidiary company		15,300
Less: Cash and cash equivalents of subsidiary company at disposal date		(9,993)
Net cash flow from disposal of investment in subsidiary company		5,307
Less: Trade accounts receivable	(3,917)	
Inventory	(2,312)	
Other current assets	(917)	
Equipment	(3,304)	
Add: Trade accounts payable	3,538	
Other current liabilities	2,514	(4,398)
Gain on disposal of investment in subsidiary company		909
Less: Goodwill		(168)
Gain after deduction of goodwill		741

- d) On 12 January 2017, the meeting of the Board of Directors of Samart Multimedia Co., Ltd., a subsidiary company, passed a resolution approving the disposal of all investment in Phoinikas Co., Ltd. (as described in Note 16.5 b) to the financial statements) to a former shareholders. Subsequently on 16 January 2017, a subsidiary company, sold all of the 30,000 ordinary shares which held in Phoinikas Co., Ltd. to a former shareholders at a total price of Baht 5.6 million and received cash on 31 January 2017.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements
Disposal value of investment in subsidiary company		5,604
Less: Cash and cash equivalents of subsidiary company at disposal date		(1,694)
Net cash flow from disposal of investment in subsidiary company		3,910
Less: Trade accounts receivable	(20,977)	
Other current assets	(2,716)	
Equipment (Note 17)	(1,359)	
Intangible asset (Note 19)	(200)	
Other non-current assets	(1,543)	
Add: Trade accounts payable	10,606	
Other current liabilities	5,486	(10,703)
Total		(6,793)
Less: Goodwill		(875)
Reversal of share of loss from prior period		720
Net loss on disposal value of investment in subsidiary company		(6,948)

#### 16.10 Dissolution of subsidiary companies

On 9 August 2016, the Board of Directors of the Company passed a resolution to sell or dissolve the non-operated subsidiary companies that are not operational, which are Brain Source Co., Ltd., Samart Interactive Media Co., Ltd., I-Mobile Direct Co., Ltd., I-Mobile International Co., Ltd., I-Mobile Inter trade Co., Ltd. and The Nest Bangkok Co., Ltd. The steps followed will be to make dividend payment, reduce of registered share capital and pay the remaining registered share capital to the shareholder company. After that, the non-operational subsidiary companies will be dissolved or sold.

- On 11 October 2006, an Extraordinary Meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.
- On 29 September 2016, an Extraordinary Meeting of I-Mobile International Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 30 September 2016 and its liquidation was registered with the Ministry of Commerce on 28 November 2016.
- On 29 September 2016, an Extraordinary Meeting of Samart Interactive Media Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 30 September 2016 and its liquidation was registered with the Ministry of Commerce on 28 November 2016.
- On 9 August 2016, the Board of Directors of the Company passed a resolution approving the dissolution of The Nest Bangkok Co., Ltd., a subsidiary company. Subsequently, on 6 October 2016, the Extraordinary Meeting of The Nest Bangkok Co., Ltd. passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 6 October 2016 and its liquidation was registered with the Ministry of Commerce on 29 November 2016.

- e) On 28 December 2016, an Extraordinary Meeting of the shareholders of Brain Source Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 29 December 2016 and its liquidation was registered with the Ministry of Commerce on 28 March 2017.
- f) On 28 December 2016, an Extraordinary Meeting of the shareholders of I-Mobile Direct Co., Ltd., a subsidiary company, passed a special resolution to dissolve the company. The subsidiary company registered its dissolution with the Ministry of Commerce on 29 December 2016 and its liquidation was registered with the Ministry of Commerce on 28 March 2017.

On 1 December 2017, an Extraordinary Meeting of the shareholders of Teleconnex Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. The subsidiary company registered its dissolution on 13 December 2017 and its subsequent liquidation is in progress.

## 17. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Condominium	Network equipment and network improvement	Transmission Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
<b>Cost</b>									
31 December 2015	11,512	509,912	151,881	1,148,797	47,110	54,991	-	147,681	2,071,884
Additions/Transfer in	-	42,383	-	87,632	-	4,778	-	49,970	184,763
Disposals/Transfer out	-	(26,319)	-	(198,758)	-	(10,123)	-	(49,568)	(284,768)
31 December 2016	11,512	525,976	151,881	1,037,671	47,110	49,646	-	148,083	1,971,879
Additions/Transfer in	-	27,267	260,639	162,001	-	4,484	-	363,517	817,908
Increase from purchase of investments in subsidiaries	-	-	-	636	-	12,970	54,576	-	68,182
Disposals/Transfer out	-	(20)	-	(8,546)	(9)	-	-	(157,018)	(165,593)
Decrease from disposal of investments in subsidiaries	-	(981)	-	(635)	-	-	-	-	(1,616)
31 December 2017	11,512	552,242	412,520	1,191,127	47,101	67,100	54,576	354,582	2,690,760
<b>Accumulated depreciation</b>									
31 December 2015	3,291	440,757	56,360	735,266	21,347	34,191	-	-	1,291,212
Depreciation for the year	572	41,008	17,352	113,213	4,889	8,286	-	-	185,320
Accumulated depreciation of assets disposed and transferred out	-	(26,317)	-	(171,585)	-	(7,012)	-	-	(204,914)
31 December 2016	3,863	455,448	73,712	676,894	26,236	35,465	-	-	1,271,618
Depreciation for the year	572	35,673	23,209	136,195	4,232	7,704	-	-	207,585
Accumulated depreciation from purchase of investments in subsidiaries	-	-	-	615	-	3,005	54,576	-	58,196

(Unit: Thousand Baht)

	Consolidated financial statements								
	Condominium	Network equipment and network improvement	Transmission Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Accumulated depreciation of assets disposed and transferred out	-	(20)	-	(8,283)	-	-	-	-	(8,303)
Accumulated depreciation from disposal of investment in subsidiaries	-	(160)	-	(97)	-	-	-	-	(257)
31 December 2017	4,435	490,941	96,921	805,324	30,468	46,174	54,576	-	1,528,839
<b>Allowance for impairment loss</b>									
31 December 2015	-	191	-	96	-	-	-	-	287
31 December 2016	-	191	-	96	-	-	-	-	287
Allowance for impairment loss increased	-	-	-	7,963	-	-	-	-	7,963
31 December 2017	-	191	-	8,059	-	-	-	-	8,250
<b>Net book value</b>									
31 December 2016	7,649	70,337	78,169	360,681	20,874	14,181	-	148,083	699,974
31 December 2017	7,077	61,110	315,599	377,744	16,633	20,926	-	354,582	1,153,671
<b>Depreciation for the year</b>									
2016 (Baht 68 million included in cost of services, and the balance in selling expenses and administrative expenses)									185,320
2017 (Baht 67 million included in cost of services, and the balance in selling expenses and administrative expenses)									207,585

(Unit: Thousand Baht)

	Separate financial statements				
	Condominium	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>					
31 December 2015	11,512	925,326	27,782	109,805	1,074,425
Additions/Transfer in	-	77,705	2,832	9,979	90,516
Disposals/Transfer out	-	(102,298)	(5,321)	(9,485)	(117,104)
31 December 2016	11,512	900,733	25,293	110,299	1,047,837
Additions/Transfer in	-	173,009	-	356,328	529,337
Disposals/Transfer out	-	(3,493)	-	(108,164)	(111,657)
31 December 2017	11,512	1,070,249	25,293	358,463	1,465,517
<b>Accumulated depreciation</b>					
31 December 2015	3,290	565,725	17,722	-	586,737
Depreciation for the year	572	96,742	4,365	-	101,679
Accumulated depreciation of assets disposed and transferred out	-	(81,963)	(4,946)	-	(86,909)
31 December 2016	3,862	580,504	17,141	-	601,507
Depreciation for the year	572	128,825	3,440	-	132,837
Accumulated depreciation of assets disposed and transferred out	-	(3,401)	-	-	(3,401)
31 December 2017	4,434	705,928	20,581	-	730,943
<b>Allowance for impairment loss</b>					
31 December 2015	-	-	-	-	-
31 December 2016	-	-	-	-	-
Allowance for impairment loss increased	-	7,963	-	-	7,963
31 December 2017	-	7,963	-	-	7,963
<b>Net book value</b>					
31 December 2016	7,650	320,229	8,152	110,299	446,330
31 December 2017	7,078	356,358	4,712	358,463	726,611
<b>Depreciation for the year</b>					
2016 (All depreciation included in selling expenses and administrative expenses)					101,679
2017 (All depreciation included in selling expenses and administrative expenses)					132,837

- As at 31 December 2017, the subsidiary companies had equipment and vehicles under finance lease agreements with net book values of Baht 285 million (2016: Baht 22 million).
- As at 31 December 2017, certain equipment items of the Company and its subsidiary companies were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,049 million and separate financial statements: Baht 409 million (2016: Baht 892 million and separate financial statements: Baht 400 million).
- As at 31 December 2016, Siam Sport Television Co., Ltd., a subsidiary company, has mortgaged its equipment with total net book value amounting to approximately Baht 40 million as collateral against credit facilities received from bank. During the year 2017, the subsidiary company has fully repaid long-term loan and withdrawn its mortgaged equipment as mentioned in Note 23 to the financial statements.

- d) As at 31 December 2017, the Company had an outstanding balance of new assets under installation for Digital Trunked Radio System (DTRS) project amounting to Baht 356 million (2016: nil). The construction has been financed with a loan from the parent company. Borrowing costs amounting to Baht 0.61 million were capitalised during the year ended 31 December 2017 (2016: nil). The weighted average rate of 2.81% has been used to determine the amount of borrowing costs eligible for capitalization.

## 18. Goodwill

Goodwill mainly relates to the purchase of shares of Siam Sport Television Co., Ltd. by I-Sport Co., Ltd., a subsidiary company.

The subsidiary company determined the recoverable amounts of the cash generating units (CGUs) based on value in use, using cash flow projections covering a five-year period prepared with reference to financial budgets approved by the management.

Key assumptions used in value in the value in use calculations are as follows:

(Unit: Percent per annum)

	2017	2016
Terminal growth rate	3.0	3.0
Discount rate	9.7	14.9

The management determined the growth rate based on historical operating results, the expected market growth rate, the rate of gross domestic product growth and the discount rate which is a pre-tax rates that reflects the specific risk of the particular operating segment.

After consideration, as at 31 December 2017 and 2016 management believed that goodwill is not impaired.

## 19. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements					
	Computer software	Service agreement for online digital marketing	Right for air time	Right for telecommunication tower service	License for online game	Total
<b>Cost</b>						
31 December 2015	95,610	-	3,191	-	-	98,801
Increase from business combination	-	1,700	-	-	-	1,700
31 December 2016	95,610	1,700	3,191	-	-	100,501
Increase from purchase investments in subsidiaries	-	-	-	34,132	-	34,132
Additions	4,900	-	-	-	1,592	6,492
Write-off	-	-	-	-	(1,592)	(1,592)
Decrease from disposals of investments in subsidiaries	-	(1,700)	-	-	-	(1,700)
31 December 2017	100,510	-	3,191	34,132	-	137,833

(Unit: Thousand Baht)

	Consolidated financial statements					
	Computer software	Service agreement for online digital marketing	Right for air time	Right for telecommunication tower service	License for online game	Total
<b>Accumulated amortisation</b>						
31 December 2015	89,674	-	638	-	-	90,312
Amortisation	721	1,500	638	-	-	2,859
31 December 2016	90,395	1,500	1,276	-	-	93,171
Amortisation for the year	5,620	-	638	-	199	6,457
Amortisation for disposals	-	-	-	-	(199)	(199)
Decrease from disposals of investments in subsidiaries	-	(1,500)	-	-	-	(1,500)
31 December 2017	96,015	-	1,914	-	-	97,929
<b>Net book value</b>						
31 December 2016	5,215	200	1,915	-	-	7,330
31 December 2017	4,495	-	1,277	34,132	-	39,904

#### *Right for air time*

On 26 December 2014, I-Sport Co., Ltd., a subsidiary company, purchased shares of Siam Sport Television Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary company recorded the right for air time of sport program as intangible assets with five years useful live.

#### *Right for telecommunication tower service*

On 1 September 2017, the Company purchased shares of Thai Base Station Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the Company recorded the right for telecommunication tower service as intangible assets with ten years live. As at 31 December 2017, Thai Base Station Co., Ltd. did not operate the telecommunication tower service.

## 20. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
Bank overdrafts	7.18 - 7.43	7.12 - 7.68	3,514	89,886	-	-
Short-term loans from banks	3.20 - 6.12	2.90 - 4.38	3,451,890	4,201,490	3,401,890	4,151,490
Trust receipts						
Baht	4.05	3.10 - 3.33	57,677	181,926	57,677	181,926
Total			3,513,081	4,473,302	3,459,567	4,333,416



Bank overdrafts of subsidiary companies are secured by the Company. Short-term loans from banks of the Company are secured by the pledge of some bank deposits and short-term loans from banks of I-Sport Co., Ltd., a subsidiary company, secured by the Company and Siam Sport Syndicate Public Co., Ltd. (another shareholder). In addition, short-term loan agreements with banks of the company and its subsidiaries contain certain conditions as specified in the agreements that require the Company and its subsidiaries to comply.

Some trust receipts of the Company are secured by the pledge of some bank deposits.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade accounts payable</b>				
Trade accounts payable - related parties (Note 7)	23,156	12,988	15,858	74,859
Trade accounts payable - unrelated parties	65,316	99,679	17,268	55,343
Total trade accounts payable	88,472	112,667	33,126	130,202
<b>Other payables</b>				
Amount due to and advance from related parties (Note 7)	51,909	70,847	44,903	23,563
Other payables - unrelated parties	263,885	313,563	111,695	147,144
Accrued expenses	1,183	247	1,183	247
Total other payables	316,977	384,657	157,781	170,954
Total trade and other payables	405,449	497,324	190,907	301,156

## 22. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans from related parties (Note 7)	1,310,000	140,000	1,806,500	768,000
Short-term loan from unrelated parties	22,140	22,641	-	-
Total short-term loans	1,332,140	162,641	1,806,500	768,000

### *Short-term loan from unrelated parties*

Short-term loans as at 31 December 2017 amount to Baht 22.1 million (2016: Baht 22.6 million). These consist of loans from Siam Sport Syndicate Public Co., Ltd. amounting to Baht 22.1 million (2016: Baht 22.1 million), carrying interest at the 12-month fixed deposit rate of a commercial bank (2016: short-term loan from an individual (former director of Phoinikas Co., Ltd.) amounting to Baht 0.5 million carried interest at 12-month fixed deposit rate of a commercial bank).

## 23. Long-term loans from financial institutions

(Unit: Thousand Baht)

Company	Credit facilities	Significant terms and conditions of loan agreements			Consolidated financial statements		Separate financial statements	
		Repayment schedule	Collateral	Interest rate (Percent per annum)	2017	2016	2017	2016
The Company	250,000	Repayment of the first installment on the last business day of the 13 <sup>th</sup> month after the month in which the loan was draw down, with payment of principal and interest to be completed within the 48th month. - Installment 1 - 12 : payments of Baht 2.5 million per installment - Installment 13 - 24 : payments of Baht 8.5 million per installment - Installment 25 - 35 : payments of Baht 9.5 million per installment - Installment 36 : payment of the remaining principal and interest	-	MLR-1.5% per annum	250,000	250,000	250,000	250,000
<u>Subsidiary</u> Siam Sport Television Co., Ltd.	30,000	The principal and interest will be monthly repaid at minimum Baht 0.55 million with the first installment on 20 August 2012, which have to be paid within 5 years.	1. Siam Sport Syndicate Public Company Limited (the related company) 2. Two individual people (former directors of Siam Sport Television Co., Ltd.) 3. Motor vehicles with transmission tools and equipment	3% per annum	-	2,947	-	-
Total long-term loans from financial institutions					250,000	252,947	250,000	250,000
Less: Current portion					(30,000)	(2,947)	(30,000)	-
Long-term loans from financial institutions - net of current portion					220,000	250,000	220,000	250,000

Under the Company’s loan agreement, the Company must comply with the conditions stipulated in the agreement, such as maintaining the percentage shareholdings of Samart Corporation Public Co., Ltd., the parent company, in the Company and its subsidiaries, maintaining positive equity at all times and not having operating losses in its consolidated financial statements for more than two consecutive years, starting from the financial year 2017.

Movements in the long-term loans account during the years ended 31 December 2017 and 2016 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance at beginning of the year	252,947	26,833	250,000	-
Add: Borrow	-	250,000	-	250,000
Less: Repayments	(2,947)	(23,886)	-	-
Balance at end of the year	250,000	252,947	250,000	250,000

During the year 2017, Siam Sport Television Co., Ltd., a subsidiary company has fully repaid long-term loan and withdrawn the pledge of motor vehicles with transmission tools and equipment as mentioned in Note 17 and canceled all guarantee of subsidiary.

## 24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Liabilities under finance lease agreements	329,583	3,439
Less: Deferred interest expenses	(44,683)	(125)
Total	284,900	3,314
Less: Portion due within one year	(39,809)	(3,029)
Liabilities under finance lease agreements - net of current portion	245,091	285

The subsidiary companies have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

During the current year, Siam Sport Television Co., Ltd., a subsidiary company entered into finance lease agreement regarding the motor vehicles with transmission tools and equipments and media assets management system with Samart Comtech Co., Ltd., a related company, whereby they are committed to pay rental on a monthly basis. The terms of the agreement is generally in 3 years. As at 31 December 2017, the subsidiary company has liabilities under finance lease agreement of Baht 322 million (2016: nil). The finance lease agreement was guaranteed by I-Sport Co., Ltd. a parent company of such subsidiary company as described in Note 38.2.2 to the financial statements.

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	58,194	3,149	271,389	290	329,583	3,439
Deferred interest expenses	(18,385)	(120)	(26,298)	(5)	(44,683)	(125)
Present value of future minimum lease payments	39,809	3,029	245,091	285	284,900	3,314

## 25. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Undue output tax	4,827	7,596	758	6,269
Valued added tax payable	2,709	4,900	-	-
Unearned revenue from telephone service	-	3,074	-	2,819
Others	7,938	14,208	3,283	10,227
Total other current liabilities	15,474	29,778	4,041	19,315

## 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
<b>Provision for long-term employee benefits at beginning of year</b>	37,499	43,325	19,801	26,226
Included in profit or loss:				
Current service cost	3,399	3,527	1,814	2,010
Interest cost	1,182	1,322	623	813
Employee transferral	-	(8,433)	-	(6,297)
Reversal of actuarial gain on defined benefit plan from the subsidiaries' liquidation	(282)	-	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(575)	-	(672)	-
Financial assumptions changes	1,119	(222)	870	(97)
Experience adjustments	(9,160)	(2,020)	(4,694)	(2,854)
Past service cost	111	-	-	-
Benefits paid during the year	(211)	-	-	-
<b>Provision for long-term employee benefits at end of year</b>	33,082	37,499	17,742	19,801

Line items in profit or loss under which long-term employee benefit expenses were recognised were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Selling expenses	2,999	3,170	1,479	1,755
Administrative expenses	1,693	1,679	958	1,068
Total expenses recognised in profit or loss	4,692	4,849	2,437	2,823

The Company and its subsidiaries do not expect to pay long-term employee benefits during the next year (2016: expect to pay Baht 0.4 million and separate financial statements: Baht 0.2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 - 28 years (Separate financial statements: 12 years) (2016: 11 - 12 years and separate financial statements: 11 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.2 - 3.3	3.2 and 3.3	2.3	3.2
Salary increase rate	3.0 - 6.7	4.0 - 7.0	3.7 - 6.7	4.0 - 7.0
Turnover rate	0 - 28	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	(3.3)	(4.0)	3.8	4.7	(1.5)	(1.9)	1.8	2.2
Salary increase rate	3.5	4.6	(3.1)	(4.0)	1.6	2.1	(1.4)	(1.9)
Turnover rate	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2017	2016	2017	2016	2017	2016	2017	2016
	(3.6)	(4.2)	4.6	5.3	(1.6)	(1.7)	1.9	2.1

## 27. Share capital

On 27 September 2017, an Extraordinary Meeting of the Company's shareholders passed a resolution approving the following.

### **Issuance of warrants of the Company**

The meeting approved the issue of up to 1,100,062,500 units of warrants no. 1 to be allocated at an offering price of Baht 0 per unit to existing shareholders of the Company who subscribe to and were allocated newly issued shares offered to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to

1 warrant. The warrants have an exercise ratio of 1 warrant: 1 share, an exercise price of Baht 0.9 per 1 ordinary share and a term of five years. The first exercise date is 2 years after the issue date, and the warrants can then be exercised, on the last business day of each June and December throughout the term of the warrants.

#### **Increase in share capital of the Company**

The meeting approved the increase in its registered share capital from Baht 440 million (4,400,250,000 ordinary shares of Baht 0.1 per share) to Baht 990 million (9,900,562,500 ordinary shares of Baht 0.1 per share) through the issuance of additional 5,500,312,500 ordinary shares of Baht 0.1 each for the allocation of not more than 4,400,250,000 newly-issued ordinary shares with a par value of Baht 0.10 per share, to be offered to the existing shareholders of the Company at a price of Baht 0.50 per share in proportion to their respective shareholdings (rights offering), with an allocation ratio of 1 existing ordinary share to 1 newly-issued ordinary share, and the allocation of not more than 1,100,062,500 shares, with a par value of Baht 0.10 per share, to accommodate the exercise of the warrants as described above. The Company registered the increase of share capital with the Ministry of Commerce on 6 October 2017.

## 28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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.

## 29. Service income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Service income under telecommunication service license - Type 1	11,466	49,973	4,099	6,760
Other service income	562,967	855,317	7,398	17,677
Total service income	574,433	905,290	11,497	24,437

## 30. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Advertising and management fee income	-	-	23,700	110,633
Selling support income	1,247	19,443	1,247	19,443
Gain on disposal of available-for-sale investments (Note 15)	-	11,235	-	11,235
Interest income	1,266	1,733	6,516	12,291
Gain on sales of equipment	141	2,954	116	2,523
Gain on disposal of temporary investments in trading securities (Note 9)	253	-	253	-
Gain on sale of investments in subsidiaries	-	39,409	-	39,409
Others	27,681	20,111	11,202	18,766
Total other income	30,588	94,885	43,034	214,300

### 31. Expenses by nature

Significant expenses classified by nature were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Marketing expenses	156,047	473,702	100,198	351,386
Salaries and wages and other employee benefits	324,470	410,915	121,121	163,637
Depreciation and amortisation	215,905	199,883	132,837	101,679
Rental expenses from operating lease agreements	76,482	86,439	58,548	64,811
Changes in inventories	341,332	401,799	336,758	240,108
Purchase finished goods for sales	487,964	1,822,333	484,663	1,966,817

### 32. Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Reserve for doubtful accounts	1,556,457	32,579	1,556,486	32,560
Loss on changes in value of temporary investments in trading securities (Note 9)	201	92	201	92
Loss on disposals of available-for-sale investments (Note 15)	3,136	-	102	-
Write-off bad debts	164	27,335	1,447	-
Loss on exchange	11,893	3,114	11,580	12,480
Loss on disposal of investments in subsidiaries	6,948	1,613	-	-
Write-off goodwill	514	-	-	-
Allowance for impairment loss	7,963	-	7,963	-
Others	1,802	-	-	2,208
Total other expenses	1,589,078	64,733	1,577,779	47,340

### 33. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expenses on:				
Bank loans, overdrafts and trust receipts	158,975	176,937	154,550	173,587
Loans from related parties	23,681	663	30,467	7,704
Liabilities under finance lease agreements and others	5,130	691	1	46
Total interest expenses	187,786	178,291	185,018	181,337
Bank charges	3,319	4,152	2,465	2,712
Total finance cost	191,105	182,443	187,483	184,049

### 34. Income tax

Income tax income for the years ended 31 December 2017 and 2016 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current income tax</b>				
Current income tax charge	981	16,235	-	-
Adjustment in respect of income tax of previous year	-	9,115	-	-
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(464,552)	(152,159)	(447,487)	(154,323)
<b>Income tax income reported in the income statement</b>	<b>(463,571)</b>	<b>(126,809)</b>	<b>(447,487)</b>	<b>(154,323)</b>

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
Deferred tax relating to loss on changes in value of available-for-sale investments	(4,721)	7,570	(4,721)	7,570
Deferred tax relating to actuarial loss	1,667	448	1,622	448
<b>Income tax (income) expenses charged to other comprehensive income</b>	<b>(3,054)</b>	<b>8,018</b>	<b>(3,099)</b>	<b>8,018</b>

The reconciliation between accounting profit (loss) and income tax (income) expenses was shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting loss before tax	(2,417,255)	(838,656)	(2,372,308)	(873,965)
Applicable tax rate	15%, 16.5% and 20%	16.5% and 20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(483,194)	(165,022)	(474,462)	(174,793)
Adjustment in respect of income tax of previous year	-	9,115	-	-
Share of loss from investment in subsidiaries	-	-	19,018	54,449
Reversal of share of gain loss from liquidation subsidiaries	-	-	-	(35,912)
Effects of:				
Utilisation of tax loss carry forward	-	65	-	-
Non-deductible expenses	11,950	5,240	7,616	1,933
Additional expenses deductions allowed	332	-	-	-
Others	564	-	341	-
<b>Total</b>	<b>12,846</b>	<b>5,305</b>	<b>7,957</b>	<b>1,933</b>
Deferred tax assets not recognised/reversed	6,777	23,793	-	-
<b>Income tax income reported in the income statement</b>	<b>(463,571)</b>	<b>(126,809)</b>	<b>(447,487)</b>	<b>(154,323)</b>



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

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	307,983	9,725	307,720	6,803
Allowance for diminution in value of inventories	68,501	54,475	60,576	42,498
Allowance for asset impairment	2,443	2,443	2,443	2,443
Gain on change in value of temporary investments	8,600	8,668	8,600	8,668
Loss on changes in value of available-for-sale investments	28,897	24,176	18,130	16,410
Provision for long-term employee benefits	6,615	7,500	3,548	3,960
Unused tax loss	288,572	145,574	263,990	134,751
Others	1,786	2,251	100	1,308
Total	713,397	254,812	665,107	216,841
<b>Deferred tax liabilities</b>				
Depreciation difference from tax rate	-	(7,878)	-	-
Finance lease agreements	(234)	(3,177)	-	-
Others	(255)	(466)	-	(43)
Total	(489)	(11,521)	-	(43)
<b>Deferred tax, net</b>	712,908	243,291	665,107	216,798

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	712,908	243,291	665,107	216,798
Deferred tax, net	712,908	243,291	665,107	216,798

As at 31 December 2017, the subsidiary companies have deductible temporary differences and unused tax losses totaling Baht 197 million and USD 0.5 million (2016: Baht 176 million and USD 2 million), on which deferred tax assets have not been recognised as the subsidiary companies believe that the 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: Million)

	Consolidated financial statements			
	2017		2016	
	(Baht)	(USD)	(Baht)	(USD)
31 December 2018	20	-	5	-
31 December 2019	7	-	7	-
31 December 2020	34	-	46	-
31 December 2021	91	0.5	118	2
31 December 2022	45	-	-	-
	197	0.5	176	2

### 35. Basic earnings per share

Basic earnings (loss) per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 36. 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 units based on their geographical (i.e., domestic and foreign) and their products and services. The Company and its subsidiaries have two business segments as follows:

1. Mobile segment

Distribution of mobile phones, provision of mobile phones bundled with content and provider retail and wholesale 3G services (Mobile Virtual Network Operator).

2. Non-mobile segment

2.1 Provision of voice services, audiovisual or multimedia services and infotainment services through mobile phones

2.2 Content provider through multimedia channels

2.3 Producer of television and radio programs, printed media and billboards

2.4 Provision of multimedia and interactive media services

2.5 Provision of website services

2.6 Provision of entertainment services as part of intelligent marketing strategy

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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is set out in Note 7 to the financial statements.

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

(Unit: Million Baht)

	Foreign			Domestic				Adjustments and eliminations		Consolidated	
	Mobile			Mobile		Non-mobile		2017	2016	2017	2016
	2017	2016		2017	2016	2017	2016				
Sales and service income	-	-									
Sales and service income from third parties											
- Local sales and service income	-	-	728	2,494		540	800	-	-	1,268	3,294
- Overseas sales and service income	-	33	31	24		-	-	-	-	31	57
Sales and service income from related parties	-	383	42	17		3	2	(10)	(387)	35	15
Total sales and service income	-	416	801	2,535		543	802	(10)	(387)	1,334	3,366
Cost of sales and service	-	415	853	2,421		536	678	(21)	(463)	1,368	3,051
Gross profit (loss)	-	1	(52)	114		7	124	11	76	(34)	315
Unallocated income (expenses):											
Other income										30	95
Selling expenses										(334)	(610)
Administrative expenses										(300)	(392)
Other expenses										(1,589)	(65)
Finance cost										(191)	(182)
Income tax income										464	127
Non-controlling interests of the subsidiaries										29	(8)
Loss for the year										(1,925)	(720)

(Unit: Million Baht)

	Foreign		Domestic				Adjustments and eliminations		Consolidated	
	Mobile		Mobile		Non-mobile		2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016				
<b>Assets</b>										
Trade accounts receivable - net	-	72	2,929	5,564	62	122	(5)	(77)	2,986	5,681
Inventories - net	-	-	129	465	1	2	(3)	(6)	127	461
Equipment - net	-	-	737	468	421	236	(4)	(4)	1,154	700
Deferred tax assets	-	-	674	233	37	10	1	-	712	243
Others	-	9	2,462	2,087	290	431	(1,346)	(1,637)	1,406	890
Segment total assets	-	81	6,931	8,817	811	801	(1,357)	(1,724)	6,385	7,975
Segment total liabilities	-	81	6,070	6,013	482	365	(717)	(1,001)	5,835	5,458
Additions to non-current assets other than financial instruments and deferred tax assets	-	-	598	91	304	88	(16)	(4)	886	175

### Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2017	2016
<i>Revenue from external customers</i>		
Thailand	1,301	3,308
Laos	5	5
Malaysia	-	32
Others	28	21
Total	1,334	3,366

Non-current assets (other than financial instruments and deferred tax assets)

(Unit: Million Baht)

	2017	2016
Thailand	1,284	799
Total	1,284	799

### Major customers

For the year 2017, the Company and its subsidiaries had revenue from two major customers in amount of Baht 181 million and Baht 115 million, arising from sales by producer of television and radio programs, printed media and billboards segment and sales by mobile segment (2016: Baht 1,178 million and Baht 467 million derived from two major customer, arising from sales by mobile segment).

## 37. 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 and subsidiary companies contribute to the fund monthly at the rate of 3 - 10 percent of basic salary. Their employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 11 million (Separate financial statements: Baht 6 million) (2016: Baht 15 million, Separate financial statements: Baht 7 million) were recognised as expenses.

## 38. Commitments and contingent liabilities

The Company and its subsidiaries had commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

### 38.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	61	45	42	33
In over 1 and up to 5 years	72	8	53	6

As at 31 December 2017, future minimum sublease payments expected to be received under non-cancellable subleases totaled approximately Baht 0.1 million (2016: Baht 1 million). During the year 2017, the Company recognised rental expenses of Baht 1.1 million and subleasing revenue of Baht 1.1 million (2016: Baht 3 million and Baht 3 million), respectively.

## 38.2 Guarantees

### 38.2.1 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries of approximately Baht 30.85 million and separate financial statements: Baht 11.14 million (2016: Baht 26.60 million and separate financial statements: Baht 10.72 million), in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Performance guarantees	30.24	26.09	10.93	10.51
Guarantee electricity use, among others	0.61	0.51	0.21	0.21
	30.85	26.60	11.14	10.72

### 38.2.2 Guarantees to related parties

- The Company has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2017	2016
Samart Mobile Services Co., Ltd.	15	55
Samart Multimedia Co., Ltd.	20	112
Zecureasia Co., Ltd.	10	10
Pt. Samart I-Mobile Indonesia	-	180
Samart Mobile Services Co., Ltd., I-Mobile International Co., Ltd. Zecureasia Co., Ltd. and Teleconnex Co., Ltd. (joint use the same facilities with the Company) (31 December 2016: I-Mobile International Co., Ltd. joint use the same facilities with the Company)	1,791	1,870
Teleconnex Co., Ltd. and I-Mobile Plus Co., Ltd. (joint use the same facilities with the Company which the Company guarantees credit facilities to I-Mobile Plus Co., Ltd. of Baht 200 million)	700	700

(Unit: Million Baht)

	Guaranteed facilities	
	2017	2016
I-Mobile International Co., Ltd. (joint use the same facilities with the Company) (31 December 2016: I-Mobile International Co., Ltd. joint use the same facilities with the Company)	-	200
I-Mobile Plus Co., Ltd.	10	30
I-Sport Co., Ltd.	12	12
I-Mobile Plus Co., Ltd. (joint use the same facilities with the Company)	105	110
Samart Multimedia Co., Ltd., Teleconnext Co., Ltd., I-Mobile Plus Co., Ltd. and I-Mobile Direct Co., Ltd. (joint use the same facilities with the Company) (31 December 2016: I-Mobile Direct Co., Ltd. joint use the same facilities with the Company)	500	500
I-Sport Co., Ltd. and Siam Sport Television Co., Ltd.	51	51
Siam Sport Television Co., Ltd.	2	2

These guarantees are effective for as long as the underlying obligations have not been discharged by those subsidiaries.

- As at 31 December 2017, I-Sport Co., Ltd. a subsidiary company was guarantor for Siam Sport Television Co., Ltd., a subsidiary company of I-Sport Co., Ltd. regarding the finance lease agreement between Siam Sport Television Co., Ltd. and Samart Comtech Co., Ltd., a related company. The contingent liabilities is amounting to Baht 336 million (2016: nil).

### 38.3 Commitments in uncalled portions of investments

The Company has outstanding commitment totaling in respect of uncalled portions of investments in their subsidiaries as follows:

	Currency	Amount (Million)	
		2017	2016
The local subsidiary companies	Baht	3	3

### 38.4 Other commitments

38.4.1 a) On 27 November 2009, the Company entered into a memorandum of understanding relating to the project for 3G mobile phone network services testing with TOT Public Company Limited in support of the objective of providing wholesale and retail 3G mobile phone network services through the Wideband Code-Division Multiple Access (WCDMA) system.

During the year 2011, the Company transferred the right and duties under the memorandum of understanding to I-Mobile Plus Co., Ltd., a subsidiary company. The subsidiary company is obliged to comply with certain conditions and pay fees for the testing project as stated in the memorandum of understanding.

In addition, the subsidiary, receiving the licenses from the National Broadcasting and Telecommunications Commission (NBTC), has obligations to comply with certain conditions as stated in the licenses, and to pay annual license fees, together with a fee for the Universal Service Obligation (USO) in accordance with conditions and requirements stipulated by the NBTC.

- b) On 22 February 2017, TOT Public Co., Ltd. submitted a letter to the NBTC to notify the NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G mobile phone service trial project prior to notifying the cancellation to I-Mobile Plus Company Limited, a subsidiary company. On 1 March 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. has not expanded its base station following its business plan in order to expand the coverage across the country. However, the subsidiary company has prepared a recovery plan for users of i-mobile 3GX service in accordance with the conditions imposed by the NBTC. Subsequently, on 22 June 2017, the NBTC submitted to the subsidiary a letter of the termination of the Telecommunications Business License type 1 and agreed with the company's recovery plan for the users of i-mobile 3GX. Subsequently, on 7 July 2017, the subsidiary submitted a letter notifying the NBTC that it had jointly concluded with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be 18 July 2017.
- c) I-Mobile Plus Company Limited, a subsidiary company has been notified by TOT Public Co., Ltd. regarding the payment for Home Location Register (HLR) amounting to Baht 19.0 million (2016: Baht 17.9 million). However, the management and the legal department of a subsidiary company were of the opinion that a subsidiary company was not liable to such payment because the data storage on HLR did not reach the quota specified in the agreement. At present, a subsidiary company is providing the clarification to TOT Public Co., Ltd. In this regard, as at 31 December 2017 and 2016 a subsidiary company did not set up a provision in the account.

38.4.2 On 4 May 2012, the Company entered into an agreement with TOT Public Co. Ltd. to together provide International Roaming service on TOT's 3G network for a period of 2 years and 10 months, with the term of the agreement to begin on the date that the service is ready to be launched. At present, the service has not yet to be launched and the NBTC submitted a letter to the subsidiary that approving the termination of the Telecommunications Business License type 1 effective from the date of notification to discontinue the i-mobile 3GX (as described in Note 38.4.1 (b)), the result is the agreement is terminated. The Company has no obligation from the termination of such agreement.

38.4.3 The Company and its subsidiary companies entered into the service agreements with various companies between 1 and 5 years. The Company and its subsidiary companies have to pay a monthly facility service fee at the rate stipulated in the agreements.



38.4.4 On 22 October 2015, the Company entered into wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., whereby the Company will resell mobile phone services to end-users. CAT Telecom Public Co., Ltd. is to commence providing service within 90 days after the agreement has been signed and until 3 August 2025. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

However, due to a delay in the distribution of mobile phone numbers by the Office of The National Broadcasting and Telecommunications Commission and technical delays, the Company was unable to commence the service within the stipulated timeframe. On 22 April 2016, the Company sent a letter to CAT Telecom Public Co., Ltd. informing the commencement date to be 3 May 2016.

On 26 June 2017, the Company submitted a letter to CAT Telecom Public Co., Ltd. to notify it of the cancellation of the wholesale agreement to provide mobile phone services, OPEN by i-mobile, because the telecommunications industry has remained intensely competitive over the past 2-3 years and there are no signs that the situation will improve in the future. The Company is unable to implement its plans and in line with its newly-developed business plan. On 11 July 2017 and 14 July 2017, the Company submitted a letter to notify NBTC and CAT Telecom Public Co., Ltd., respectively, of the cancellation of the wholesale agreement to provide mobile phone services with CAT Telecom Public Co., Ltd., requested permission to close the mobile phone signal for the OPEN by i-mobile service. On 14 December 2017, the NBTC notified the Company regarding the approval for the return allocated numbering of the mobile phone service under brand OPEN by i-mobile and approved the Company to cancel the connection of such allocated numbering on 20 December 2017 which was agreed with CAT Telecom Public Co., Ltd. The management and the legal department of the Company has considered and believes that the Company was not liable to pay fee commission from the termination of service. In this regard, as at 31 December 2017, the Company has not set aside any provision in the accounts.

38.4.5 On 10 March 2017, the Company entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. The Company was appointed as the lead company of SISC Consortium and is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement. Subsequently, on 24 August 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement terminates on 31 July 2025.

On 2 October 2017, the Company entered into a three-year agreement with Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

38.4.6 In September 2016, I-Sport Co., Ltd., a subsidiary company had entered into two agreements with Siam Sport Television Company Limited, the other subsidiary company regarding the production of live broadcast signal of the 2017 to 2020 Thai League and League Division 1, and FA Cup and League Cup competitions. The agreements will be terminated on 30 December 2020 or upon the completion of the 2020 competitions. The subsidiary company has to pay service fee at the rate as stipulated in the agreements.

38.4.7 In August 2017, I-Sport Co., Ltd., a subsidiary company had entered into a hire of work agreement with Siam Sport Syndicate Public Co., Ltd., a related company regarding the organizer of competition of King Power's Cup 2017. The agreement will be terminated upon the end of the 2017 competition (within February 2018). The Company has to pay service fees at the rate as stipulated in the agreement.

### 39. Capital commitment

As at 31 December 2017, the Company has capital commitment of approximately USD 0.9 million or equivalent to Bath 29 million regarding the purchasing of equipment for Digital Trunked Radio System (DTRS) services (2016: nil).

As at 31 December 2017, Thai Base Station Co., Ltd., a subsidiary company has capital commitment of approximately Bath 122 million regarding the purchasing of equipment and installing for telecommunication tower service for Tower-Co project (2016: nil).

### 40. Fair value hierarchy

The Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1		Total	
	2017	2016	2017	2016
<b>Assets measured at fair value</b>				
Held for trade investments Equity instruments	1	2	1	2
Available-for-sale investments Equity instruments	39	70	39	70

(Unit: Million Baht)

	Separate financial statements			
	Level 1		Total	
	2017	2016	2017	2016
<b>Assets measured at fair value</b>				
Held for trade investments Equity instruments	1	2	1	2
Available-for-sale investments Equity instruments	17	26	17	26

## 41. Financial instruments

### 41.1 Financial risk management

The Company's 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 and other receivables, loans, investments; and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. 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.

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.

(Unit: Million Baht)

	Consolidated financial statements							
	Fixed interest rates Within 1 year		Floating interest rate		Non-interest bearing		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Financial assets</b>								
Cash and cash equivalents	-	-	242	118	-	1	242	119
Temporary investments	-	-	-	-	1	2	1	2
Trade and other receivables	-	-	-	-	3,140	5,925	3,140	5,925
Restricted bank deposits	103	105	-	-	-	-	103	105
Available-for-sale investments	-	-	-	-	39	70	39	70
	103	105	242	118	3,180	5,998	3,525	6,221
<b>Financial liabilities</b>								
Bank overdrafts	-	-	3	90	-	-	3	90
Short-term loans from banks	3,452	4,201	-	-	-	-	3,452	4,201
Trust receipts								
- Baht	58	182	-	-	-	-	58	182
Trade and other payables	-	-	-	-	405	497	405	497
Short-term loans from parent company	-	-	-	-	-	-	-	-
Short-term loans from unrelated parties	22	23	-	140	-	-	1,310	140
Long-term loans from financial institutions	-	-	250	253	-	-	22	23
Liabilities under finance lease agreements	285	3	-	-	-	-	250	253
	3,817	4,409	1,563	483	405	497	5,785	5,389

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

(Unit: Million Baht)

	Separate financial statements							
	Fixed interest rates		Floating interest rate		Non-interest bearing		Total	
	Within 1 year							
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Financial assets</b>								
Cash and cash equivalents	-	-	188	20	-	-	188	20
Temporary investments	-	-	-	-	1	2	1	2
Trade and other receivables	-	-	-	-	3,046	5,857	3,046	5,857
Short-term loans to related parties	-	-	205	177	-	-	205	177
Restricted bank deposits	103	105	-	-	-	-	103	105
Available-for-sale investments	-	-	-	-	17	26	17	26
	103	105	393	197	3,064	5,885	3,560	6,187
<b>Financial liabilities</b>								
Short-term loans from banks	3,402	4,151	-	-	-	-	3,402	4,151
Trust receipts								
- Baht	58	182	-	-	-	-	58	182
Trade and other payables	-	-	-	-	191	301	191	301
Short-term loans from related parties	-	-	1,807	768	-	-	1,807	768
Long-term loans from financial institutions	-	-	250	250	-	-	250	250
	3,460	4,333	2,057	1,018	191	301	5,708	5,652

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

#### Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US dollar	4.13	5.43	4.13	7.09	32.5146	35.6588
<b>Financial liabilities</b>						
US dollar	1.29	0.52	1.29	2.52	32.8472	36.0025

The Company had the following outstanding forward exchange contracts:

Foreign currency	Consolidated financial statements/ Separate financial statements (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<b>As at 31 December 2016</b>			
<b>Bought amount</b>			
US dollar	1.08	34.9548 - 35.9736	February 2017 - January 2018

As at 31 December 2017, the Company has no outstanding forward exchange contracts.

#### 41.2 Fair values of financial instruments

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

## 42. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 10.6:1 (2016: 2.2:1) and the Company's was 12.5:1 (2016: 2.4:1).

## 43. Events after the reporting period

On 15 February 2018, an Extraordinary Meeting of Samart Multimedia Co., Ltd., a subsidiary company, passed a special resolution approving the change of the Company's name from "Samart Multimedia Co., Ltd." to "Samart Digital Media Co., Ltd.". The Company registered the change of the Company's name with the Ministry of Commerce on 20 February 2018.

#### 44. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statements 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.

# Audit Fee

## 1. Audit Fee

In 2017, the Company and subsidiaries paid audit fees to the auditor from EY Office Limited amounting to Baht 1,950,000 and 3,490,000 respectively and paid fee for review of the 2016 restated financial statement from the change in accounting policy of the Company and a subsidiary totaling Baht 300,000. In addition, the Company and subsidiaries paid out of pocket expenses relating to audit work such as traveling expenses, photocopy expenses and others totaling Baht 235,238.

## 2. Non-Audit Fee

In 2017, Siam Sport Television Co., Ltd., an indirect subsidiary with 49.99% shareholding paid professional fee to EY Office Limited for review revenue from the licenses granted by National Broadcasting and Telecommunications Commission (NBTC) totaling Baht 60,000.



## As of December 31, 2017

\* Includes holding by spouse and minor children. (See the securities holding information in the topic of "4. Disclosure and Transparency")

Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
3. Mr. Kunthit Arunyananda <ul style="list-style-type: none"><li>Independent Director</li><li>Audit Committee Member</li><li>Chairman of the Nominating and Compensation Committee</li><li>Corporate Governance Committee Member</li></ul>	51	- Mini MBA, Business Administration, Thammasat University - Bachelor Degree in Accounting, The Rajamongkol Institute of Technology <u>Training courses from Thai Institute of Directors Association (IOD):</u> 2004 Director Certification Program (DCP)	0.02 (800,000 shares)	None	2009 - Present	Chairman of the Nominating and Compensation Committee	Samart Digital Plc.**
					2008 - 2009	Nominating and Compensation Committee Member	Samart Digital Plc.**
					2003 - Present	Independent Director / Audit Committee Member	Samart Digital Plc.**
					2008 - Present	Corporate Governance Committee Member	Samart Digital Plc.**
					2005 - 2008	Chairman of the Corporate Governance Committee	Samart Digital Plc.**
Appointment Date: September 30, 2003					2014 - Present	<b>Position in other listed companies</b> Executive Director	Kuang Pei San Food Products Plc.
					2001 - Present	<b>Position in non-listed companies</b> Director	Sam Nak - Ngan A.M.C. Co., Ltd.
4. Mr. Charoenrath Viailuck <ul style="list-style-type: none"><li>Director</li><li>Risk Management Committee Member</li></ul>	57	- Bachelor Degree in Electrical Engineering The University of Newcastle, Australia - Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA) in 2017 - 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 <u>Training courses from Thai Institute of Directors Association (IOD):</u> 2004 Director Certification Program (DCP) 2004 Director Accreditation Program (DAP)	None	Mr. Watchai's and Mrs. Sukanya's elder brother	May 2016 - Present	Risk Management Committee Member	Samart Digital Plc.**
					2003 - Present	Director	Samart Digital Plc.**
					2008 - Present	<b>Position in other listed companies</b> Chairman of the Risk Management Committee	Samart Corporation Plc.
					1995 - Present	Executive Chairman & CEO	Samart Corporation Plc.
					1993 - Present	Director	Samart Corporation Plc.
May 2016 - Present	Risk Management Committee Member	Samart Telecoms Plc.					
1996 - Present	Director / Executive Director	Samart Telecoms Plc.					
2013 - Present	Director / Executive Director / Risk Management Committee Member	One to One Contacts Plc.					
Appointment Date: September 30, 2003					Present	<b>Position in other listed companies</b> Director	Viailuck International Holding Co., Ltd. and its subsidiaries
					Present	Director	Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>5. Mr. Watchai Vilailuck</b> <ul style="list-style-type: none"> <li>• Authorized Director</li> <li>• Chief Executive Officer</li> <li>• Executive Chairman</li> <li>• Chairman of the Risk Management Committee</li> </ul>	55	<ul style="list-style-type: none"> <li>- Bachelor Degree in Accounting, Faculty of Commerce and Accounting, Thammasat University</li> <li>- Certificate of Strategic Planning &amp; Implementation Program</li> <li>- University of Michigan Business School (Executive Education Center), Singapore in 2000</li> <li>- Certificate of Management Program, United Kingdom in 1985</li> <li>- Diploma in National Defence for The Joint State- Private Sector Course (Class 21), National Defence College of Thailand in 2008-2009</li> <li>- Leadership Program (Class 11), Capital Market Academy (CMA) in 2010 - 2011</li> <li>- The Programme for Senior Executive on Justice Administration Batch 15, National Justice Academy in 2011 - 2012</li> <li>- 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</li> <li>- The 5<sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013 - 2014</li> <li>- Top Executive Program in Energy Literacy for a Sustainable Future (Class 6), Thailand Energy Academy (TEA) in 2015</li> <li>- Top Executive Program in Industrial development and Investment (Class 2), Institute of Business and Industrial Development (IBID) in 2015</li> </ul>	0.18 (7,781,000 shares)	Mr. Charoenrath's younger brother and Mrs. Sukanya's elder brother	Nov 2016 - Present	Chief Executive Officer / Executive chairman / Chairman of the Risk Management Committee	Samart Digital Plc.**
					2003 - Present	Director	Samart Digital Plc.**
					2003 - Dec 2015	Chief Executive Officer / Executive Chairman	Samart Digital Plc.**
					2005 - Dec 2015	Chairman of the Risk Management Committee	Samart Digital Plc.**
					Nov 2016 - Present	<b>Position in other listed companies</b> Head of Digital LOB	Samart Corporation Plc.
					May 2014 - Present	Acting Chief Operating Officer of Call Center LOB	Samart Corporation Plc.
					Present	Acting Chief Operating Officer of Utilities and transportations LOB and Technology Related Services LOB	Samart Corporation Plc.
					2013 - Present	Chairman of the Sustainable Development Committee	Samart Corporation Plc.
					2004 - Present	Risk Management Committee Member	Samart Corporation Plc.
					2000 - Present	President	Samart Corporation Plc.
					1993 - Present	Director / Executive Committee Member	Samart Corporation Plc.
					May 2016 - Present	Chairman of the Risk Management Committee Member	Samart Telecoms Plc.
					2000 - Present	Executive Chairman / Chief Executive Officer	Samart Telecoms Plc.
					1996 - Present	Director	Samart Telecoms Plc.
					May 2016 - Present	Executive Committee Member	One to One Contracts Plc.
					2013 - Present	Director / Chairman of the Risk Management Committee	One to One Contracts Plc.
					2013 - May 2016	Executive Chairman	One to One Contracts Plc.

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of “Corporate Governance” under the item of “4. Disclosure and Transparency”)

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>5. Mr. Watchai Vialluck (cont.)</b>  Appointment Date: September 30, 2003		- Academy of Business Creativity : ABC (Class 6), in 2017, Sripatum University  <u>Training courses from Thai Institute of Directors Association (IOD):</u> 2004 Director Accreditation Program (DAP)			1993 - Present  Present   2000 - 2013	<b>Position in non-listed companies</b> Director  Director   Director	Vialluck International Holding Co., Ltd. and its subsidiaries Subsidiaries and Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)  One to One Contracts Co., Ltd.
<b>6. Mrs. Sukanya Vanichjakkong</b> <ul style="list-style-type: none"> <li>Authorized Director</li> <li>President</li> <li>Executive Director</li> <li>Risk Management Committee Member</li> <li>Corporate Governance Committee Member</li> <li>Nominating and Compensation Committee Member</li> <li>Chairman of the Sustainable Development Committee</li> </ul> Appointment Date: November 12, 2015	51	- Master Degree in International Marketing, Chuo University Tokyo, Japan - Bachelor Degree in Journalism and Mass Communication, Thammasat University - The 6 <sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand - Advanced Security Management Program, National Defense College - Top Executive Program in Commerce and Trade : TEPCoT 10  <u>Training courses from Thai Institute of Directors Association (IOD):</u> 2013 Director Certification Program (DCP)	0.34 (14,900,000 shares)	Mr. Charoenrath's and Mr. Watchai's younger sister	May 2016 - Present  Nov 2015 - Present      May 2016 - Present 2013 - Present  May 2016 - Present	Corporate Governance Committee Member / Nominating and Compensation Committee Member Director / President / Executive Director / Chairman of the Sustainable Development Committee / Risk Management Committee Member  <b>Position in other listed companies</b> Executive Chairman Director / Risk Management Committee Member / Chairman of the Sustainable Development Committee Sustainable Development Committee Member	Samart Digital Plc.**  Samart Digital Plc.**      One to One Contracts Plc. One to One Contracts Plc.  Samart Corporation Plc.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>7. Mr. Pracha Phathayakorn</b> <ul style="list-style-type: none"> <li>• Authorized Director</li> <li>• Executive Director</li> <li>• Risk Management Committee Member</li> <li>• Sustainable Development Committee Member</li> </ul>	55	<ul style="list-style-type: none"> <li>- Master Degree in Business Administration with major in Finance and International Business, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>- Bachelor Degree in Accounting, Chulalongkorn University</li> <li>- Investment Banking License Association of Securities Companies</li> <li>- Leadership Succession Program (LSP) (class 8), Institute of Research and Development for Public Enterprises (IRDP)</li> </ul> <p><b>Training courses from Thai Institute of Directors Association (IOD):</b></p> <ul style="list-style-type: none"> <li>2009 Director Certification Program (DCP)</li> <li>2008 Monitoring the Internal Audit Function (MIA)</li> <li>2008 Monitoring the System of Internal Control and Risk Management (MIR)</li> <li>2007 Monitoring the Quality of Financial Reporting (MFR)</li> <li>2006 Audit Committee Program (ACP)</li> <li>2005 Director Accreditation Program (DAP)</li> </ul>	None	None	Aug 2015 - Present	Director	Samart Digital Plc.**
					May 2014 - Present	Executive Director / Risk Management Committee Member	Samart Digital Plc.**
					Nov 2013 - Present	Sustainable Development Committee Member	Samart Digital Plc.**
					Aug 2015 - Feb 2016	Chief Operating Officer	Samart Digital Plc.**
					2012 - Aug 2015	Executive Vice President	Samart Digital Plc.**
					<b>Position in other listed companies</b>		
					May 2017 - Present	Executive Director / Risk Management Committee Member	Samart Corporation Plc.
					Apr 2017 - Present	Director	Samart Corporation Plc.
					2013 - Present	Sustainable Development Committee Member	Samart Corporation Plc.
					2011 - Present	Executive Vice President (Finance and Accounting)	Samart Corporation Plc.
Appointment Date: August 13, 2015					2012 - May 2016	Risk Management Committee Member	Samart Corporation Plc.
					2013 - Present	Director / Executive Director / Risk Management Committee Member	One to One Contracts Plc.
					2005 - 2011	Independent Director / Audit Committee	Eternity Grand Logistic Plc.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries and Related Companies of Samart Digital Plc.** (as shown in the Position of Directors and Management of the Company in Subsidiaries and Related Companies)
					2015 - Present	Director	Euromill Hotel Co., Ltd.

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of “Corporate Governance” under the item of “4. Disclosure and Transparency”)

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>8. Mrs. Sumonthip Srimek</b> • Vice President - Account  Appointment Date: September 30, 2003	58	- Master Degree, Business Administration, Kasetsart University - Bachelor Degree in Accounting, Chiang Mai University	None	None	2004 - Present	Vice President – Account	Samart Digital Plc.**
						<u>Position in other listed companies</u>	
						<u>Position in non-listed companies</u>	
<b>9. Mr. Suchat Satprasert</b> • Vice President - Network Community  Appointment Date: July 1, 2017	51	- Master Degree in Business Administration, the National Institute of Development Administration (NIDA) - Bachelor Degree in Electronic Engineering, King Mongkut's Institute of Technology Ladkrabang	0.03 (1,265,600 shares)	None	Jul 2017 - Present	Vice President - Network Community	Samart Digital Plc.**
						<u>Position in other listed companies</u>	
						<u>Position in non-listed companies</u>	
<b>10. Miss. Sirintra Saipavun</b> • Vice President - Digital Network  Appointment Date: July 1, 2017	38	- Master Degree in Business Administration, with major in Marketing, University of the Thai Chamber of Commerce - Bachelor Degree in Accounting, with major in Cost Accounting, University of the Thai Chamber of Commerce	None	None	Jul 2017 - Present	Vice President - Digital Network	Samart Digital Plc.**
					Dec 2016 - Jun 2017	Vice President - Corporate Marketing	Samart Digital Plc.**
					2008 - 2014	<u>Position in other listed companies</u> Device Channel Management Manager	Total Access Communication Plc.
					2014 - 2016	<u>Position in non-listed companies</u> Business Manager	Intel Microelectronics (Thailand) Co., Ltd.

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
<b>11. Mr. Hiran Phansaen</b> <ul style="list-style-type: none"> <li>Acting Vice President-Finance</li> </ul>	54	<ul style="list-style-type: none"> <li>Master Degree in Business Administration, with major in Finance, Ramkhamhaeng University</li> <li>Bachelor of Business Administration (General Management), Sukhothai Thammathirat Open University</li> </ul>	0.0005 (20,000 shares)	None	Jul 2017 - Present 2015 - Jun. 2017	Acting Vice President-Finance AVP-Finance Operation & Corporate Treasury	Samart Digital Plc.** Samart Digital Plc.**
					2012 - 2014	Sr. Manager Finance	Samart Digital Plc.**
Appointment Date: July 1, 2017						<u>Position in other listed companies</u> -	
<b>12. Miss Boonrut Mongkolratanaorn</b> <ul style="list-style-type: none"> <li>Company Secretary</li> <li>Secretary to Sub-Committees</li> <li>Sustainable Development Committee Member</li> </ul>	55	<ul style="list-style-type: none"> <li>Mini MBA, Business Administration, Thammasat University</li> <li>Bachelor Degree in Accounting, Thammasat University</li> <li>Training: 2003 Law and regulations for Company Secretary, Chulalongkorn University</li> <li>2003 Internal Auditing Certificate Program, Federation of Accounting Professions</li> <li>1986 Graduation certificate in Advanced Accounting, Thammasat University</li> </ul>	0.0016 (70,000 shares)	None	Nov 2013 - Present	Sustainable Development Committee Member	Samart Digital Plc.**
					Aug 2013 - Present 2003 - July 2013	Company Secretary Head of Internal Audit and Company Secretary	Samart Digital Plc.** Samart Digital Plc.**
Appointment Date: October 31, 2003					2003 - Present	Secretary to Sub-Committees	Samart Digital Plc.**
						<u>Position in other listed companies</u> -	
						<u>Position in non-listed companies</u> -	

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of “Corporate Governance” under the item of “4. Disclosure and Transparency”)

\*\* Formerly known as Samart I-Mobile Public Company Limited.

Name-Surname / Position / Appointment Date	Age	Education / Training	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
13. Mr. Wichai Rongkawit • Internal Audit Manager • Secretary to the Audit Committee	51	- Bachelor degree in Accounting, Dhurakij Pundit University	None	None	2015 - Present	Internal Audit Manager and Secretary to the Audit Committee	Samart Digital Plc.**
		Mar 2014 - Dec 2014			Internal Audit Manager	One to One Contracts Plc.	
		2011 - Feb 2014			Internal Audit Manager	Samart Corporation Plc	
		<b>Course from The Institute of Internal Auditors of Thailand</b> 2017 - Smart Disclosure Program (SDP) 2016 - Training Confirmation Letter: Operation System Windows 10 - Business Action Plan - Smart Disclosure Program : SDP - CG Forum 3/2016 : Prevention and Control of Corporate Corruption - Action Plan - SAMART Performance Management - Smart Management Meeting 2015 - Fraud case study and Knowledge sharing For Internal Auditor - Fraud Risk Management (FRM) 2014 - Fraud Audit - Audit : Techniques for Internal Audit - Development Plan for Internal Audit  <b>Course from Federation of Accounting Professions</b> 2014 COSO 2013 Internal Control - Integrated Framework Update				<b>Position in non-listed companies</b> -	
Appointment Date: February 29, 2016							

Remarks: \* Includes holding by spouse and minor children. (See the securities holding information in the topic of "Corporate Governance" under the item of "4. Disclosure and Transparency")

\*\* Formerly known as Samart I-Mobile Public Company Limited.



**The Position of Directors and Management of the Company in Subsidiaries and Related Companies as of December 31, 2017**

Name	Company	Subsidiaries										Related Companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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Remarks: 1. X = Chairman

2. Consist of:

1. SDC = Samart Digital Plc.\*
5. TCN = Telecomnext Company Limited
9. I-SPORTM = I-Sport Media Co., Ltd.\*\*\*
13. SC = Samart Corporation Plc.
17. OTO = One to One Contacts Plc.
21. SIF = Samart Infonet Co., Ltd.
25. CATS = Cambodia Air Traffic Service Co., Ltd.
29. TTN = Thai Trade Net Co., Ltd.
33. OTP = One to One Professional Co., Ltd.
37. OTOC = One to One (Cambodia) Co., Ltd.
41. SW2P = Samart Waste2Power Co., Ltd.
45. ITAB = IT Absolute Co., Ltd.
- 3 \* Formerly known as Samart I-Mobile Public Company Limited (SIM)
- \*\* Formerly known as Samart Multimedia Co., Ltd.
- \*\*\* Direct held by Samart Digital Media Co., Ltd.
- \*\*\*\* Direct held by I-Sport Co., Ltd.
2. SMS = Samart Mobile Services Co., Ltd.
6. I-SPORT = I-Sport Co., Ltd.\*\*\*
10. SSTV = Siam Sport Television Co., Ltd.\*\*\*\*
14. STC = Samart Telecoms Plc.
18. SE = Samart Engineering Co., Ltd.
22. SAET = Samart Ed-Tech Co., Ltd.
26. KPP = Kampot Power Plant Co., Ltd.
30. STW = Smartware Co., Ltd.
34. PTN = Portal net Co., Ltd.
38. TEDA = Teda Co., Ltd.
42. SLA = SLA Asia Co., Ltd.
46. SCI = Secure Info Co., Ltd.
3. SDM = Samart Digital Media Co., Ltd.\*\*
7. ENT = Entertainment Tree Co., Ltd.\*\*\*
11. S2A = SIM2ASSET Co., Ltd.
15. SCT = Samart Comtech Co., Ltd.
19. PN = Posnet Co., Ltd.
23. SUT = Samart U-Trans Co., Ltd.
27. CS = Cambodia Samart Co., Ltd.
31. SH = Samart Inter Holding Co., Ltd.
35. VIH = Vliailuck International Holding Co., Ltd.
39. TS = Transec Power Services Co., Ltd.
43. NST = Net Service (Thailand) Co., Ltd.
47. STR = Samart Transolutions Co., Ltd.
4. ZA = ZECUREASIA Co., Ltd.
8. IMP = I-Mobile Plus Co., Ltd.
12. TBS = Thai Base Station Co., Ltd.
16. SBS = Samart Broadband Services Co., Ltd.
20. SCS = Samart Communication Service Co., Ltd.
24. SEC = Suvarnabhumi Environment Care Co., Ltd.
28. CIO = Contact-In-One Co., Ltd.
32. SRT = Samart Raditech Co., Ltd.
36. VSS = Vision and Security System Co., Ltd.
40. SUM = Samart U-Trans (Myanmar) Co., Ltd.
44. NMD = Net Media Co., Ltd.

## The Board of Directors and Committees

As of December 31, 2017

Directors / Committees' / Members	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. Mr. Piyanon Champasut	x		/				
2. Dr. Chotivud Chayavadhanangkur	/		x		x	/	
3. Mr. Kunthit Arunyakanda	/		/		/	x	
4. Mr. Charoenrath Vilailuck	/			/			
5. Mr. Watchai Vilailuck	/	x		x			
6. Mrs. Sukanya Vanichjakkong	/	/		/	/	/	x
7. Mr. Pracha Phathayakorn	/	/		/			/
8. Miss Boonrut Mongkolratanakorn							/

Remarks: x = Chairman / = Director

# General and Other Information

## Samart Digital Public Company Limited

<b>Company</b>	:	<b>Samart Digital Public Company Limited</b>
Head Office	:	99/10 Moo 4, Software Park, 26 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107546000318
Home Page	:	www.samartdigital.com
Telephone	:	0-2502-6000
Fax.	:	0-2502-6870
Registered Capital	:	Baht 990,056,250
Paid-up Capital	:	Baht 440,025,000
Number of Issued Shares	:	4,400,250,000 shares
Par Value	:	Baht 0.10 per share

## Other References

<b>Company Registrar</b>	:	<b>Thailand Securities Depository Company Limited</b>
Head Office	:	93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400
Telephone	:	0-2009-9000
Fax.	:	0-2009-9991
<b>Auditor</b>	:	<b>Mrs. Sarinda Hirunprasurtwutti</b>
	:	Certified Public Accountant (Thailand) No. 4799
Head Office	:	EY Office Limited 33 <sup>rd</sup> Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-9090
Fax.	:	0-2264-0789-90
<b>Company Secretary</b>	:	<b>Ms. Boonrut Mongkolratanakorn</b>
Email	:	CorporateSecretary@samartdigital.com
Telephone	:	0-2502-6871
Fax.	:	0-2502-6870
<b>Internal Audit</b>	:	<b>Mr. Wichai Rongkawilit</b>
Email	:	Wichai.R@samartdigital.com
Telephone	:	0-2502-6190
Fax.	:	0-2502-6870

More information, please see the Annual Information Disclosure of the Company (Form 56-1) on the Company's website ([www.samartdigital.com](http://www.samartdigital.com)), the SEC's website ([www.sec.or.th](http://www.sec.or.th)) and the SET's website ([www.set.or.th](http://www.set.or.th)).

***S+M+ART***  
***Digital***



**SAMART DIGITAL PUBLIC COMPANY LIMITED**

99/10 Moo 4, Software Park, 26<sup>th</sup> Fl.,  
Chaengwattana Rd., Klong Gluar, Pak-Kred,  
Nonthaburi 11120 Tel: 662-502-6000 Fax: 662-502-6870  
[www.samartdigital.com](http://www.samartdigital.com)