



Reference: AIS-AC 005/2018

5 February 2018

**Subject: Opinion of Audit Committee regarding Connected Transactions for 2017**

**To: Secretary-General  
The Securities and Exchange Commission**

Enclosures: Details of Connected Transactions

We, the Audit Committee of Advanced Info Service Public Company Limited, “the Company”, whose names appear hereinafter, hereby provide an opinion with respect to the connected transactions executed by the Company with those parties thereof who were considered as having a conflict of interest in 2017, as set out in the Enclosures.

After having considered such matters, we are of the opinion that Management conducted such transactions for the benefit of the Company at an arm’s length basis with general business trading condition and reasonable price that compared with the general market price in such industry.

Kindly be informed accordingly.

Yours sincerely



Mr Krairit Euchukanonchai  
Chairman of the Audit Committee



Mr Surasak Vajasit  
Audit Committee member



Mr. Prasan Chuaphanich  
Audit Committee member

Advanced Info Service  
Public Company Limited

414, Phaholyothin Rd.,  
Samsen Nai, Phayathai,  
Bangkok 10400

Tel : (66) 2-029-5000  
Website : [www.ais.co.th](http://www.ais.co.th)



## Audit Committee Report 2017

To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee of Advanced Info Service Public Company Limited is composed of three independent directors with combined skills and expertise in finance, accounting, laws, and business administration. All members possess adequate qualifications as required by the Audit Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

- |                                         |                                 |
|-----------------------------------------|---------------------------------|
| 1. Mr. Krairit Euchukanonchai           | Chairman of the Audit Committee |
| 2. Mr. Surasak Vajasit                  | Member of the Audit Committee   |
| 3. Mr. Prasan Chuaphanich <sup>1)</sup> | Member of the Audit Committee   |

The Audit Committee held twelve meetings in 2017. All members of the Audit Committee attended every meeting. Mrs. Suvimon Kulalert, the Company's Chief Audit Executive, acts as secretary of the Audit Committee. The summary of meeting attendance of the members in 2017 is shown in "Management Structure".

The Audit Committee performs duties independently and with objectivity according to the Audit Committee Charter and the regulations of the SET, and performs reviewing in accordance with current situations as approved by the Company's Board of Directors every year. The Audit Committee performs its responsibilities in auditing and reviewing to assure the good corporate governance, the accurate and reliable financial reports, and the adequate internal control; and assures that the Management executes its duties with integrity, accountability, and in accordance with the Company's policies for the interests of its shareholders and all stakeholders. The Audit Committee's operations in the year 2017 are summarized below:

**1. Financial Report:** The Audit Committee reviewed the accuracy, completeness and reliability of the quarterly and annual separate and consolidated financial statements of the Company and its subsidiaries for 2017, conducted in accordance with Thai Financial Reporting Standards and the International Financial Reporting Standards. The Audit Committee discussed significant issues, important accounting policies, estimates, and judgements applied in the preparation of these financial statements with the external auditor. The Audit Committee also discussed the disclosure in the notes to the financial statements with discretion to assure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with Thai Accounting Standards and the Financial Reporting Standards.

In addition, The Audit Committee held a private meeting with the external auditor without the Management's participation for an independent discussion on important issues concerning independence in operations, significant information in the preparation of financial statements, and recommendations for the internal control over financial reporting. For the year 2017, the external auditor did not have any significant remark.



The Audit Committee concluded that the Company's accounting and financial reports were prepared in accordance with the appropriate internal control system. The external auditor performed auditing duties independently, regardless of any audit limit scope. This assures that the financial reports reflect actual the Company's financial status and operation performance accurately including adequately disclosure according to Thai Accounting Standards and the Financial Reporting Standards.

**2. Connected Transactions or Any Transactions that Potentially Conflicted with the Company's Interests:** The Audit Committee reviewed, oversaw, and provided opinions concerning the connected transactions or any transactions that potentially conflicted with the Company's interests quarterly based on reasonability, transparency, adequate disclosure, business normality and the interest of the Company.

The Audit Committee concluded that the Management conducted these transactions in the interest of the Company and at arm's length basis, with general business trading conditions and reasonable prices, which were compared with the general market price in a similar industry.

During the year 2017, the Audit Committee reviewed significant issues concerning tender offer of CS Loxinfo Public Company Limited's securities which was the acquisition of assets and the connected transaction of the listed company. Such transaction was transparent and reasonable; aligned with fair pricing under the standard valuation methods conducted by the independent financial advisors; and conducted for the interest of the Company and the Shareholders. The disclosure had been submitted to the SET accurately and timely.

**3. Legality:** The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations and requirements of the SEC, SET, National Broadcasting and Telecommunications Commission (NBTC), and other relevant laws related to the Company's business operations as well as business commitments with third party agreements.

The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material respects. The Audit Committee and the external auditor assured that all relevant issues under dispute, which the Management believes that such issues shall turn out to be in the Company's favor, were disclosed in the notes to the financial statements adequately.

**4. Internal Control System and Internal Audit:** The Audit Committee reviewed the effectiveness and adequacy of the internal control system from the annual internal audit report in 2017. The Audit Committee consistently considered and monitored results pertaining to the recommendations in the internal audit and external audit reports to acknowledge root causes and provide guidelines for the management to prevent future potential loss. The Audit Committee monitored and reviewed the results to ascertain that the Management performs duties in accordance with the recommended internal control system guidelines to prevent from recurrence.

The Audit Committee approved the annual internal audit plan for the year 2018, conducted in accordance with the Company's strategies and risk-based principles, emphasizing the effectiveness of the preventive key control function. The preventive control of fraud and the control self-assessment of the Management will also be conducted and reviewed, together with determination of operation scope, responsibilities, adequate number of personnel, competence of personnel, and the digital automation audit

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development used in analyzing big data as an audit tool to speed up the operation and meet with the International Standards.

The Audit Committee encouraged Internal Audit Office to enhance an advisory role to be Trusted Advisor. For example, Self-Business Assurance will be consistently conducted to create a better understanding of the internal control principle according to the Three Lines of Defense. The Management will be tasked with the role of the second line of defense to enhance the internal control effectiveness and mitigate risks to the acceptable level in a timely manner.

The Audit Committee also oversaw the Internal Audit Office and independently held a formal exclusive meeting with the Chief Audit Executive to ensure that all assurance and advisory activities concerning the internal control systems, risk management systems, and corporate governance systems were performed effectively and efficiently, and achieved objectives by comparing with the efficiency indicators. The Audit Committee also evaluated the performance of the Chief Audit Executive and acknowledged the External Quality Assessment Review for the year 2016. The assessment was completed in Q1/2017 and showed that the Company's Internal Audit Office performed duties in conformance with the International Internal Auditing Standards and quality standard according to benchmarking with global companies.

The Audit Committee concluded that the Company's internal audit processes had been operating appropriately, effectively, and independently, in conformity with the Company's goals and key risk areas. The Internal Audit Office had achieved its performance targets.

**5. Review of Risk Management:** The Audit Committee reviewed the Company's risk management in four meetings with participation of representatives from the Risk Management Committee in 2017. The Audit Committee concluded that the Company has the appropriate risk management system facilitating the efficient and effective business operations. The Audit Committee also suggested that new potential risks including significant changes concerning the Company and the telecommunication industry should be identified in order that the Company can manage risks in the world of Disruptive Technologies in a timely manner.

**6. Review of Fraud Investigation:** The Audit Committee reviewed and oversaw the Company's adherence with Reporting and Investigation of Misconduct and Fraud and Whistleblower Protection Policy. Twelve meetings with the Company's Investigation Committee and Internal Audit Office were conducted in 2017 to review complaints and investigation results according to the Company's process, including the efficiency of the Whistleblower Systems.

The Audit Committee concluded that the complaints were managed by appropriate actions and fair treatments, and in compliance with the Company's Corporate Governance Policy and Fraud Risk Policy. In 2017, the Company was notified by external parties and employees (via the Whistleblower Systems) of 19 cases. Some cases were recorded as related to non-compliance with the Company's Code of Business Ethics and non-compliance with the Company's regulations, but with no material value loss. Complaints submitted were taken into consideration for the future preventive measures.

**7. Nomination and Appointment of the External Auditor and the Annual Audit Fee:** The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual



audit fee for 2018 based on the assessment of qualification, competency, experience in auditing, independence in auditing according to the Code of Ethics for Professional Accountants and requirements of the SEC, auditing quality in the past year, and the audit fee. After careful consideration, the Audit Committee therefore proposed to the Board of Directors to seek approval to appoint the external auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the external auditor for the year 2018 at the Shareholder Meeting.

**8. Performance Assessment:** The Audit Committee's self-performance assessment was conducted annually, as an individual and group assessment, according to the SET guidelines. The result showed that the Audit Committee had performed its duties and responsibilities, according to the Audit Committee Charter, with a commitment to accuracy, discretion, transparency, and independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. The Audit Committee had given beneficial and practical comments and recommendations benefiting all stakeholders.

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



Mr. Krairit Euchukanonchai  
Chairman of the Audit Committee



Mr. Surasak Vajisit  
Audit Committee Member



Mr. Prasan Chuaphanich  
Audit Committee Member

<sup>1)</sup> Mr. Prasan Chuaphanich was appointed by the Board of Directors on 30 March 2017.