

Growth – Driven through Digital ICT Solutions

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2021, the year of being driven towards growth

As the world's situations in the digital age keep fluctuating rapidly, we recognize the importance of business strategy planning, so that we can adjust ourselves, turning crises into opportunities swiftly and efficiently. The ultimate aim is for the company to keep moving forward and grow sustainably.



Resilience

We are flexible, always ready for come what may. There's no standing still. We can always adjust and change.

Plans can be readily modified to fit the ever-changing situations.



Learning & Growth

Our people keep learning and developing themselves relentlessly, ready to grow sustainably along with the organization.

One of the organization's key drivers is that the Company's people, from management to rank-and-file, are all encouraged to be all-rounded, befitting the digital age.



Diverse Digital Solutions

We offer a wide range of digital technologies that respond to the needs of the changing era.

We provided tailored solutions and services that meet our clients' demands so the organization keeps growing, developing, and moving further.





MESSAGES FROM THE BOARD OF DIRECTORS

Dear Shareholders


In 2021, Thai economy was affected by a new wave of COVID-19 with highest number of confirmed cases in 3rd quarter, resulting in the economic growth at 1.6 percent lower than previously forecasted. However, all employees, management, and the board of directors of Samart Telcoms group showed their determination and collaboration in operations and broke through obstacles to achieve the Company's goal. The Company therefore succeeded and gained trusts from clients in public and private sectors, generating total revenue of Baht 4,649 million. In 2021, the Company managed to turn around with profit and was consecutively rated "Excellent" in Corporate Governance Report of Thai Listed Companies by Thai Institute of Directors (IOD).

Moreover, the Company has determined to be a part in helping society affected by COVID-19 by supporting and participating in several public activities including donation of medical masks, alcohol, and facemasks to public health agencies, social work agencies and others as well as providing supports to people suffering from the pandemic situation. The Company has also strictly complied with public measures preventing spread of COVID-19 and encouraged full vaccination for employees. Social distancing has been practiced to reduce level of crowding. The Company also adopted Work From Home, encouraged to use online video conference for meetings, and complied with Business Continuity Plan.

For 2022, Thai economy is expected to grow in range of 3.5 - 4.5 percent higher than that in the previous year, due to the recovery of tourism sector, exports, and domestic consumption especially in private consumption expanding by 4.5 percent. Despite of contraction of government consumption at 0.2 percent, public investment is projected to expand by 4.6 percent. Furthermore, the government will drive digital government policy to reduce inequality in access of government services by citizens. Spread of COVID-19 will also accelerate digital transformation in every sector considered good opportunities in both business and being a part to drive digital economy and society of the country in the middle of intense competition.

Management and employees at all level, therefore, have determination to accomplish One Goal and synergize as One Team to create innovation in digital technology and deliver values to customers, responding the demands, increasing competitiveness, and elevating service competency in digital age. The Company will respond to business opportunities under sustainability development with responsibility of society and all stakeholders including reduction of environmental impacts.

On behalf of the Board of the Directors, I would like to extend gratitude to all shareholders, valued customers, business partners, financial institutions and all stakeholders that trust and provide good supports for the Company's operations all along. The Board of the Directors along with management and employees will commit to create digital technologies that elevate digital economy and society of the country stably and sustainably.



General Sumpun Boonyanun
Chairman



REPORT OF THE EXECUTIVE BOARD

Dear Shareholders,

In 2021, a new wave of COVID-19 caused the highest number of infectious confirmed cases in the second half of the year. The Company provided supports to civil society constantly by funding and donating medical supplies to medical personnel, public health agencies, and social work agencies. The Company has also encouraged and looked after all employees to strictly comply with pandemic prevention measures and receive fully COVID-19 vaccination.

Although, the spread of COVID-19 resulted in slightly growth of Thai economy at 1.6 percent and affected supply chains of electronic equipment including difficulties in access of installation sites and service areas, the Company gained customer trust to proceed new projects with total contract value of Baht 4,400 million and total revenue of Baht 4,649 million. With efficient risk management and cost management, the Company turned around to gain net profit at Baht 61 million with 2021 ending backlog Baht 6,480 million. The Company has emphasized delivery of quality works and customer satisfactions with service standard compliant with ISO 9001 and ISO 20000 standards, development of quality software based on CMMI, and compliance with ISO/IEC 27001, the standard regarding information security management system.

In 2022, Thai economy is anticipated to expand in range of 3.5 – 4.5 percent due to constant growth of exports, recovery of tourism sector, and expansion of private investment and consumption. Public investment is expected to grow by 4.6 percent with contraction of public consumption by 0.2 percent. However, risk factors can be uncertainty of COVID-19 spreading; the increase of inflation, oil prices, and commodity prices; and supply chain disruption and international transportation problems, including the conflict between countries in Eastern Europe that can increase global economic instability. ICT and Digital industry will grow at higher rate than the previous year due to policies driven by the government such as development

of Digital Government, government e-services, Smart City, transportation infrastructure, and development of Eastern Economic Corridor (EEC), including Bio-Circular-Green Economy (BCG). In private sector, enterprises has accelerated the process of Digital Transformation. Artificial Intelligence (AI), Internet of Things (IoT), and Big Data Analytics will be applied for competition. Block Chain technology will be adopted extensively in several industries. Market for technologies regarding privacy data protection and Cyber Security will continue to grow.

Due to the growth of technologies and adoption in several segments, plenty of business opportunities will be available for the Company to align knowledge and capabilities in advanced technologies of its experts and business partners, in order to propose total solutions in information and communication technology including digital innovation for serving demands and creating good customer experiences.

Finally, with full confidence in capabilities, readiness and more importantly, the commitment of management and employees, Executive Board of Samart Telcoms therefore firmly believe that the Company will have strong business growth with social and environmental responsibilities delivering values to all stakeholders to accomplish the goals of stable and sustainable growth.



Mr. Watchai Vilailuck
Executive Chairman / Chief Executive Officer



BOARD OF DIRECTORS

1 GENERAL SUMPUN BOONYANUN

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

2 MR. VICHAI POKASAMRIT

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

3 MR. KAJORNVUT TAYANUKORN

- Director
- Corporate Governance Committee Member

4 MISS RAPEEPAN LUANGARAMRUT

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

5 MR. SIRICHAIRASAMEECHAN

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



6 MR. CHAROENRATH VILAILUCK

- Executive Director
- Risk Management Committee Member

8 MR. THANANAN VILAILUCK

- Executive Director
- Risk Management Committee Member

7 MR. WATCHAI VILAILUCK

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

9 MR. JONG DILOKSOMBAT

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

Vision

Samart Telcoms Group

is committed to professionally offering, with international standards, a comprehensive range of ICT solutions and digital innovations to enhance customers' competency in moving towards digital economy.

SAMART DNA



Think Ahead



Customer Focus



Team of Professionals



Commit to Excellence

Mission

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

Customers

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

Employees

Provide extensive training and development programs to enhance the professionalism, gain new experience and foster the service-minded professionals as well as to improve the quality of life and their career advancement.

Organization

Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and fairness and to be organization of innovation with environmental responsibility.

Partners

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

Shareholders

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

Society and Communities

Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes "Creating Quality People and Supporting Ethical Society".

Report of the Audit Committee

Dear Shareholders,

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

The Audit Committee operates independently and performs its duties and responsibilities as assigned by the Board of Directors in overseeing the corporate governance and the internal control systems to ensure that the Company's business operations are carried out for the interests of its shareholders and other stakeholders and that the Management execute their duties with integrity, and in accordance with the Company's policies. The Audit Committee conducted 4 meetings in 2021. To discuss and share opinions with management, external auditors and internal auditors on matters related to the meeting agenda which was summarized below:

- 1. Review of interim and annual financial statements** as of 2021, in consultation with management and external auditors. The Audit Committee's opinion was that the financial statements were correct adhering to the general acceptable accounting principles and promptly disclose for the benefit of shareholders, investor and users of such statements for the purpose of making informed investment decisions.
- 2. Review the operation information together with its internal control systems** and their efficacy towards ensuring that the Company's business was efficiently and effectively conducted in the pursuit of achieving performance goals. In 2021, based on the COSO Framework, (The Committee of Sponsoring Organizations of the Tread way Commission), the Audit Committee reviewed internal audit reports. Assessment results regarding effectiveness of internal controls and risk management systems disclosed that there are no significant deficiency, have appropriate asset safeguarding, correct, complete and reliable information disclosure. In addition, the Audit Committee evaluated the internal control system in compliance to the Practice of the Securities and Exchange Commission. They commend that the Company possesses good internal control system monitoring the operations of its subsidiaries adequately, appropriately and efficiently.
- 3. Review of internal audit**, by considering the mission, scope of work, duties and responsibilities, independency, manpower and budget of the Internal Audit Division. Reviewed and approved the amendment of the Internal Audit Charter as appropriate, up to date and in compliance with the internal audit practice manual of the Stock Exchange of Thailand. Approval of 2022's audit plans that linked on the internal control evaluation basis and covering crucial working systems of the Company. The Audit Committee also commend that the Company had an internal control was adequate, appropriate and effective. Also have developed the audit quality in personnel training and audit work on par with international standard for the Professional Practice of Internal Auditors.
- 4. Review the Charter of the Audit Committee** The Audit Committee has reviewed the Company's Audit Committee Charter and amended and revised to be consistent with the rules and guidelines of governance principles, good business and regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.
- 5. Reviewed connected transactions, or transactions that may lead to conflicts of interest.** This is to ensure that they were in compliance with the laws, rules and regulations prescribed by the Capital Market Supervisory Board of the Securities and Exchange Commission and other regulatory bodies and were reasonable and for the highest benefit of the Company.

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

6. **Establishing a self assessment** for Audit Committee member and the Audit Committee annually in compliance with Best Practice Guideline for Audit Committee. The evaluation result revealed that the Audit Committee's performance is completely fulfilled according to its Charter and complied with the good principles, effectively enhancing the good corporate governance.
7. **Conducted the Report of the Audit Committee's** Activities to the Board of Directors for acknowledgement for every Audit Committee meetings and provided useful management performance recommendation, which were subsequently adopted. To comply with Best Practice Guideline for Audit Committee and Regulations of the Stock Exchange of Thailand.
8. **Consider appointing the External Auditors and their Remuneration for the year 2021** to be proposed to the Board of Directors to ask for approval of Annual Shareholder's Meeting for the year 2021, which the Audit Committee considered the performance, independency and remuneration and concluded to propose appointing Ms. Siriwan Suratepin, Certified Public Accountant Registration number 4604, Mrs. Sarinda Hirunprasurtwutti, Certified Public Accountant Registration number 4799, or Miss. Kamontip Lertwitworatop, Certified Public Accountant Registration number 4377 of EY office Limited to serve as the Company's external auditor for the year 2021, with the remuneration of 2,800,000 Baht. The Audit Committee has the opinions regarding the external auditors as follows:
 - Based on past performance, the external auditors performed their duties with knowledge, professional competency, independency in performing their duties, and giving recommendations regarding internal control system and various risks.
 - The proposed remuneration was approximately 2,800,000 Baht equal to the year of 2020.
 - There was compliance with Regulation of the Office of the Securities and Exchange Commission (SEC) with regards to the changing of the financial statements signatory external auditor every 7 years.
 - The external auditors had no relation with the Company and subsidiaries.

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

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



(Mr. Vichai Pokasamrit)

Chairman of the Audit Committee

Report of the Risk Management Committee

Dear Shareholders,

The Board realizes the importance of Risk Management as it can drive the Company's business operations smoothly and continually has appointed Risk Management Committee, which consists of Directors 4 members by the Chairman of the Executive Board as Chairman of the Risk Management Committee. Moreover, also appointed a working group Risk Management, which comprises the President as the President of working group Risk Management and all concerned department heads total of 11 members to the evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly. To propose a management plan and follow-up performance on risk management to the Risk Management Committee for consideration.

In 2021, The Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors as summarized below:

1. Consider the material risks that the management from all relevant departments have conducted a risk assessment covering financial risk, business risk, and operational risk. That will affect the company's business operations and prioritize risks and determine their impact and determine how to manage that risk to an acceptable level or reduce the likelihood of it occurring and assign recipients responsible for implementing.
2. Continuously promote and support executives and employees to realize the importance of internal risk management. So that the company can manage its critical risks to an acceptable level.
3. Consider a risk management plan from the spread of the COVID-19 virus that is a risk factor in 2021, focusing mainly on prevention and reduction of the spread of the virus in accordance with government measures.
4. Monitoring progress of risk management from various agencies involved and reviewing the compliance with risk management plan pursuant regarding risk management policy and framework. Assuring that the Company has systematically and effectively conduct risk management as well as providing important advice to contribute to the development of the risk management of the Company to be more efficient by assigning the internal audit department to make a follow up and review the risk management measures of each company to ensure that the goal has been achieved.

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



(Mr. Watchai Vilailuck)

Chairman of the Risk Management Committee

Report of the Corporate Governance Committee

Dear Shareholders,

The Board of Directors strongly believes in conducting business according to business ethics, good corporate governance and corporate social responsibility (CSR) as well as supporting in improvement of corporate governance policy on continual basis ensuring solid foundation of the Company and building a strong circle of trust with the ultimate objectives of the equitable treatment to every stakeholder, leading to the sustainable development.

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

In 2021, with determination to improve corporate governance constantly, the Corporate Governance Committee held two meetings to follow up operations and to consider matters that encourage and promote corporate governance. The CG Committee regularly reported to the Board of Directors with the meeting results having key agendas that can be concluded as follows:

- **Reviewed and revised of the Company's Corporate Governance Policy, Business Ethics and Committee Charters**

The Corporate Governance Committee reviewed and revised the Corporate Governance Policy, Business Ethics including the Board of Director Charter and the Committee Charter to according with the good corporate governance principles for listed companies in 2017 (CG Code). In 2021, proposing an amendment to the Corporate Governance Policy in the topic of the Selection of the managements, Succession plan for the management and Supervision on operation of the subsidiary and the associated company including the amendment of the Board of Director Charter, the Executive Board Charter and the Nominating & Compensation Committee Charter in relation to the amendment of the Corporate Governance Policy. To ensure that the corporate governance policy of the Company is consists with the CG code and various related regulations as well as beneficial to creating value for sustainable business.

In addition, the Corporate Governance Committee has proposed amend/review business ethics in the topic Human Rights Policy and Sustainability Development Policy subject "Responsibility to the Environment".

- **The Self-Assessment of the Board of Directors, Committee, Executive Chairman and Company Secretary**

The Corporate Governance Committee oversaw and encouraged annual self-assessment of the Board of Directors, both as a group and individual, Committees, the Executive Chairman and the Company Secretary. Results from such assessments with recommendations shall be used to improve, rectify and develop for better efficiency and proposed to the Board of Directors and the shareholders for their acknowledgement.

- **Reviewed of the Company's Corporate Governance Report disclosed in the Annual Report**

The review was conducted in accordance with the principles of good corporate governance to comply with the new regulations of the Stock Exchange of Thailand and additional defined regulations by the various regulatory agencies.

- **Agenda and enquiries for AGM**

The Corporate Governance Committee has encouraged the minority shareholders to propose the agenda and submit enquires in advance for consideration in the Annual General Meeting of Shareholders in order to promote shareholders' rights and equality for the transparency and efficiency of AGM arrangement in accordance with good corporate governance and the AGM Checklist.

In 2021, the Company was also recognized through the following honors for consistently making good corporate governance a priority, thus several awards received for the evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), in 2021, the Company was rated “Excellent” and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,000 million Baht and was assessed with 4 TIA (90-99 points) for the 2021 Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association.

The Company will still adhere to conducting business compliant with corporate governance with transparency and business ethics. The Company also encourages improvement and development of Corporate Governance policy including fostering all employees to have awareness and service mind of business ethics. The Company has promoted the Company’s Corporate Governance Policy and Business Ethics for employees and executives to realize and encourage the Company’s corporate governance to align with international standard of corporate governance resulting in more trust and acceptance by all stakeholders.



(Mr. Vichai Pokasamrit)

Chairman of the Corporate Governance Committee

Report of the Nominating & Compensation Committee

Dear Shareholders,

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

In 2021, the Nominating & Compensation Committee independently performing its roles in accordance with its charter and the scope of authority, with pursuant to the Company's corporate governance, held three meetings to consider numerous matters. The member who had interest in any matter considered shall be refrained from voting. The committee reported results from the meeting including comments and recommendations to the Board of Directors for considerations. The matters can be concluded as follows:

- **Nominated and proposed new Directors to replace the Directors retiring by rotation:**

The Nominating & Compensation Committee considered nomination and proposed persons to replace Directors retiring. The Nominating & Compensation Committee considered not only qualifications, experience, knowledge, ability benefiting the Company, but also diversity aspects in the structure of the Board of Directors such as gender, age, race, nationality and necessary skills that the Company still lacks in order to align with business strategies of the Company. The Nominating & Compensation Committee also employed Director Database of the Thai Institute of Directors Association in consideration to recruit and select appropriate persons according to the laws and regulations and proposed to the Board of Directors in order to appoint or propose for approval in the shareholders' meeting in accordance with the Company's regulations.

- **Nominated and proposed personnel to assume the Committees' members**

The Nominating & Compensation Committee, carefully considered, nominated and proposed qualified persons for the Committees' member every year and proposed to the Board of Directors for further approval.

- **Reviewed and revised of the nomination of managements and managements succession plan**

The Nominating & Compensation Committee has reviewed and revised the nomination of managements and management's succession plan by proposing to amend/revise the transparency of nomination of directors and top management to comply with the 4th practice, recruiting and developing top management and personnel management of good corporate governance principles for listed companies in 2017 (CG Code) in order to be the guideline for further practice.

- **Reviewed and revised of the Nominating & Compensation Committee Charter**

The Nominating & Compensation Committee has reviewed and revised the Nominating & Compensation Committee Charter by proposing to amend/revise the roles and responsibilities of the Nominating & Compensation Committee to be appropriate and comply with the principles for listed companies in 2017 (CG Code) and the review of the nomination of managements and managements succession plan in order to be the guideline for further practice.

- **Determined Compensation for Directors and Committees' members**

The Nominating & Compensation Committee considered the 2021 remuneration for the Board Directors and Committees consisting the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee to further propose to the Board of Director and the Shareholders' meeting for consideration and approval, taking into the appropriateness of role and responsibility in accordance with the results of operations, as well as to be competitive with listed companies of the same industry with comparable business size consistent with the company's strategy and goals and enough to attract quality directors and executives to achieve the goals and directions as defined by the Company.

- **Determined appropriate Bonus and Salary Increase**

The Nominating & Compensation Committee jointly with the Human Resources Department and the Executive Board considered the criteria on salary increase for 2022, bonus payment of 2021 and criteria for bonus of 2022. The salary increase rate and the bonus shall be in appropriate rate and in line with the Company's performance.

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



(General Sumpun Boonyanun)
Chairman of the Nominating & Compensation Committee

Report of the Sustainable Development Committee

Dear Shareholders,

The Board of Directors realizes the importance of sustainable development that will lead to the sustainable business growth considering all stakeholders, as well as conducting business with due regard to social, community and environmental responsibility. The Board of Directors consequently appointed the Sustainable Development Committee to oversee such matters. Presently, the Sustainable Development Committee consists of 6 directors and the President is the Chairman of the Committee.

In 2021, the Sustainable Development Committee arranged 4 meetings to follow up operations and consider matters pursuant to the sustainability development policy and the Sustainable Development Committee Charter. The meeting results had been constantly reported to the Board of Directors of which their main points were summarized as follows:

1. To consider the Company's 2021 sustainability development plan that will lead to sustainable business growth with society;
2. To consider and monitor the sustainability performance for the year 2021 in order to ensure that the operation in accordance with the action plan;
3. To consider inviting managements and working groups in each dimension to attend training courses sustainability reporting according to industry groups and business sustainability strategy courses for understanding the process of making the effective sustainability report and formulating a concrete sustainability strategy for the Company;
4. To consider the report of the sustainable development committee and corporate social responsibility report for 2020 to propose to the shareholders and disclose in the annual report.

The Sustainable Development Committee has performed duties to the best of its ability with determination to further development of sustainability as well as creation of shared values among all stakeholders with considerations in sustainable business practices resulting in drivers leading the organization towards sustainability.



(Mr. Jong Diloksombat)

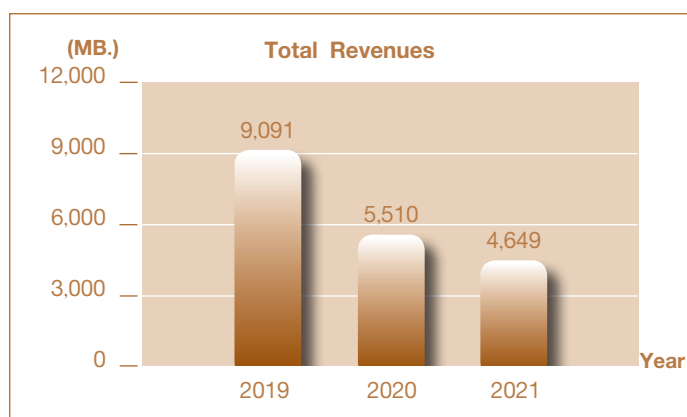
Chairman of the Sustainable Development Committee

Financial Highlights

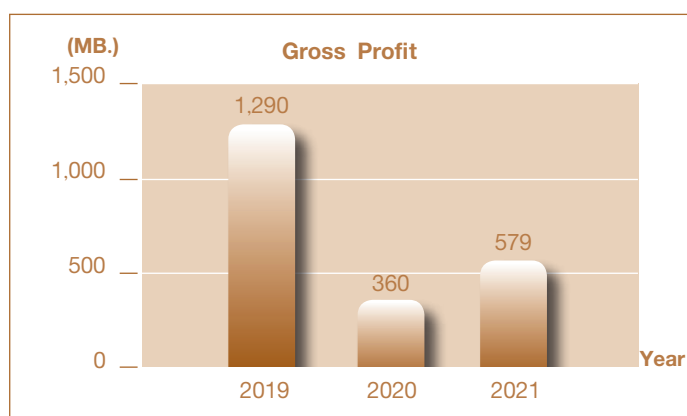
		2019	2020	2021
Operating Results (Baht Million)				
Total revenues		9,091	5,510	4,649
Gross profit		1,290	360	579
Net profit (loss)		451	(288)	61
Financial Status (Baht Million)				
Total assets		9,454	6,972	7,144
Total liabilities		5,669	3,668	3,773
Shareholders' equity		3,786	3,304	3,371
Financial Ratio				
Net Profit Margin	(%)	4.96	(5.22)	1.32
Return on equity	(%)	12.01	(8.05)	1.82
Return on asset	(%)	4.92	(3.50)	0.87
Debt to equity	(Time)	1.50	1.11	1.12
Earning (loss) per share	(Baht)	0.73	(0.47)	0.10
Dividend per share	(Baht)	0.52	-	0.05 ⁽¹⁾
Dividend payout ratio ⁽²⁾	(%)	114.24	-	31.27
Book value per share	(Baht)	6.17	5.39	5.50
Par value per share	(Baht)	1	1	1
No. of Shares	(Million Share)	618.0	618.0	618.0

Remarks: ⁽¹⁾ Dividend per share for 2021 at Baht 0.05 which will be proposed for consideration of shareholders in the 2022 Annual General Meeting of Shareholders;

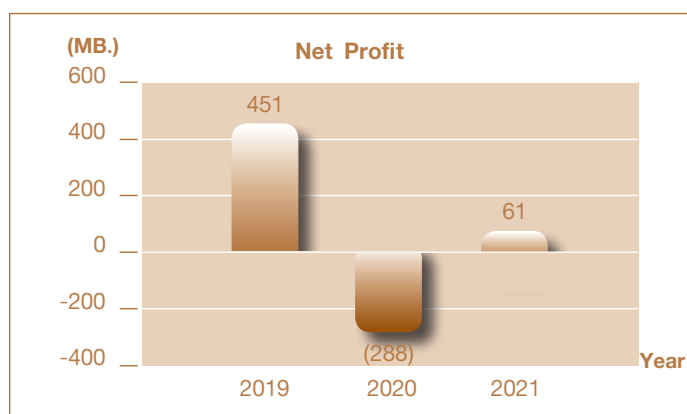
⁽²⁾ % of separate company net profit after deduction of all reserves complied with the company's Articles of Association and related laws.



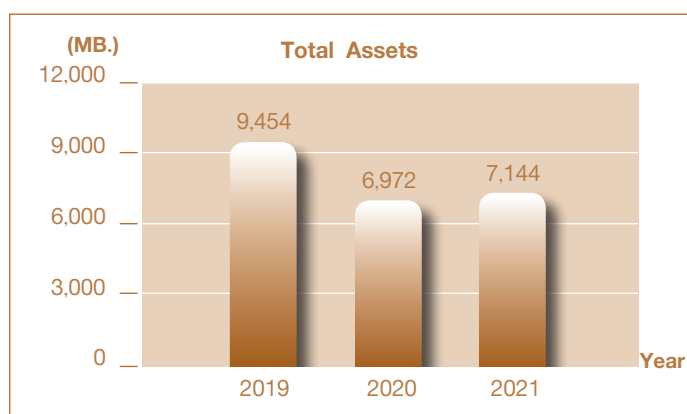
In 2021, total revenue was Baht 4,649 million, decreased from 2020 by Baht 861 million or 15.6%. Revenue from sales, contract work, services and rental was Baht 4,581 million, decreased by Baht 850 million or 15.6% comparing to 2020, decreased in revenue from sales and contract work, services and Rental. Other income was Baht 67 million, decreased by Baht 11 million from 2020.



In 2021, gross profit was Baht 579 million, increased by Baht 219 million or 60.8% from 2020. Gross profit margin was 12.6% increased from 6.6% in 2020.



In 2021, net profit was Baht 61 million, increased by Baht 349 million from 2020. Net profit margin was 1.3% in 2021, increased from net loss 5.2% in 2020.



Total assets as of December 31, 2021 were Baht 7,144 million increased by Baht 173 million or 2.5% from the end of 2020, mainly resulting from an increasing of project equipment.

Changes During the Year

The Company has classified the business structure into 3 Business Groups comprising Network Solutions, Enhanced Technology Solutions and Business Application for suitability and business operation efficiency and to respond market demands. In 2021, with a new wave of COVID-19 making highest number of confirmed cases in 3rd quarter, the Thai government had to strictly conduct preventive measures as well as city lockdown for a period of time. Supports provided to every sector to mitigate pandemic effects. Fiscal budget was partly allocated for the use to prevent spread of disease and to provide vaccination. The COVID-19 pandemic has affected government project bids and procurement capabilities in private sector, including obstacles in project implementation and services such as limitation in international transportations, electronic supply chain disruption, limited access to installation and service sites, trainings held mainly online, etc. The Company therefore focuses on efficient risk management, planning ahead with changing situation monitoring, including strict corporation and compliance with government measures. The Company created business opportunities and had significant changes in each business group as the following:

1. Network Solutions Business Group

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

The company has maintained the service quality standard, ISO 9001, increasing customer satisfaction and also has maintained ISO 2000 for quality and efficiency of IT service management in order that the system provided could gain more confidence from customers. These service quality considered strengths in long-term competitiveness helping the company achieve several service contract renewals and new project contracts in 2021, for example, the project regarding supply of digital trunked radio equipment, installation of Microwave communication system, Improvement of Video Conference Efficiency, Remote Pollution Monitoring and Alert System, etc. Moreover, maintenance services for customers were renewed such as Mediation Device, Real Time Charging System, etc. Major customers are NT Public Company Limited, Royal Thai Police, Ministry of Industry, etc.

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

The company maintained its service standards and constantly develop capabilities in both knowledge and expertise in technologies for its human resources, making the system and operations highly reliable and gaining trusts considered the strengths for long-term competition, resulting in success in several important projects in 2021, for example, Rental of Computer System for Branch Offices, Installation of Satellite Communication System, Access Policy Manager System, etc. Moreover, the company gained trusts in service contract renewal in data communication services, for private customers and public agencies, such as Rental of Broadcast Equipment and SCPC satellite communication services.

The company proceeds and provides services for key customers such as Government Saving Bank, PTT Public Company Limited, Ministry of Interior, Panyapiwat Techno Business, The Secretariat of the House of Representatives, Royal Thai Police, etc.

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

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

- concentrated on Internet services for middle and large organizations and was entrusted to be high-speed communication network provider for organizations such as Space Technology Department, Ministry of Defense; Naval Medical Department, Ministry of Defense; Office of the Council of State; National Institute of Educational Testing Service (Public Organization); Excise Department, Ministry of Finance; Industrial Estate Authority of Thailand; Department of Disease Control, Ministry of Public Health; Kasem Bundit University; etc;
- Improved network equipment and network security system, cybersecurity, including value added services such as Anti-Virus, Anti Spam Mail, Web and Mail Hosting, and URL Filtering, in order to support growth of customers and usage, as well as increasing security for customers;
- and elevated customer satisfaction by applying CRM system for service improvement as well as increasing staffs' efficiencies with international standard certificates.

These successful projects in the Network Solutions Business Group will be the company's revenue stream in 2022 and serve as additional revenue sources from services and system maintenance in the future.

2. Enhanced Technology Business Group

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

The company constantly maintained standards of internal work process with efficiency and effectiveness emphasizing development of knowledge known as "Target Knowledge Certification", enabling sales force, and designing and implementing engineers to deliver high quality works and keep up with business changes in current period and in the future. Besides, the Company has maintained standards of ISO 9001 and CMMI Level 3 and has been certified for ISO 20000, international standard for quality and efficiency in IT service management for better services to customers. These service quality, as a key part of long-term competitiveness, helped the company to succeed in several projects in 2021 regarding, for example, Network Security System, Closed-Circuit Television (CCTV) System, Pollution Monitoring and Alert System, etc. Moreover, the company has continued to operate maintenance projects. Key customers are Bangkok Metropolitan Administration, Royal Thai Armed Forces Headquarters, Department of Land, Social Security Office, Ministry of Labor, Ministry of Interior, etc.

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

In 2021, new variants of COVID-19 has been widespread in Thailand and worldwide. Thailand has also been affected in all sectors. The government has launched several measures and work style has been changed to Work From Home and team splitting. The company has never stopped developing and bringing expertise in software design and IT system and software development for government and private sectors to support operations of companies in this Business Group. During the year, the company:

- focused more on development and improvement of specialized information system for core products e.g. Human Resource Management and Website Management in order to increase capabilities and security, including presentation of various products in Website Management serving customer demands and providing good services to increase customer satisfactions and maintain customer base with more communications through several social network channels to expand customer base;
- provided internal and online training programs to transfer knowledge and information technology regarding Website Management and Specialized Information System in order that all staffs could be able to rotate operations and supports continuously and efficiently.

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

The company has maintained high standards of Cyber Security Operation Center (CSOC) services as it has been certified in 2021 the ISO/IEC 27001: 2013 standard (Surveillance Annually Audit), the standard regarding Information Security Management Systems, increasing confidence of customers in its services. Furthermore, the company succeeded in several projects awarded in 2021 such as the project regarding implementation of Security Operation Center, Cybersecurity for Electrical Power Control System, Computer Log Management, Pentest Box, and Cyber Security Operation Center Services. Key customers are Social Security Office, Ministry of Labor; Electricity Generating Authority of Thailand; Electronic Transactions Development Agency; etc.

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

The company has maintained CMMI Level 3 for process of quality software development and succeeded in gaining several important projects, for example, Maintenance of Meters and accessories for Automatic Meter Reading system, Development of Electronic Verification and Requisition System, Transformer Health Monitoring System, and Closed-Circuit Television (CCTV) System for risky public areas and community roads. Key customers are Provincial Electricity Authority, Chonburi Provincial Administration Organization, Excise Department, etc.

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

The company brought its expertise in complete services in consultancy, software development compliant with CMMI Level 3 and specialized services in software engineering to support business of other companies in the Business Group. During the year, other than development and maintenance of information system for Department of Land and land information management center, the company:

- developed software system using Micro Service which responds usage on cloud system efficiently and capable of reuse in other system;
- improved Warehouse Management System (WMS) that helps increase speed, correctness, accuracy, and efficiency in inventory process and connect to robot arm to automatically and put and pick up goods from or to the shelves.

These successful projects in the Network Solutions Business Group will be the company's revenue stream in 2022 and serve as additional revenue sources from services and system maintenance in the future.

3. Business Application Business Group

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

The company has provided solutions and services regarding business application to enhance capability and operation efficiency of customers in both government and private sectors in various industries through subsidiaries in this Business Group such as Portalnet Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd. and Samart eD Tech Co., Ltd. In 2021, the company has maintained CMMI Level 3, the standard for development of quality software. The company, moreover, has provided Core Banking and Financial Solutions as it has provided maintenance services of Core Banking System and developed additional tasks for Government Housing Bank. The company has continued to provide maintenance services for Information System for Hospital and Medical Center.

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

The company has maintained CMMI Level 3 standard and has conducted the business with expertise in design, implementation and outsourcing services for Enterprise Resource Planning (ERP), Enterprise Service Bus (ESB), Human Capital Management (HCM), Analytical System, Enterprise Content Management (ECM), Enterprise Management System (EAM), and Robotic Process Automation (RPA). During the year, the company has maintained the services of Core Business System phase 2, SAP S/4 HANA system development, development of ERP to connect to Web Application, etc. Key customers are Provincial Electricity Authority, Metropolitan Waterworks Authority, Metropolitan Electricity Authority, Samart Corporation Public Company Limited, etc.

Moreover, the company also has been extended certification of “Partner Center of Expertise” by SAP, indicating the company’s high standard of operation on SAP system and the company regularly provided staffs necessary training programs, resulting in more staffs being certified by SAP and more staffs being certified Project Management from Project Management Institute (PMI) to ensure staffs’ service efficiency compliant with international standard.

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

The company has conducted business regarding business application with the expertise in total solutions and services regarding e-payment and smart card for banks and credit card providers. The company also offers loyalty program. During the year, the company further developed Point of Sales products for front sales connecting to e-payment system, improved efficiency of Kiosk application, developed more functions for Posnet E-Receipt Platform (PRP) to help keep credit card sales slip in electronic format to facilitate keeping and searching data helping merchants to reduce costs, developed application for new Electronic Data Capture (EDC) with more qualifications and support payments using Contact Card, Contactless Card, QR-Code Payment, and Wallets. Furthermore, new models of EDC have been developed to connect POS on Tablet installed in Taxi supporting payments using credit card, debit card, and QR payment.

Additionally, the company has maintained information security standard of Payment Card Industry Data Security Standard (PCI-DSS) with services for monitoring and verification of the payment network, including notification features alerting staffs, customers, and authorized persons involved through various communication channels.

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

Conducting in business application to support customers’ operations with expertise in Electronic Data Interchange (EDI), during the year, the company further developed Healthcare EDI connecting more drug distributors and more hospitals. The company also developed connectivity of three major e-marketplaces such as Shopee, Lazada, and JD Central to facilitate customers using EDI services to be able to receive purchase order data from online shops in those e-marketplaces.

5) Samart eD Tech Co., Ltd. had significant changes as follows:

Conducting business application to support customers’ operations, the company has expertise in technologies regarding total education, Learning Management System (LMS), development of Courseware, Digital Content and Mobile Application development. During the year, the company further developed and improved its LMS with more efficient courseware and examination repository and with capabilities to track learning session in video as well as increasing cybersecurity protection. Moreover, the company has developed e-Courseware notable in multimedia presentation for human resource development offered to leading enterprises, commercial banks, and government agencies such as Department of Business Development, Ministry of Commerce; Ministry of Finance; the Office of Public Sector Anti-Corruption Commission; King Prajadhipok’s Institute; PTT Public Company Limited; Government Saving Bank; Siam Commercial Bank Public Company Limited; Kasikornthai Bank Public Company Limited; Government Housing Bank; Panyapiwat Institute of Management; IRPC Public Company Limited, Nestle (Thai) Company Limited; and ACIS Professional Center Company Limited; etc.

These successful projects in the Network Solutions Business Group will be the company’s revenue stream in 2022 and serve as additional revenue sources from services and system maintenance in the future.

Industry and Competition

Overall, in 2021, global economy expanded by 5.6 percent growing from contraction by 3.1 percent in 2020, while the Thai economy in 2021 grew by 1.6 percent compared with contraction at 6.2 percent in 2020 considered good recovery. Thai's value of exports expanded by 18.8 percent. Private and public investment increased by 3.4 percent and 3.8 percent respectively. Public consumption expanded by 3.2 percent while private consumption grew only 0.3 percent. The current account registered a deficit of 2.2 percent of Gross Domestic Product (GDP) and the headline inflation was at 1.2 percent compared with -0.8 percent in 2020¹.

For 2021, global economy is projected to expand by 4.5 percent while the Thai economy is forecasted to grow in the range of 3.5 - 4.5 percent mainly supported by value of export expanding by 4.9 percent with private and public investment growing by 3.8 and 4.6 percent respectively. Private consumption is projected to increase by 4.5 percent while government consumption expenditure is projected to decline by 0.2 percent. Recovery of the Thai economy is mainly supported by recovery of global economy, global trade growth, tourism sector recovery, and drivers from public investment. The current account is projected to record a surplus of 1.5 percent of GDP with the headline inflation in the range of 1.5 - 2.5 percent¹.

Gartner, Inc. (Gartner), the world leading research and consulting company, estimated worldwide IT spending in 2021, which included spending Communications Services, at total \$4.24 trillion, an increase of 9.5 percent from 2020. Gartner, Inc. also forecasted worldwide IT spending in 2022 to total \$4.45 trillion, an increase of 5.1 percent from 2021².

Thailand's ICT spending in 2021, according to the Gartner's forecast, is estimated to total of Baht 819,428 million, an increase of 7.4 percent from 2020, comprising spending values in Communications Services segment at Baht 465,345 million or 0.9 percent growth, Devices segment at Baht 202,028 million or 21.7 percent growth, IT Services segment at Baht 77,866 million or growth of 10.1 percent, Enterprise Software segment at Baht 53,480 million or 16.8 percent growth, and Data Center segment at Baht 20,709 million or expansion of 6.6 percent³.

Gartner also forecasts that Thailand's ICT spending is projected to reach Baht 871,453 million in 2022, an increase of 6.4 percent from 2021, from value of Communication Services segment at Baht 482,844 million growing by 3.8 percent, Devices segment Baht 220,106 million expanding by 9.0 percent from 2021 but at lower growth rate from 2020, IT Services segment at Baht 85,466 million increasing by 9.8 percent, Enterprise Software segment at Baht 61,381 million growing by 14.8 percent, and Data Center segment at Baht 21,656 million expanding by 4.6 percent³. The forecast indicates that Enterprise software is the segment with highest growth and Communication Services segment shows lowest growth (3.8 percent), increasing growth rate from 2020 at 0.9 percent. Continued growth shown indicates that enterprises and users has increasingly adopted technologies especially due to COVID-19 situations that accelerate technology adoption.

Gartner also conducted survey on CIO across the world and found that, in 2022, CIOs expect IT budget to grow 3.6 percent to help business survive among economy turbulence from the pandemic, trade wars, climate changes, including several internal and external factors. Moreover, the IT budget is for obtaining information for decision making and increasing competitiveness. Areas of technologies CIO will invest are, for example, Artificial Intelligence, Distributed Cloud, Cyber Security, Edge Computing, 5G, and Digital Twin⁴.

For the growth of Thailand's ICT industry, TMB Analytics anticipated some degree of growth with supportive factors from government policies such as Thailand 4.0, 5G development enhancing business adopting ICT and creating more demands for smart devices, Eastern Economic Corridor Digital Innovation Zone (EECd) development, smart city

development⁵. Furthermore, the policy regarding promotion of Bio-Circular-Green Economy (BCG) will adapt ICT and digital technology in design, planning, management, analysis, including development platform to manage such policy efficiently. Additionally, Krungsri Research indicated that new technologies will play key roles in various industries. Such technologies are 5G, Internet of Things (IoT) applied for almost every industry, Artificial Intelligence (AI) deployed in every system of all industries enabling smarter works, Edge Computing system, Drone, etc⁶. Moreover, Big Data Analytics will continue to grow. Technologies regarding identity proofing including Block Chain will be applied to variety of platforms and application for transaction validation and Digital Asset supports. Furthermore, enterprises tend to adopt XaaS (Anything-as-a-Service) for ability to provide Digital Services to customers more quickly, resulting in growth of Cloud Computing. Cybersecurity technology will also increase due to the laws regarding cybersecurity, the Personal Data Protection Act enforcing by 2022, and demands for protection of growing cyber threats. Furthermore, Digital Economy Promotion Agency (DEPA) forecasted that digital content industry will continue to expand with expected value at Baht 59,136 million in 2022 and Baht 72,703 million in 2023⁷. Besides, Virtual Reality (VR) technology connecting virtual world will be more widely adopted in several industries.

Although, ICT and digital technology market is expected to expand, several factors to closely monitor will affect economic growth. These factors such as prevention and containment of Covid-19, turbulence of world economy and global monetary, issues in manufacturing supply chain and international logistics, the increase in oil price and commodities, and the conflicts between countries in Eastern Europe will affect market to grow lower than forecasted resulting in more intense competition. Currently, enterprises in every industry such as banking, retails, media, and more are moving to be technology companies. Such moves increase competition for ICT providers directly and indirectly. In order to compete, players in the market will develop new business models, innovation, and others to meet customer demands in several perspectives such as price, quality, and good customer experiences. Providers will develop their own Digital Platform for competition and conduct intense marketing campaigns. Collaboration among and across business network has emerged to increase values in products and services. Furthermore, more providers and Digital Tech Startups abroad have entered the Thai market. All mentioned factors will result in more intense competition in Thailand's ICT market and Digital industry.

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Section 1

Business Operations and Operating Performance

1. Structure and Operation of the Group of Companies
2. Risk Management
3. Driving Business for Sustainability
4. Management Discussion and Analysis
5. General Information and Other Important Information

1. Structure and Operation of the Group of Companies

1.1 Policy and Overview of Business Operation

Background

Smart Telcoms Public Limited Company (“The Company” or “SAMTEL”) with the current registered capital of Baht 721 million and paid-up capital of Baht 618 million was founded on July 18th, 1986 with initial registered capital of Baht 5 million and the business purpose of provision in Satellite Telecommunication Services. The Company has registered in terms of the Public Limited Company and become a listed company of the Stock Exchange of Thailand since 1996. Currently, the Company has been organized into three Business Groups: Network Solutions, Enhanced Technology Solutions and Business Application.

Overview of Business Operation of Subsidiaries and Associate Companies

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

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

Business operations of the Company in 3 business groups

The Company deploys the policy and guidelines in categorizing its business operations into three business groups based on types and characteristics of products and services covering all ranges of solutions and technologies in order to suitably respond to the needs in rapidly changing world, to reach every desire in every industry, and drive values of private sector including state enterprises under social and environmental responsibility. The business operations of each business group are as follows:

1. Network Solutions Business Group

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

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

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

Solutions and Services on wireless technologies:

- Solutions for 4G, LTE Technologies and 5G;
- Solutions and Services for Digital Trunked Radio System and handset devices;
- Satellite Communication services through VSAT (Very Small Aperture Terminal), SCPC (Single Channel Per Carrier) and iPStar technologies.

2. Enhanced Technology Solutions Business Group

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

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

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

3. Business Application Business Group

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

- Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM), and Robotic Process Automation (RPA);
- Core Banking Solutions for banks and finance institutes;

- E-Payment Solutions and Services, Electronic Data Capture (EDC) System, Electronic Signature Capture System, E-Receipt Platform System, Smart Card System, Loyalty Services, QR Payment System, Kiosk Application for selling products and services, and Point of Sales System;
- Electronic Data Interchange (EDI) Services, Supply Chain Financing Services, Supply Chain Management System, including Cloud Computing Services.
- e-Learning, e-Courseware, and Digital Content development, including Mobile Application development.

1.1.1 Corporate Vision, Mission, Goals and Strategies

Vision & Mission

Vision

Samart Telcoms Group is committed to professionally offering, with international standard, a comprehensive range of ICT solutions and digital innovation to enhance competency, mobilising customers towards digital economy.

Mission

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

Customers

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

Employees

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

Organization

Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and fairness and to be organization of innovation with environmental responsibility.

Partners

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

Shareholders

Ensure sustainability by creating recurring revenues together with expanding customer base and continuously seeking new business opportunities to deliver sustainable return on investment for shareholders and investors.

Society and Communities

Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes "Creating Quality People and Supporting Ethical Society".

Corporate Culture

Think Ahead

Customer Focus

Team of Professionals

Commit to excellence

Core Value

3S for Success

Synergy: Together WE can Succeed

Standard: Be Professional with Global Standards

Satisfaction: Customers Satisfaction is Our Success

Business Goals and Strategies

The Company aims to be the leading, complete ICT and digital solution service provider with strategies focusing on providing services to organization of customers and directly to end users in order to generate recurring revenue for sustainability. The Company also emphasizes obtaining challenging, large-scale projects, and expanding customer base in both government and private sectors with innovation in technologies delivered in various business models to customers. With readiness and competency derived from high expertise and experiences, together with strong **Synergy** among subsidiaries in Samart Group, good relationship with world-class business partners, retention of certified international **Standards** such as CMMI for quality software development, ISO 20000 for IT service management and ISO 9001 for service quality and ISO/IEC 27001 Standard for information security management, the Company can be capable of providing advanced and high standard ICT services and digital solutions serving all needs of customers with value added and differentiated products and services to customers efficiently improving convenience, speed and operation cost reduction, resulting in customer confidence and **Satisfaction**.

Business Goals in 3-5 years

Within the next 3-5 years, rivalry among competitors in domestic and abroad will be more intensive, however, the business opportunities will also increase and COVID-19 pandemic enabling every organization, especially the private sector, to accelerate their own digital transformation faster than under normal circumstances, has been adopt digital technology to increase efficiency and support new work styles, and adoption of data analytics to use in various business models. Communications, information and digital technologies are important to helping businesses survive and compete. Therefore, in the next 3-5 years, investment in such technologies will have continue higher growth.

The government continues to accelerate the digital economy. Digital Government has been developed in order to provide e-Services of the government sector to reach the people, Smart City development promote, investment in key infrastructure, accelerate the development of Eastern Economic Corridor (EEC), including development of Bio-Circular-Green Economy (BCG) involving digital technology. In household sector, digital technology is inevitable in daily lifestyles of people for online transactions, entertainment, communications through online social network, contributing overall ICT and digital industry expansion.

The Company therefore emphasizes seeking new opportunities, expanding customer base, and increasing recurring revenue from customers in both government and private sectors, including individuals as end users through it Transformation to a leading ICT and Digital Technology Outsourcing & Service Provider, focus more on government e-services, Drive innovation with new values added in solutions and services of all three Business Groups consisting of Network Solutions, Enhanced Technology Solutions and Business Application. Moreover, the Company focuses on Elevation of quality of products and services, operation standards, and collaboration with partners in order to leverage customer satisfactions and to achieve strong and sustainable growth responding to the Company's vision and missions.

1.1.2 Important changes and development during the past 3 years

2021

- The Company has proceeded to increase and decrease the registered share capital and propose the warrant issuance, with the warrants to be issued to the existing shareholders proportionate to their respective shareholdings (Right Offering) as follows:
 - 1) The decrease of the Company's registered capital by cancelling 120 million authorised but unissued shares amounted to Baht 120 million from the current registered capital of Baht 738 million to be the new registered share capital of Baht 618 million.

- 2) The issue and offering of warrants representing the right to purchase the newly issued ordinary shares (SAMTEL-W1) to the existing shareholders proportionate to their respective shareholdings (Right Offering) in the amount of not exceeding 103 million units, without any cost at the ratio of 6 existing issued shares to 1 warrant. The warrants have a period of 3 years from the first issuance date. The exercise ratio is 1 warrant:1 share, with an exercise price of Baht 12 each, which may be adjusted pursuant to the conditions for the adjustment of the rights.
 - 3) The increase of the Company's registered capital for an additional amount of not exceeding Baht 103 million from the existing amount of Baht 618 million to be the new registered capital of Baht 721 million, by issuing not exceeding 103 million new ordinary shares at the par value of Baht 1 each, in order to accommodate the exercises of the warrants No. 1 (SAMTEL-W1) to the existing shareholders proportionate to their respective shareholdings (Right Offering).
- SLA Asia Co., Ltd., a subsidiary of Samart Communication Services Company Limited representing 99.99 percent of its paid-up capital, has filed the application for deregistration with the Ministry of Commerce on 19 July 2021.

2020

The SLA Asia Company Limited, a subsidiary whose share held by Samart Communication Services Company Limited representing 99.99 percent of its paid-up capital, decreased its registered capital for Baht 22,500,000 from the previous capital of Baht 30,000,000 to remaining registered capital of Baht 7,500,000 with totaling of 7,500 shares at a par value of Baht 100 per share.

2019

The Company had business direction of customer base expansion to new government agencies and enterprises and expanded projects in Core Banking System for banks and financial institutes as, in 2019, gaining the project of Development and Implementation of Core Business Process System for Small and Medium Enterprise Development Bank of Thailand. Moreover, the Company focused on long-term revenue for stability and sustainability as gaining the project of Design, Procurement, Development, Implementation and Maintenance of Core Business System for Provincial Electricity Authority.

1.1.3 General Information of the Company (Name, Location of the Head Office, Type of Business, Company Registration Number, Telephone Number etc.)

- Company : Samart Telcoms Public Company Limited ("The Company" or "SAMTEL")
- Head Office : 99/7 Moo 4 Software Park, 29th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
- Type of Business : 1. Network Solutions Business Group conducts business in providing total solutions and services regarding advanced technologies in telecommunications and data communication networks, from consulting services, survey, design, installation and implementation including along with management services including professional maintenance services. Trusted by leading organizations in both government and private sectors, the Network Solutions Business Group is versatile in and capable of providing customers turnkey solutions and outsourcing.
2. Enhanced Technology Solutions Business Group conducts business in providing advanced solutions and services, which integrate and apply varieties of information and digital technologies to achieve various customer needs and customer expectations, which become more complex. Solutions and services in this Business Group also include advanced, specialized technology to support customers' critical tasks requiring accuracy, reliability, and stability, customized specifically for each customer for efficiency.

3. Business Application Business Group provides solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for government agencies to serve citizens more efficiently.

Registration No. : 0107538000631
 Telephone : 0-2502-6000
 Fax. : 0-2583-8696
 Web site : <http://www.samtel.com>
 Registered Capital : 721,000,000 Baht (As of 31 December 2021)
 Type of share : Ordinary Share
 Number of shares sold : 618,000,000 Ordinary shares (As of 31 December 2021)
 Par Value : Baht 1 per share

1.2 Nature of Business

1.2.1 The revenue structure of the Company and Subsidiaries as of December 31, 2019-2021

Unit: Million Baht

Business Group	Operated by ⁽¹⁾	% of Holding 2021 ⁽²⁾	2019		2020		2021	
			Revenue ⁽³⁾	%	Revenue ⁽³⁾	%	Revenue ⁽³⁾	%
1. Network Solutions Business Group	SCS	99.99%	1,465.7	16.1	979.9	17.8	793.9	17.1
	STC	-	234.2	2.6	400.0	7.2	338.0	7.2
	SIF	99.62%	53.1	0.6	48.6	0.9	36.2	0.8
	Other subsidiaries	-	-	-	-	-	-	-
Subtotal			1,753.0	19.3	1,428.5	25.9	1,168.1	25.1
2. Enhanced Technology Solutions Business Group	SCT	99.99%	3,267.2	35.9	2,136.4	38.8	1,628.5	35.0
	STC	-	490.1	5.4	441.0	8.0	445.2	9.6
	SCI	99.99%	-	-	84.6	1.5	276.6	6.0
	Other subsidiaries	-	4.8	0.1	4.8	0.1	4.5	0.1
Subtotal			3,762.1	41.4	2,666.8	48.4	2,354.8	50.7
3. Business Application Business Group	PTN	99.99%	2,883.4	31.7	1,110.4	20.2	806.9	17.4
	STC	-	289.2	3.2	47.9	0.9	115.0	2.5
	PN	99.99%	351.7	3.9	195.2	3.5	151.2	3.2
	Other subsidiaries	-	52.0	0.5	60.9	1.1	52.5	1.1
Subtotal			3,576.3	39.3	1,414.4	25.7	1,125.6	24.2
Grand total			9,091.4	100.0	5,509.7	100.0	4,648.5	100.0

Remarks: ⁽¹⁾ SCS = Samart Communication Services Co., Ltd. SCT = Samart Comtech Co., Ltd.
 STC = Samart Telcoms Pcl. PTN = Portalnet Co., Ltd.
 SIF = Samart Infonet Co., Ltd. PN = Posnet Co., Ltd.
 SCI = Secureinfo Co., Ltd.

⁽²⁾ Direct & Indirect stakeholdings on December 31, 2021.

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

1.2.2 Nature of Business of each Business Group. The Company can be divided into 3 Business Groups as follows:

1) Network Solutions Business Group

(1) Nature of Products and Services, and Innovation Development

This Business Group operates in areas of telecommunication systems and advanced data communication networks ranging from consulting services, survey, complete design, installation and implementation, management services along with maintenance services. Under professional project management, this Business Group elevates confidence in delivery of work quality and high level of service quality with ISO 20000, the standard for information technology service management; ISO 9001, the standard for service quality control; and 30 service centers nationwide including Network Operation Center (NOC) ready to support incident calls, analysis problems and troubleshoot for customers 24/7. The Company aligns customer support process with Service Tracking System (STS) adopted by service teams for more efficient customer appointment and service tracking. This Business Group provides solutions and services regarding advanced networking infrastructure in Core Network, Access Network, networking equipment and end devices for both high-speed wireline and wireless communications as follows:

- Solutions for high-speed wireline-based network technologies
 - Services on complete design, installation, implementation, and maintenance of high-speed fiber optic networks through the advanced technologies of DWDM (Dense Wavelength Division Multiplexing) and FTTX (Fiber to the X)
 - High-speed solutions and services on various types of technology such as Leased Line, MPLS (Multiprotocol Label Switching), DSL (Digital Subscriber Line), Frame Relay, ATM, Software-Defined WAN (SD-WAN), and more.
- Solutions for wireless technologies
 - Solutions for 4G, LTE, and 5G technologies
 - Solutions and services on Digital Trunked Radio System (DTRS) and handset devices
 - Satellite Communication services through VSAT (Very Small Aperture Terminal), SCPC (Single Channel Per Carrier) and iPStar technologies

This Business Group offers two major types of services as follows:

- 1) Turnkey services** by providing complete solutions from consultancy, survey, design, installation, after-sales service as well as preventive maintenance and corrective maintenance under Service Level Agreement.
- 2) Outsourcing services in management, operations and maintenance of telecommunication networks** by providing, other than survey and installation, outsourcing services in management and operations regarding telecommunication networks as well as maintenance for both wireline and wireless networks by service centers (Teleports) nationwide for key customers such as National Telecom Public Company Limited, Ministry of Education, Ministry of Interior, Banks and Financial Institutions, etc.

By having 30 service centers nationwide, the Business Group is able to provide services to customers more conveniently and with centralized Network Operation Center (NOC) ready to support incident calls, analysis problems and troubleshoot for customers 24/7, the Business Group aligns technology with customer support process and service team management using Service Tracking System (STS) to increase flexibility, convenience, and speed to customer services. Call center agencies from neutral party will monitor and survey customer satisfactions after finishing corrective or preventive maintenance or services provided, in order to improve service quality. The company currently has 30 service centers as follows:

Central:	Kanchanaburi, Phetcha Buri, Prachinburi, Nakhon Pathom, Sing Buri and Bangkok
North:	Chiang Mai, Nakhon Sawan, Phitsanulok, Mae Hong Son, Chiang Rai, Phrae, Tak
Northeast:	Nakhon Ratchasima, Ubon Ratchathani, Udon Thani, Khon Kaen, Loei, Buri Ram, Chaiyaphum, Roi Et, Nakhon Phanom
East:	Rayong, Chon Buri
South:	Songkhla, Surat Thani, Phuket, Nakhon Si Thammarat, Samui, Yala

Service centers nationwide help business operations in sales and services for government and private customers more quickly with cost efficiency and improve readiness for other projects in the future.

Moreover, this Business Group provides high-speed Internet services by Samart Infonet Company Limited as the Internet Service Provider (ISP) for small and medium enterprises (SME), large enterprises, government agencies, and state enterprises. Complete Internet services include design, installation, and maintenance as well as hosting services with customer service team to support and troubleshoot for customers 24 hours a day.

For innovation development, the Business Group has policy guidelines to collaborate with technology owners, vendors and other business partners to gather customer requirements and problems emerged to analyze and develop features and specifications of products and services that meet the needs with values differentiating in speed, convenience, and usability. The company also focuses on product selection with environmental cares.

For Internet services, the company has developed Value Added Services such as Anti-virus, Anti Spam Mail, Web and Mail Hosting, and URL Filtering including integration of Cyber Security services from partners and the Company's subsidiary.

Moreover, for after-sales service improvement, the company has improved Knowledge Management module in its Service Tracking System to collect knowledge in various troubleshoots in the database and improve search engine to be more convenient and faster in order to prevent reoccurring problems, help troubleshoot more quickly in similar cases, and improve service process for reduction of troubleshoot time and travelling. Besides, network incident alert has been improve for more efficiency increasing customer satisfactions.

(2) Marketing and Competition

(A) Marketing Policy of Key Products and Services

The policy emphasizes achieving customer requirements and customer satisfactions. Aiming to be the total solution provider, the company focuses on studying requirements, elaboration on design, product selection with quality and eco-friendly products, implementation, and project management with knowledgeable, high ability experts, in order for customers to trust in work quality received under standards and timplan efficiently.

Moreover, information technology is brought to apply, especially software application integrating to telecommunication services in order to add values to the service and responds to specialized requirements for customers in each industry. By doing so, the company selects competent partners to synergy in delopment of innovation and values differentiate, in order to elevate competitiveness.

For after-sales services, the company emphasizes maintenance and operations for highest stability of the system. Strategy in defining Service Level Agreement (SLA) suitable for customers and technology has been deployed through Teleports nationwide with 24x7 service compliant with service quality standard, ISO 9001 and ISO 20000. Business Continuity Plan has also been conducted to ensure continual services with efficiency.

Target Customers are in three key groups: government agencies, state enterprises, and corporate clients, including subsidiaries that need quality solutions with standard from a single complete provider with expertise and experience, capable of providing from consultancy and planning to delivery ensuring project success and work efficiency.

(B) Market Competition

Market competition in projects for government and private sector is high. New providers enter into the market with capability to propose products and services with advanced technologies. Price competition is also intense due to new players in the market. Some product owners has turned into providers making more intense competition. However, this Business Group has competitive advantages by having experts integrating various technologies, efficient project management, remarkable project references, and outstanding services to customers: government agencies and state enterprises, both in the past and at present. Moreover, the companies in this Business Group have expertise in providing complete services ranging from survey, implementation, and maintenance system, covering varieties of solutions.

(3) Product and Service Sourcing

Sourcing of technology and system equipment are mostly from business partners both domestic and abroad, capable of manufacturing and importing of products, and authorized distributors in Thailand. For implementation, project management, and after-sales services, this Business Group has its own workforce with expertise in telecommunication and information system and has partnership with leading technology owners as the following:

Network solutions:	Cisco Systems (Thailand) Company Limited (Cisco), Nokia (Thailand) Company Limited (Nokia), Huawei Technologies (Thailand) Company Limited (Huawei), Motorola Solutions (Thailand) Company Limited (Motorola), Fortinet Security Network (Thailand) Company Limited.
Satellite communications:	Thaicom PCL, TC Broadcasting Company Limited.
Network providers:	National Telecom PCL, True Corporation PCL, JasTel Network Company Limited, United Information Highway Company Limited (UIH), Symphony Communication PCL.
Wireless network providers:	Advanced Info Services PCL, True Corporation PCL, Total Access Communication PCL.
Cyber Security	SecureInfo Company Limited.
Computer system:	IBM Thailand Company Limited, HP Inc (Thailand) Limited, Dell Corporation (Thailand) Company Limited, Hitachi Vantara (Thailand) Company Limited, EMC Information Systems (Thailand) Company Limited, Acer Computer Company Limited, Huawei.

(4) Projects in progress

Network Solution Business Group has projects in progress regarding Supply of Digital Trunked Radio System, Installation of Microwave System, Rental of Computers for Branch Offices, Network of Security with Closed-Circuit Television (CCTV) System, including ongoing services in contract such as maintenance services, satellite communication services, and other data communication services.

2) Enhanced Technology Solution Business Group

(1) Nature of Products and Services, and Innovation Development

Conducting business in providing information and communication technologies including digital solutions that integrate and apply various technologies to serve customer needs, this Business Group provides solutions and advanced, specialized technologies to support customers' critical tasks requiring accuracy, reliability, and stability. For each customer, such solutions are customized specifically for suitability and efficiency, ranging from consulting, engineering design and software development, and implementation under professional project management, including outsourcing services and maintenance services for both government and private customers. This Business Group has maintained international standard regarding service quality, ISO 9001; and CMMI, international standard for development of quality software widely accepted in the software industry. Samart Comtech Company Limited is the leading company in this Business Group. Further, Samart Telcoms Public Company Limited together with Smarterware Company Limited has been certified for CMMI Level 3, and SecureInfo Company Limited has been certified for ISO 27001, international standard for Information Security Management Systems (ISMS). Solutions and services by this Business Group are:

- Automatic Meter Reading (AMR) and Advanced Metering Infrastructure (AMI)
- Multimedia Solutions: IPTV, Video Conference System, and more
- Security Solutions: CCTV with Suspect Alert/Search features, Fingerprint/Face Recognition Security, and Cyber Security Operation Center (CSOC) Services
- Geographic Information System (GIS)
- Airport Solutions such as Common Use Terminal Equipment (CUTE)
- Digital TV Solutions: Transmission, Media Asset Management, Studio & Control Room
- Energy Savings: Building Energy Management System (BEMS), Smart Photovoltaic (PV) Solutions, etc.
- Intelligent Robotic and Automation System
- Cloud Computing, Data Center, and Big Data Analytic Solutions
- Turnkey Software Application Development

For innovation development, this Business Group has studied and developed new solutions, including improvement of existing solutions to better respond customers' requirement and higher technological expectation. Such solutions are energy management solutions. This Business Group has developed software application to add values to existing products with differentiation. Moreover, human resources has been added up and increase capabilities in Big Data Analytics in order to apply for value added into existing products and services.

For research and development of products and services regarding software development, to increase business opportunities and competitiveness, the company has brought Micro Service technology in development tasks. This technology aims for usage on cloud to be more efficient. Micro Service developed can be reuse with other system reducing time to develop and increase productivity.

(2) Marketing and Competition

(A) Marketing Policy of Key Products and Services

The marketing policy aims for development of expertise for consultancy, design, development (including software application development), and implementation in order for gaining trust from customers looking for a single provider capable of providing complete solutions. Additionally, values must be added to products constantly to make differentiation. This Business Group also focuses on selection of high quality equipment and technology from leading product owners, and maintaining high standard in software development, IT management, and after-sales services to increase competitiveness.

For distribution, most products and services are customized for each customer suitable for each requirement with advanced technology. Distribution, therefore, is modification and customization to match customer requirement for direct selling to target customers via the bidding method competing with others. Moreover, the Business Group emphasizes customer relationship in order to understand requirements and roadmap of customers as much as possible. Solutions and services proposed are in price competition within specified budget. This Business Group has developed knowledge in engineering constantly and select business partners ready to support and respond exactly to customer needs.

Target customers are government agencies, state enterprises, and corporate customers. The Business Group also provides consultancy service to other subsidiaries. Customers that need products and service in Cyber Security can also be Critical Information Infrastructure agencies.

(B) Market Competition

Competition in the market of turnkey projects regarding ICT and digital solutions is growing, especially projects for government agencies due to digital economy policy driven. In 2021, COVID-19 pandemic still had widely effect to all segments. Although, the government cut the expenditure budget, risks in payment is low compared to that in private sector. More of new providers have entered to compete in government bidding projects. Several product owners have turned their business model to be technology providers, increasing competition both in price and quality perspective.

For Cyber Security market related to services of SecureInfo Company Limited, the competition is also intense due to continuous growth of cyber threats and organizations' realization for data protection. The competition in the market is based on development of experts in Cyber Security as currently scarce. Competition is also in improvement of technologies and tools used for cyber threat monitoring and protection. The company has provided knowledge training and capability building to its staffs constantly with operations compliant with ISO/IEC 27001: 2013 (Surveillance Annually Audit), the international standard for Information Security Management Systems (ISMS) and selection of products in leading quality to serve customers.

In 2021, the Business Group has maintained standards of internal work process with efficiency and effectiveness emphasizing development of knowledge known as "Target Knowledge Certification", enabling sales force, and designing and implementing engineers to deliver high quality works and keep up with business changes in current period and in the future. Besides, the Business Group has maintained standards of ISO 9001 and CMMI Level 3 improving quality of works and services to customers, as a key part of long-term competitiveness, helping the company to achieve several projects.

(3) Product and Service Sourcing

The Business Group sources products in telecommunication system, computers, networks, and software application, as parts of products and services proposed to customers, from business partners that are product owners and distributors both domestic and abroad in order to deploy in each project to achieve customers' objectives. Each project normally has different requirements and specification as well as values to deliver. Therefore, before entering to the tender, the company chooses partners ready, suitable, and compliant with customer requirements. Most equipment and system are imported due to their complexity in technology and some of those are not yet manufactured in the country. However, no issue regards monopoly as equipment can be sourced from several manufacturers in Asia, Europe, and America. The Business Group has no policy to order products and equipment in advance before the project awarded, because each project has different specifications and qualifications of products and services. The purchase orders for products or equipment are made only when the project begins.

Furthermore, software application developed for the customers as well as subsidiaries has done by Smarterware Company Limited and Net Service (Thailand) Company Limited, having expertise in land information system development and Content Management System (CMS). Because most important resource in software industry is human resource, the companies concentrate on human resource development in several areas, especially in technology, design, and application development.

For implementation and after-sales services, the Business Group has internal teams to implement and manage projects. These teams have been trained extensively and have experiences with expertise in implementation of telecommunication and information system, working under service standards such as ISO 9001, CMMI Level 3, and ISO 2000.

(4) Projects in progress

Enhanced Technology Solution Business Group has projects in progress regarding Network Security System, Closed-Circuit Television (CCTV) System, IP Telephony system, Cyber Security System, Cybersecurity for Electrical Power Control System, Computer Log Management, Transformer Health Monitoring System, including services under contracts such as Maintenance of Meters and accessories for Automatic Meter Reading system, Cyber Security Operation Center Services, and maintenance services.

3) Business Application Business Group

(1) Nature of Products and Services, and Innovation Development

This Business Group provides solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for government agencies to serve citizens, and for corporate clients to improve competitiveness and increase satisfactions of customers and end-users. Subsidiaries in this Business Group provide products and services as follows:

- **Samart Telcoms Public Company Limited** provides solutions and software application to drive and support operations of customers in public and private sectors as well as Core Banking & Financial Solutions
- **Portalnet Company Limited** provides total solutions and services from design to full implementation of Enterprise Resource Planning for large enterprises, especially in utility sector, for public and private customers with partnership and supports from business partners. Moreover, the company provide solutions and services regarding Enterprise Service Bus (ESB), Human Capital Management (HCM), Analytic System, Enterprise Content Management (ECM), and Robotic Process Automation (RPA).

For innovation development, the company improved implementation process by deploying tools such as SUM (Software Update Manager), nZDT (Near Zero Downtime), and Activate Methodology to implement application system for customers ensuring that end results meet customer needs within appropriate time.

- **Posnet Company Limited**, conducting business regarding the application for electronic payment, is a distributor and service provider of Electronic Data Capture (EDC), both for trading and system rental with network service connecting to banking system. Network services provide secure data transmission as certifying standard of Payment Card Industry Data Security Standard (PCI-DSS). Furthermore, the company has expertise in design and development of Smart Card solution for banks and credit card providers. The company also offers loyalty service program.

For innovation development, in 2021, the company further developed Point of Sales products for front sales connecting to e-payment system, improved efficiency of Kiosk application, developed more functions of Posnet E-Receipt Platform (PRP) to help keep credit card sales slip in electronic format, and developed application for new model of Electronic Data Capture (EDC) with higher qualifications.

- **Thai Trade Net Company Limited** conducts business with expertise in Electronic Data Interchange (EDI) services compliant with international standards in order to increase accuracy and speed in transaction processing between business as Business-to-Business or between business and government agencies as Business-to-Government. EDI services can be classified in two types: 1) EDI/XML service suitable for large enterprises with high volume of transaction transferred through standard data conversion application, 2) Web EDI service suitable for medium and small enterprises not ready to invest the system, by using Website for transferring EDI document data.

Additionally, the company concentrates on innovation development to expand EDI market and develops value added services for customers such as connectivity to e-market places in order to more easily receive purchase order from online shops in three major e-marketplaces: Shoppee, Lazada, and JD Central.

- **Smart ed Tech Company Limited** conducts business in providing technologies regarding information and communication in education such as e-Learning system and Learning Management System applying for distant learning or remote training including supplementary for in-classroom learning via computers and mobile devices. The company also provides e-Testing for electronic examination management. Moreover, the company has expertise in development of electronic courseware (e-Courseware) efficient for learning using Instructional Design, designing for learning fascination and stimulation. The company also develops Digital Content such as e-Books/e-Magazines and Mobile Application.

(2) Marketing and Competition

- **Enterprise Software Market**

- **Marketing Policy of Key Products and Services**

The marketing policy for Enterprise Resource Planning products emphasizes quality, expertise and experience of staffs, and insights of the system. The company also focuses on people, process, efficient tools for project management, and operations compliant with CMMI, standard for quality software development. Collaboration with business partners and leading technology owner is also a key focused strategy.

- **Target Customers** are large and medium enterprises, in public and private sector, with growth and requiring information system to increase business efficiency, that seek for a single complete provider that actually meets the requirement and is able to deliver work ontime within specified budget.

- **Market Competition** is higher than the previous year and will continue to increase. Competitors are large ICT providers competing in quality of products and services, capabilities in consultancy, and ability in project management, including qualifications of workforce, in order to build trusts from customers in quality and delivery.

- **Electronic Data Capture (EDC) Market**
 - **Marketing Policy of Key Products and Services** focuses on analysis and conducts research in market and products to differentiate products and services increasing competitiveness and advantages with competition strategies considering several factors such as quality of products and after-sales services, assortment of products and service types, customer satisfactions, and value added creation along with innovation.
 - **Distribution Channels.** The company offers EDC solutions directly to customers or attends bidding with product presentation and demonstration connecting to customers' existing systems. The company also propose new product development useful for customers in the future.
 - **Target Customers** are commercial banks that provide automatic credit card authorization services. The secondary target group is non-bank financial service providers that need EDC, membership card system or loyalty cards systems for approving personal credit limits or using installment payment services or for promotional purposes.
 - **Market Competition.** Many service providers that sell Electronic Data Capture (EDC) has increased in the market, making extreme competition compared with five years ago.
- **EDI Service Market**
 - **Marketing Policy of Key Products and Services.** Thai Trade Net Company Limited has a policy concentrating quality of service and after-sales service for highest customer satisfactions. Selling and distribution channels are set as direct selling to target customers.
 - **Target Customers** are groups of business requiring exchanges of electronic documents with government agencies such as customs broker, large importers and exporters, vessel agents, vessel owners, and groups of business to execute electronic transactions with other business such as retailers with manufacturers/distributors, health care providers with manufacturers/drug and medical suppliers, etc.
 - **Market Competition.** The market can be classified into two types as B2B (Business-to-Business) market that has four EDI providers, and B2G (Business-to-Government) market that has three Gateway providers consisting of Trade Siam Co., Ltd., National Telecom Public Company Limited, and Netbay Public Company Limited, and 15 Value Added Network (VAN) providers responsible for connecting customers through one of Gateway providers.
- **e-Learning and Digital Content Market**
 - **Marketing Policy of Key Products and Services.** Samart eD Tech Company Limited has a policy to emphasize quality of electronic course (courseware) developed, superior to competitors', efficient for learning using Instructional Design, urging and encouraging users to learn with tricks and fascination. Supported by various devices accessible by enterprises or private companies with more demands for training. The company, with its capabilities, is able to provide complete services from learning design, system infrastructure design, and expertise in courseware development making differentiation.
 - **Target Customers** comprises educational institution in public and private sector, government agencies, state enterprises, independent entities, including private companies that are main customers. Individual users who seek for knowledge improvement are also considered key customers.

- **Market Competition.** The market of e-Learning and digital content development in fields of education and training are still expanding especially in private sector adopting e-Learning to reduce cost of training and travelling. Organizations increase budget allocation for such system and courseware development. Growth of people joining online social network results in the expansion digital content and related mobile application. Moreover, Covid-19 pandemic has accelerated growth for learning, working and training online. Moreover, technology and tools to develop digital content are available and easier to use, resulting in increasing competition.

(3) Product and Service Sourcing

- **Enterprise Software.** Portalnet Company Limited collaborate with technology partners such as SAP (Thailand) Company Limited and consulting partners, including other subsidiaries to propose solutions and services to target customers.
- **Electronic Data Capture (EDC).** Posnet Company Limited selects products suitable for the market and demands of customer in each segment based on product appearance, features, price, and competitiveness among other service providers, in order to bring products to the market in Thailand. Furthermore, the company develops EDC application in order to support functionalities and create differentiation.
- **EDI Services.** Thai Trade Net Company Limited invested in the system for the service using main application from OpenText GXS Inc. and IBM Corporation. To provide EDI service to each customer, interfacing application and data conversion application must be developed for that customer. The company has internal development team responsible for development of such application.
- **e-Learning and Digital Content Development.** Smart eD Tech Company Limited has teams of experts comprising Instructional Designers, graphic and animation designer and developers including professional software developers and quality assurance professionals altogether to implement LMS and Courseware that meet customer requirements. Furthermore, support teams can provide consultancy and design ICT infrastructure for the use of e-Learning system for customers.

(4) Projects in progress

Business Application Business Group had projects in progress, for example, Development of ERP S4/HANA System and ERP and Web Application Interface, and had been on schedule to provide maintenance service of Core Business System phase 2 for Provincial Electricity Authority along with maintenance of Core Banking System for Government Housing Bank, including ongoing services for customers.

1.2.3 Business Assets

Main fixed Assets

Property, Plant and Equipment

1) Ownerships of Assets used for operations of the Company and subsidiaries

Land

The Company has owned the title deed No. 128698-128699, 128701-128702, 144013-144018, 141231-141235 and 166927 total land 1 rai 1 ngan 58.5 square wa (appraisal of only 1 rai 0 ngan 70 square wa or 470 square wa) Ngamwongwan Road, Chatuchak District, Bangkok. with the purpose of holding the rights of ownerships by using as an office and no mortgage, pledged, book value 26.66 million baht. The Company arranged the appraisal of the land on November 8, 2019 by using the fair price according to the market price method with a value of 75.20 million baht, which the company recorded. according to the estimated price.

In March 2018, the subsidiary purchased land. Under the project name “Phu Pha Tara” on Laem Mae Phim, Rayong Province, on Plot B3, land area of 67.30 square wa, book value 5.38 million baht. The subsidiary arranged the appraisal of this land on November 8, 2019. The fair price using the market price method is valued at 9.09 million baht, which the subsidiary recorded at the appraised price.

Buildings and improvements

The Company has ownerships in 2 buildings, No. 36/22-26 and 36/28-35, Ngamwongwan Road, Chatuchak District, Bangkok, which is a 4-storey building with total usable area of 4,000 square meters, worth 45.19 million baht, with the book value of the building and Buildings improvements of the subsidiary as of December 31, 2021, totaling 0.02 million baht.

In March 2018, the subsidiary had bought a vacation house, under the project named “Phu Pha Tara” located in Laem Mae Phim, Rayong Province, on plot B3, house type Beach Pool Villa B, price 8.62 million baht, with the book value of the building and building improvements of subsidiary as of December 31, 2021, totaling 6.98 million baht.

Equipment

The Company and its subsidiaries have equipment details as follows:

(Unit: Million Baht)

Items	Book Value 31 Dec 2021	Uselife (Years)	Average remain uselife (Years)
Telecommunication equipment	549.61	5-8	1-4
Furniture and office equipment	46.88	3-10	1-5
Vehicles	1.99	5	1-4

Remark: Satellite telecommunication equipment and voice over IPSTAR system have a uselife 5 years

2) Assets lease

The Company and its subsidiaries leased assets from related company and other persons, which use as the office and the warehouse. However the company and subsidiaries will not be damaged from replacement and cancellation of lease, therefore it is not important in the operations of the Company and its subsidiaries.

Important intangible assets

-No-

Company investments

As of December 31, 2021, the Company invests in subsidiaries with total book value of 1,780.51 million baht, representing 33.91% of total assets. The Company has an investment policy in telecommunication, and information technology businesses. The Company focuses on investments which generating long-term income mainly on services.

1.3 Shareholding Structure

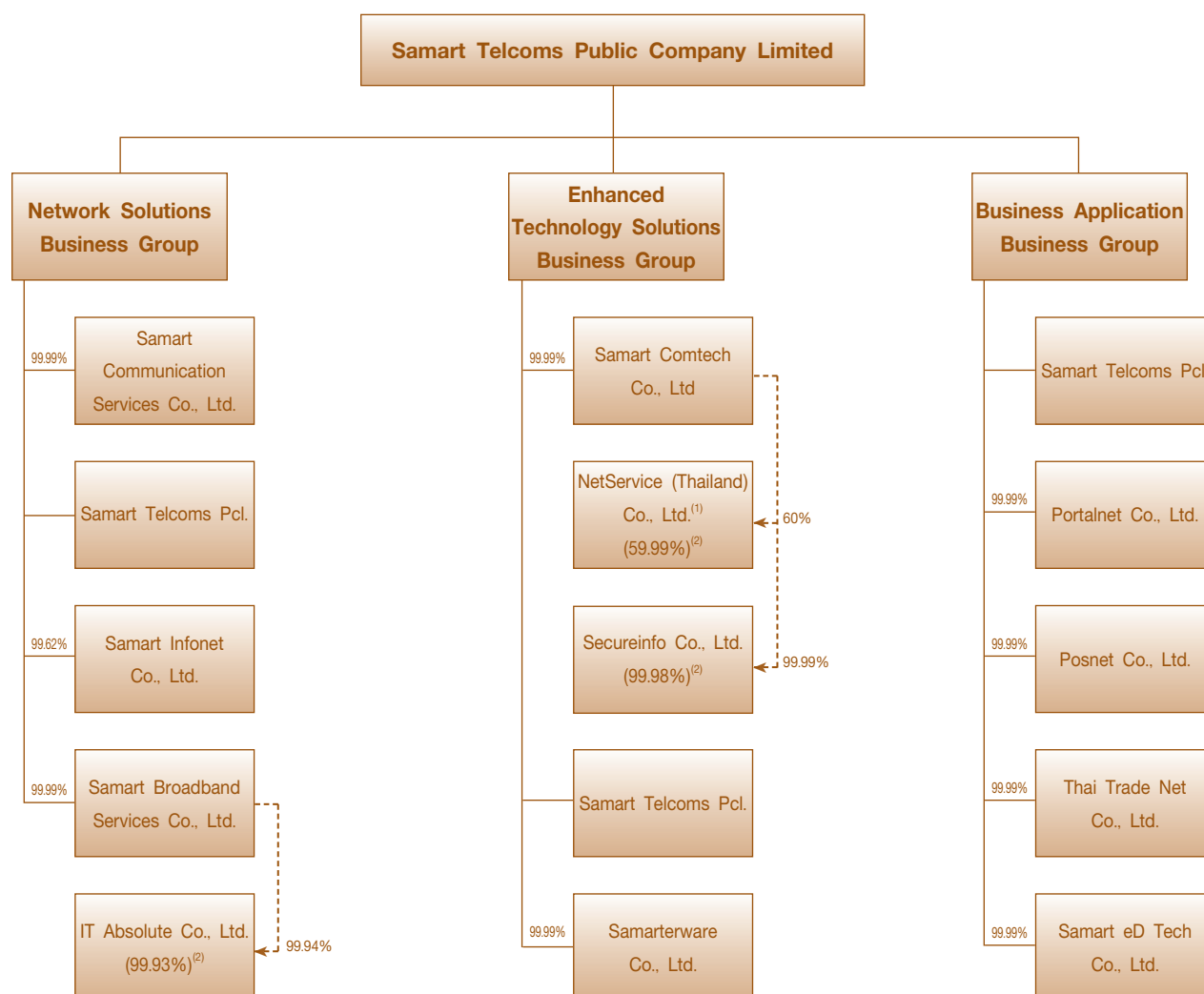
1.3.1 Shareholding Structure of the Company Group

(1) Division of operations of the Company and its subsidiaries

The Company deploys the policy and guidelines in categorizing its business operations into three business groups based on types and characteristics of products and services covering all ranges of technologies and advanced digital solutions in order to suitably respond to the needs of customers in all industries, both government, private sector, including state enterprises are:

1. **Network Solutions Business Group** conducts business in providing total solutions and services regarding telecommunications and advanced communication networks both turnkey solutions and outsourcing services;
2. **Enhanced Technology Solutions Business Group** conducts business in providing information, communications, and digital solutions and services integrating varieties technologies including advanced, specialized technology solutions to achieve various customer needs;
3. **Business Application Business Group** provides solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for government agencies and increase the competitiveness for the private sector and corporate clients.

(2) Shareholding diagram of the Company Group



Remarks: Registered Capital of Samart Telcoms PCL. is Baht 721,000,000 and Paid-up Capital as of December 31, 2021 is Bath 618,000,000

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

⁽²⁾ (xx.xx%) Direct & Indirect stakeholding as of December 31, 2021.

(3) Juristic person in which the Company holds shares of 10 percent or more

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
1. Samart Communication Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing telecommunication and data communication network solutions and services including supplying, implementation and maintenance services including repair of telecommunication equipment, working under certified standard of ISO 9001 and ISO 20000, international standard for IT service management.	500	5,000,000	4,999,994	99.99
2. Samart Comtech Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing consulting, design, installation, operation management and maintenance services regarding information technology, communication system including advanced, specialized technologies.	225	2,250,000	2,249,995	99.99
3. Portalnet Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing design, implementation and outsourcing services for Enterprise Resource Planning (ERP) system including analyzing business requirements and offering suitable services as total solution, including Enterprise Asset Management (EAM) System and Robotic Process Automation (RPA) System for customers in government and private sectors.	2,100	21,000,000	20,999,993	99.99
4. Posnet Co., Ltd. 99/4 Moo 4, Software Park, 32 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing total solutions and services for electronic payment system including Electronic Data Capture (EDC), Electronic Signature Capture, E-Receipt Platform, Smart Card System, Services for Loyalty system, QR-Payment System, Kiosk Application for selling products and services, and Point of Sales system.	72	7,200,000	7,199,993	99.99
5. Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing trading data communication through Electronic Data Interchange (EDI) services, consulting services on workflow designed for customers to reduce business process with their trading partners and Supply Chain Financing System Services	53	5,300,000	5,299,993	99.99
6. Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Conducting business in providing consulting services and complete software development, including special services in software engineering.	10	100,000	99,993	99.99

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
7. Samart Infonet Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing high-quality Internet Services for government and corporate organizations with FTTx, G.SHDSL, MPLS, Leased Line, Gigabit Internet and Software-Defined WAN (SD WAN), including Co-Location and Cloud Hosting services.	62	6,200,000	6,176,694	99.62
8. Samart eD-Tech Co., Ltd. 99/29 Moo 4, Software Park, 6 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing services and development of Learning Management System including education institute management system and end-to-end education technology as well as courseware development for learning and training. Development of digital content such as e-Magazines and e-Books including mobile application development are also in the scope of services.	20	200,000	199,997	99.99
9. Samart Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Data communication service over local broadband networks.	55.25	5,525,000	5,524,997	99.99
10. IT Absolute Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Distributor of electronic and technology equipments.	225	22,500,001	22,485,593 ⁽²⁾	99.94
11. Net Service (Thailand) Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing services on development of IT system including software design and development for government and private sectors.	20	2,000,000	1,199,999 ⁽²⁾	60
12. Secureinfo Co., Ltd. 99/17 Moo 4, Software Park, 19 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2583-8696	Providing complete Cyber Security Operations Center (CSOC) services ranging from consultation, professional security training, cyber security risk assessment, threat monitoring and analysis services and incident response.	5	50,000	49,997 ⁽²⁾	99.99

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

⁽²⁾ Held by Samart Comtech Co., Ltd.

1.3.2 Parties with Conflict of Interest

-None-

1.3.3 Relations with Major Shareholders' Business Group

-None-

1.3.4 Shareholders

The top ten major shareholders of the Company are:

No.	Name of Shareholders	No. of shares held (Shares)	% of Total Shares
1.	Vilailuck Group ⁽¹⁾	442,336,500	71.58
	- Samart Corporation PCL ⁽²⁾	433,464,590	70.140
	- Vilailuck International Holding Co., Ltd.	3,117,300	0.504
	- Mrs. Sukanya Vanichjakvong ⁽³⁾	1,150,000	0.186
	- Mr. Watchai Vilailuck ⁽³⁾	1,650,010	0.267
	- Mr. Charoenrath Vilailuck ⁽³⁾	2,854,600	0.462
	- Mr. Thananan Vilailuck ⁽³⁾	50,000	0.008
	- Lobburi Industrial Estate Co., Ltd.	50,000	0.008
2.	Bangkok Bank PCL	29,730,560	4.81
3.	Bualuang Long-Term Equity Funds (LTF)	17,892,200	2.90
4.	Miss Chomkamol Poompanmoung	8,373,700	1.35
5.	Mr. Apisak Theppadungporn	6,510,000	1.05
6.	Bualuang Infrastructure Retirement Mutual Funds	5,794,400	0.94
7.	Bualuang Flexible Retirement Mutual Funds	5,243,800	0.85
8.	Thai NVDR Co., Ltd.	4,054,511	0.66
9.	Bualuang Equity Retirement Mutual Funds	3,675,900	0.59
10.	Mr. Nanthapan Mahattanatan	3,303,400	0.53
	Total of top ten Major Shareholders	526,914,971	85.26
	Total of the Minority Shareholders	91,085,029	14.74
	Total paid up shares	618,000,000	100.00

Remarks: Information based on Thailand Securities Depository on the latest date of closing registration book, December 30, 2021.

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

⁽²⁾ A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 14.78% and 27.31% of the total shares respectively;

⁽³⁾ Includes holding by spouse and minor child.

1.4 Registered and Paid-up Capital

As of December 31, 2021, the Company has registered capital Baht 721,000,000, divided into ordinary shares 721,000,000 shares, per value of Baht 1 per share, paid-up capital of Baht 618,000,000, total number of shares sold 618,000,000 shares.

1.5 Issuance of Other Securities

1.5.1 Warrants to purchase the newly issued ordinary shares of the Company (“SAMTEL-W1”) of the Company by pro rata.

The Company has issued and offered of not exceeding 103,000,000 units to the existing shareholders of the Company by pro rata to their respective shareholdings (Rights Offering) without charge (offering price of THB 0 per unit) in a ratio of 6 ordinary shares to 1 unit of warrant. According to the resolution of the 2021 Annual General Meeting of Shareholders held on April 27, 2021, details of the warrants are as follows:

Type of Securitie	:	Warrants (SAMTEL-W1), In named certificate and transferable
Number of Issued and Offered Warrants	:	103,000,000 units
Number of allocated/ Subscribed Warrants	:	102,998,131 units
Price per Unit	:	THB 0.00 per unit (at no cost)
Exercise Ratio	:	One unit of warrant shall be entitled to purchase one newly issued ordinary share, unless the exercise ratio is adjusted otherwise pursuant to the conditions concerning the rights adjustment.
Exercise Price	:	THB 12.00 per share unless the exercise price is adjusted otherwise pursuant to the conditions concerning the rights adjustment.
Issuance Date	:	May 18, 2021
Expiration Date	:	May 17, 2024
Term of Warrants	:	3 years from the Issuance date and allocation of SAMTEL-W1 Warrants, the Company shall not extend the term of the Warrants after the issuance and there shall not be any requirement by the Company to request the Warrant Holders to exercise its rights prior to the Exercise Date.
Allocation Method	:	Issue and allocate to the existing shareholders of the Company by pro rata to their respective shareholdings (Rights Offering) at the allocation ratio of every 6 existing ordinary shares to 1 unit of SAMTEL-W1. The Company will issue and allocate SAMTEL-W1 to the shareholders whose names appear in the share register book on the record date for determining the shareholders entitled to receive SAMTEL-W1 on May 7, 2021. (“Existing Shareholders”) Thus, in the calculation of SAMTEL-W1 allocation for each shareholder, if the result is in fractions, such fraction shall be rounded down.
Exercise Period	:	The Warrant Holders will be entitled to exercise their rights under SAMTEL-W1 Warrants to purchase the newly issued ordinary shares of the Company every 6 months from the Issuance Date of SAMTEL-W1 Warrants throughout the term of the Warrants (“Exercise Date”). The first Exercise Date shall be the last business day of 6 months following the Issuance Date of SAMTEL-W1 which shall fall on November 30, 2021 and the last Exercise Date is on the 3 rd year of Warrants which shall fall on May 17, 2024. In the event that the Exercise Date and the Last Exercise Date is not a Business Day, the Exercise Date and the Last Exercise Date shall be moved up to the Business Day prior to such Exercise Date.
Trading Date	:	June 15, 2021

As December 31, 2021, the Company has remaining balance of unexercised warrants 102,998,131 units.

1.5.2 Debentures

-No-

1.6 Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders not less than 50% of its net profit after deduction of all reserves complied with the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In addition, payment for dividend will derive from profits from disposal of investments or fixed assets of the Company or its subsidiaries. The management and the Board of Director will decide whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion, including other necessity and suitability.

The subsidiaries' dividend payment policy will be the same as that of the Company.

Historical Dividend in 3 consecutive years.

Historical Dividend	2019	2020	2021*
Net profit per share (Baht)	0.46	0.23	0.16
Dividend per share (Baht)	0.52	-	0.05
Dividend payout ratio (%)	114.24	-	31.27

Remark: * Profit was returned to shareholders as a dividend payment. Dividend for 2021 has been being proposed to the annual general meeting of shareholder at Baht 0.05 per share will be paid on May 2022 of which subject to the approval of the 2022 Annual General Meeting of the Shareholders.

2. Risk Management

2.1 Risk Management Policy and Plans

Due to risks from internal and external factors changing and emerging constantly, affecting business operation, the Company therefore places high priority in risk management and define policy framework by risk management committee to evaluate risk factors and impacts affecting achievement of vision, goals, objectives, and strategies of the Company. All departments may identify and collect risks from employees at every level and partners, and then create plans or measures to prevent, control, and treat such risks with persons responsible for actions, considered it the common goal of the Company. The committee aims to monitor, review actions, and review the policy regularly.

For planning and execution of the plan according to organizational risk management, the Company enhances knowledge of employee and management regarding understanding of risks, risk assessment, impact, and possibility of risks relevant to the Company, subsidiaries, and stakeholders. Identifying current and emerging risks relate to several areas such as market, law, technology, finance, society, environment, and politics for both internal and external factors or domestic and abroad. Risk management plan can be delivered into practical and efficient actions.

Furthermore, the Company has encouraged risk cultures by cultivate risk management mindset for employees related to values of the Company. Measures regarding risk management are part of employees' performance and also are performance indicators of related teams. The Company also allocates resources to support the process and encourages for collaboration to achieve risk management goals.

The Company determines Risk Management Policy and reveal it on Website of the Company at www.samtel.com under the topic of "Corporate Governance".

2.2 Risk factors on business operation

Corporate risk factors from internal and external circumstances, which may substantially affect the operation of the Company and subsidiaries are as follows:

2.2.1 Current Risks for Business Operations and Emerging Risks

1) Risks from Economic Uncertainty and Market Competition

Thai economy in 2022 is forecasted to grow in the range of 3.5 - 4.5 percent compare with growth at 1.6 percent from 2021 mainly supported by value of export expanding by 4.9 percent with private and public investment growing by 3.8 and 4.6 percent respectively. Private consumption is projected to increase by 4.5 percent while government consumption expenditure is projected to decline by 0.2 percent. Recovery of the Thai economy is mainly supported by recovery of global economy, global trade growth, tourism sector recovery, and drivers from public investment. The headline inflation will be in the range of 1.5 - 2.5 percent¹.

However, several factors to closely monitor will affect economic growth. These factors such as prevention and containment of Covid-19, turbulence of world economy and global monetary, issues in manufacturing supply chain and international logistics, the increase in oil price and commodities, and the conflicts between countries in Eastern Europe will affect Thai economy to grow lower than forecasted or affect other sector such as delay in recovery of tourism sector, government investment in key projects, private ICT investment, and ability to pay debt in private sector.

For market competition, Gartner, Inc. (Gartner), the world leading research and consulting company, estimated worldwide IT spending in 2022, which included spending Communications Services, at total \$4.45 trillion, an increase of 5.1 percent from 2021². Moreover, most enterprises will set budget for various technologies, for example, Artificial Intelligence, Distributed Cloud, Cyber Security, Edge Computing, 5G, Digital Twin, etc³.

Supporting factors to market growth are mainly acceleration in Digital Transformation of organizations, government policies driven such as Thailand 4.0, Digital Government development, government e-services to citizens, 5G technology, Eastern Economic Corridor Digital Innovation Zone (EECd) development, smart city development⁵, promotion of Bio-Circular-Green Economy (BCG). Areas of technologies with extensive growth will be 5G, Internet of Things (IoT), Artificial Intelligence (AI), Edge Computing, Drone, Big Data Analytics, Digital ID proofing, Block Chain, etc. Furthermore, trends of Virtual Reality (VR) to connect virtual world will be more widely adopted in several industries. Cloud computing and Cybersecurity will also continue to grow.

Despite of expected growth of ICT and Digital technology market, several factors to closely monitor will affect the economy resulting in more intense market competition. Moreover, several groups of business in various sectors have moved toward being technology companies such as banks, retailers, media, and more, increasing competition to ICT providers in the market directly and indirectly. New business models and innovation will be introduced to respond customer demands in price, quality, and customer experience perspective. Providers will develop their own Digital Platform for competition and conduct intense marketing campaigns. Collaboration among and across business network has emerged to increase values in products and services. Furthermore, more providers and Digital Tech Startups abroad have entered the Thai market. All mentioned factors will result in more intense competition in Thailand's ICT market and Digital industry.

To prevent and mitigate risks from economic uncertainty and market competition, the Company proceeds resource management and aligns technology to control cost efficiently. To respond to high competition and the goal of sustainable growth, the Company has laid out strategies of customer base expansion by collaboration with subsidiaries and business partners to increase efficiency; customer relationship management increasing customers' insight; concentration of long-term recurring revenue as ICT and digital solution Outsourcing and Service Provider; creation of values to products and services; and quality of services aligned with standards. Operations accordance with such strategies will not only increase great customer experiences with the Company's products and services, enhancing satisfactions, but also elevate competitiveness, permitting the Company to manage risks from economic uncertainty and market competition better.

2) Risk from efficiency of government spending

Government spending efficiency is still a key factor to stimulate the country's economy. In the first quarter of 2022 fiscal year, the budget has already been disbursed 31.73 percent comprising investment disbursement at 16.03 percent and regular expenditures at 35.54 percent. Although the government encourages disbursement expedition in 1st and 2nd quarter of fiscal year, risks from COVID-19 pandemic and several negative factors can cause delays in procurement process of government agencies, resulting in failure to achieve the disbursement target and delays in the bids of the Company's key projects.

To mitigate such risk, the Company not only closely work with customers to revise plan coping with bidding delays, but also diversify and expand customer base to other state enterprises, private companies, and other government agencies, preventing over reliance on one or few customers. Emphasizing recurring revenue generation and deploying service business model less dependence on government budget will also alleviate the risk.

3) Risks in Service and Project Delivery

The Company prioritizes and emphasizes project delivery with quality, and on timely manner or earlier than the time plan, as well as services in accordance with Service Level Agreement (SLA) resulting in key strength of the Company. However, uncertainty of the new wave of COVID-19 pandemic may affect project delivery and services from, for example, the delays in international transportation, obstacles in meeting customers to discuss in the project details, and hurdles in the access of installation sites. Nevertheless, unexpected incidents may happen and cause delays in project delivery or interruption of the services affecting revenue recognition and trusts that customers have in the Company.

To alleviate the risk, the Company aims for efficient project management with closely working on products and supply sourcing, on-time implementation and system development, and alternative plan coping with obstacles. Moreover, the Company carries out Business Continuity Management responding to key incidents such as case of fire, natural disasters, riots, pandemic, etc. Business Continuity Management will efficiently mitigate impacts from such incidents that affect project delivery and services.

4) Risks from COVID-19 pandemic

COVID-19 pandemic has been one of the key risks. High number of confirmed cases can affect overall Thai economy and IT spending budget of organizations. Furthermore, it has effect to not only health of employees and their close ones, but also access of customers' installation and service sites. It has also affected disruption of supply chain of electronic devices and has caused logistic problems.

The Company has conducted plans to mitigate risks from COVID-19 pandemic by closely monitoring the situation, appointing a committee for prevention and management of Covid-19 situations of the group and setting up, with clear duties and collaboration, four working groups: COVID-19 Spread Prevention working group, Incident Response working group, Public Relations working group, and Business Continuity Management working group. Fours working groups work closely to cope with situations on timely fasion to reduce impacts to related stakeholders as much as can be achieved. The Company has followed the policy and, with all parties, strictly complied with the government policies, including the order of Nonthaburi Province Regulation. The Company has also strictly followed VUCA measures (V: Vaccine, U: Universal Prevention, C: Covid Free Setting, A: ATK) such as assistance in providing vaccination channels for employees to be fully vaccinated, encouraging Universal Prevention which includes social distancing, Work From Home, split teams and split sites, making partitions in the workplace, making rules for wearing face mask at all times, regular cleaning of frequently touched surfaces, compliance with corporate safety measures (Covid Free Setting) such as cleaning, disinfecting, avoiding nonessential gatherings, promoting the use of online meetings instead, etc. Moreover, The Company also provides an ATK test in case employees are at risk of infecting COVID-19 as well as screening the risks from related parties working in the building on a regular basis. The result of complying with such policies and measures indicates the very low number of infected employees of the Company with no transmission case in the office. All employees are able to work with efficiency not affecting the Company's operations.

Moreover, the Company has conducted efficient project management, including collaboration among business partners for advance and adequate supplies for installation and services as planned, alternative solutions for customers, and following business continuity plan regarding the case of pandemic.

5) Risks from Cyber Security Threats

Cyber threat is a key risk that can substantially affect the Company's business operations because the Company operates extensively using system and information including several services provided to customers mainly consisting of information and communication system. Cyber security is therefore considered the kay issue to the Company's operations and sustainability development. Cyber security theats have grown constantly every year relating to growth of online business and digital transformation of various organizations. The Company has assessed possibility and impact to the Company and all stakeholders and provided strategies to lower the risks with actions to prevent and respond to cyber threats from internal and external sources. The central unit in information management was assigned with clear duties and responsibilities. The Company has conducted vulnerability scan on its information system as it has provided training to increase awareness in cyber security and promoted related information regularly. Cyber security system has been updated and cyber threat monitoring services have been served 24x7 by Cyber Security Operation Center (CSOC) of SecureInfo Company Limited compliant with ISO 27001.

6) Risk associated with Dependence on Large Customers

In 2021, majority of the revenue from government sector and state enterprises was 84%. Should the government and state enterprises delay ICT budget spending, it would significantly impact the Company's operating performance and financial conditions. At present, the major customers of the Company are state enterprises contributing 34% of gross revenues. Nevertheless, the Company has expanded customer base to other government agencies, not to focus on few particular agencies in order to mitigate the risk from budget cut of those agencies.

7) Risk associated with Dependence on Large Supplier

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

2.2.2 Financial Risks**1) Credit Risk**

The Company has constantly processed a policy to resolve the overdue receivable problems. Management has closely followed up on debt collection. In addition, most of debtors currently are the customers with strong financial status such as state enterprises, government agencies and large corporations. Therefore, bad debt is at a low level. At present, the Company has enough cash reserves and banking facilities to support current operations and growth. In addition, working capital from banks used in operations is offset from project revenue. The Company consequently does not have liquidity problem.

As of 31 December 2021, the Company recorded debts overdue over 12 months for Baht 451 million and set aside an allowance for expected credit losses of Baht 60 million. Such allowance is considered sufficient for potential loss because most debts are from government and state enterprise projects of customers who have strong financial status as mentioned above.

2) Foreign Exchange Risk

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

As at December 31, 2021 the Company has not foreign currency financial liabilities that were unhedged against foreign exchange risk.

2.2.3 Risks affect the rights or investment of securities holders**Risk from major shareholders holding over 50% of the shares**

Major shareholder of the Company is Samart Corporation (Public) Co., Ltd. Holding 433,464,590 shares or 70.14% of Company's paid-up capital and Vilailuck International Holding Co., Ltd., held by the Vilailuck family who is the shareholders of Samart Corporation (Public) Co., Ltd., holding 8,871,910 shares or 1.44% of Company's paid-up capital, the shareholders' resolutions of major issues can be almost absolutely controlled, such as the appointment of Committees and the voting for any issues requiring the majority in the Shareholders' meeting, except for the issues required by laws or Company's regulations to receive three-fourth of votes in the Shareholders' Meeting. Therefore, other shareholders may not be able to combine votes to balance out the major shareholders. (Information based on Thailand Securities Depository on the latest date of closing registration book, December 30, 2021).

The Company has 4 independent directors and 3 of them as Audit Committee members to be responsible for review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws and regulations of SET/SEC as well as to ensure that the transactions are reasonable for utmost benefit for the Company and management of the Company is transparent and can be monitored.

2.2.4 Social and Environmental Risk

Sustainable business operations require good support from the community and society. Meanwhile, business operations that cause negative impact on society, community and environment may adversely affect the image of the Company and its operations in the long term. The Company therefore considers it important to enhance the community's quality of life and prosperity along with taking care of the environment. In doing so, it focuses on developing good relationships with both public and private organizations as well as community leaders to induce fruitful collaboration and concrete cooperation under the concept of "developing quality people and promoting a moral society". Examples of such efforts include the following projects and activities.

The Angel Fund 2021 project reflects an attempt to uplevel people's technological capabilities while the "Get2Know" articles and the Long Learn 2021 project aim to develop and promote learning both within and outside the organization. All this is meant to develop quality people for Thai society. The Company also keeps organizing social activities on an ongoing basis such as blood donation drives. As part of corporate social responsibility, during the Covid-19 pandemic situations, the Company strictly followed the government measures while helping provide supports for communities, medical personnel and organizations affected.

In addition, the Company operates its business with consideration for environmental conservation and efficient use of resources. Employees are educated about environment with the hope to instill in them consideration of environmental responsibility in performing their duties. Campaigns are regularly held to create environmental awareness among employees through internal media and various projects. Knowledge on climate management is promoted among groups of clients so they realize the importance of sustainable reduction of waste from operations.

References:

1. Office of the National Economic and Social Development Council (NESDC). *Thai Economic Performance in Q4 and 2021 and Outlook for 2022*. 2022. Available at: https://www.nesdc.go.th/ewt_dl_link.php?nid=12290&filename=QGDP_report
2. Gartner, *Gartner Forecasts Worldwide IT Spending to Grow 5.1% in 2022*, 2022, Available at: <https://www.gartner.com/en/newsroom/press-releases/2022-01-18-gartner-forecasts-worldwide-it-spending-to-grow-five-point-1-percent-in-2022>
3. Gartner, *IT Budgets Are Growing. Here's Where the Money's Going*, 2021, Available at: <https://www.gartner.com/en/articles/it-budgets-are-growing-here-s-where-the-money-s-going>

3. Driving Business for Sustainability

3.1 Sustainability Management Policy and Goals

The Company conducts business with social and environmental responsibility constantly. Due to continuous changes of social and environmental driving forces, the Company is committed to sustainability development with efficiency and in accordance with international practice guideline. The Company has reviewed the policy and adopted United Nations Sustainable Development Goals (UN SDGs) as a framework to develop the Company's sustainability covering dimensions of economy, society, and environment under good corporate governance. The Company considers material issues of sustainability having impacts on stakeholders and prioritizes these issues by significance in accordance with the Company's vision and missions toward being a leading provider in complete ICT solutions and digital innovation with social and environmental responsibility to enhance competency of customers both in public and private sectors and elevate life quality of people in society in moving toward digital economy and society sustainably.

The Company defines the sustainability management policy as follows:

1. Commit to, on the basis of, developing business under good governance with risk management and response to changes, sustainable value chain management, suitable responses to all stakeholders, value creation and innovation in products and services, and business opportunity seeking for sustainable growth.
2. Commit to conducting business operations with responsibility to consumers, community, and society; respecting human rights; fair treatment to labors; concentration on knowledge and competency development for employees; prioritizing health and safety for people in every segment of business value chain.
3. Prioritize reduction of environment impacts, emphasize on wise use of resources with value appreciation, encourage development and deployment of eco-friendly solutions and technologies, and cultivate consciousness of environmental conservation to employees and all stakeholders.

The Company defines sustainability management goals within a goal-setting framework in accordance with the sustainability management policy as follows:



Targets and performance in 2021 were as follows:

1. Economic Dimension and Good Corporate Governance

Operational Targets	2021 Performance
To achieve Good Corporate Governance score of “Excellent” (5 Stars)	
Business Ethics Employee to attend training and pass business ethics test no less than 80 percent	82 percent
New employee to attend business ethics training and pass the test 100 percent	100 percent
Zero case non-compliant with laws, rules, and regulation	No incident and case non-compliant with laws, rules, and regulation

2. Environmental Dimension

Operational Targets	2021 Performance
Running water consumption decreased	Cost of water consumption went down by 5,547 Baht or 6.15 percent compared to 2020.
Electricity consumption decreased	Cost of electricity went down by 193,873 baht or 7.93 percent compared to 2020.
Fuel consumption decreased	Cost of fuel went up by 899,729 baht or 15.33 percent compared to 2020 due to the increase in the global oil price and the business expansion with various projects.
Office supply consumption decreased	Cost of office supplies went down by 23,690 baht or 2.47 percent compared to 2020.
Promoting Resource Consciousness in Personnel	The “Samart Saves the Earth” campaign to build hygienic and healthy habits comprising two projects: <ul style="list-style-type: none"> • Clean & Clear project, 4th year, building hygienic habits, waste separation, etc. • The “Won” project raising awareness of proper waste sorting, received over 3,000 plastic water bottles to recycle.
Eco-friendly products and services developed	Remote Pollution Monitoring and Notification System

3. Social Dimension

Operational Targets	2021 Performance
Average score of customer satisfaction on after-sales service to be no less than 90 percent	Average score at 95.6 percent Recommendations from customers brought into improvement to elevate quality of customer services
Number of hours for employee in training and competency development to be no less than 9 hours/person/year	Number of training hours 13.30 hours/person/year
Employee Engagement Survey <ul style="list-style-type: none"> • Number of employees responding the survey to be no less than 60 percent of total number of employees • Average score of employee engagement no less than 70 percent 	Number of employee responding the survey at 65.33 percent of total number of employees Average score of employee engagement at 78.58 percent
Occupational safety and health Zero lost time accident for employees and contractors	1 time of lost time accident for employee
Zero complaint regarding human rights	No complaint
Zero complaint regarding unfair treatment to labors	No complaint
Zero complaint regarding occupational safety and health	No complaint

3.2 Management of impacts on stakeholders in the business value chain

3.2.1 Business value chain

The Company is committed to offering solutions and services in information, communication and digital technology with social and environmental responsibility, including innovation and values added to customers. The Company therefore prioritizes management of sustainable business value chain with two categories of activities contributed to the value chain as follows:

1. Primary activities

- **Customer insight research**

The Company, with expertise of employees in both business and technological aspects, has studied constant changes in technology, market demand, goals and mission of customers to gain insight of customer requirements in order to solve their problems, increase efficiency in serving end users, and elevating competitiveness. The Company has also researched behavior and expectation of people using technology to lift quality of life in various aspects in order to respond the needs of customers more efficiently.

- **Solution design contributing values**

The Company, with capabilities of engineers and experts in solution design regarding both hardware and software integration or services to deliver, and innovation has extended collaboration with vendors and competent business partners with social and environmental responsibility to create differentiation, efficiency, and values contributed to really respond customer needs.

- **Marketing and sales**

In public and state enterprise sector, customers will announce their requirements of the project and open the competition in various types of tenders. To win tender, the Company collaborates with partners as assigned to be authorized distributor by the product owners. The Company designs solutions to meet the needs with quality and efficiently manages costs within the customer's budget. By conducting aforementioned process, the Company can be trusted and awarded the tender to be the implementor of the project.

- **Development, implementation, and delivery**

The Company attaches great importance to select quality products from technology owners or partners and also develop solutions under standard of quality control with collaboration from competent partners and supports from financial institutions to proceed the project. Furthermore, the Company has developed employee competencies regarding efficient project management and project implementation together with partners to ensure implementation and delivery of quality solutions within time planned and budget set without negative impact to the community.

- **After-sales services**

For utmost customer satisfaction, the Company prioritizes the quality of services with according to ISO 9001 and ISO 20000 for quality and efficiency in IT service management through 30 service centers nationwide, including Network Operation Center (NOC) to support and analyse incident 24x7. The Company aligns customer support process with Service Tracking System (STS) adopted by service teams for more efficient customer appointment and service tracking. The Company also conducts Business Continuity Plan to ensure service availability and operates under practice guidelines for information security management compliant with ISO/IEC 27001. Moreover, working closely with customers, the Company ensures that solutions and services really meet customer needs and able to analyse customer expectation in order to improve solutions and services resulting in other business opportunities.

Primary activities



Human Resource Development

Sustainable Supply Chain Management

Development of Technology and Business

Support activities

2. Support activities

To efficiently accomplish business operation in business value chain, the Company conducts activities to support primary activities as follows:

- Human resource development for employees’ knowledge, competency, and expertise to efficiently support business operations for entire business value chain toward being human capital of the Company in digital age.
- Sustainable supply chain management by collaboration with key business partners in business value chain and managing vendor risks. In collaboration with key partners, the Company together is able to develop products and innovation, and create business opportunities, including development and exchange of employees’ knowledge. The Company also consider material issues of partners regarding society and environment such as human rights, business ethics, compliance with laws, occupational safety, etc.
- Technology development for products and service and business development. The Company emphasizes research and development to add values to products and services in response to several changes. The Company also aligns technology to analyse, plan, monitor operations, and make decision efficiently in order to increase competitiveness.

3.2.2 Analysis of stakeholders in the business value chain

To ensure business value driven by business operations under social and environmental responsibility according to practice guidelines in sustainable management policy, the Company, in proper response to expectations of stakeholders in the business value chain, has identified seven key stakeholder groups as internal stakeholder: shareholders and employees; and external stakeholders: customers, business partners, government and regulatory agencies, financial institutions, and community and society.

Stakeholders	Communication channel and participation	Expectations	Responses to stakeholders’ expectations in 2021
Internal stakeholders			
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting (AGM) for shareholders • Annual Registration Statement / Annual Report (Form 56-1 One Report) • Press releases • Analyst Meetings • The Company’s Website and email • The SET’s Website • Investor relation via phone and email 	<ul style="list-style-type: none"> • Good performance and business growth • Consistent dividend payments • Good corporate governance and risk management • Equal treatment to all shareholders • Complete, accurate, and timely disclosure of information through a various, easy-to-access channels 	<ul style="list-style-type: none"> • Conducted strategies toward goals of sustainable returns • Analysed performance, reviewed strategies and actions on a monthly basis • Conducted operations in accordance with good corporate governance and risk management policy • Executed dividend payments according to the policy • Operated in accordance with guidelines and regulations of SET • Encouraged shareholders to attend AGM and offer meeting agenda including queries and suggestions • Disclosed accurate, complete information transparently and consistently update information through the Company’s Website and social media
Employee	<ul style="list-style-type: none"> • Email, intranet media, digital signage, voice lines station, social media: Line and facebook • Biennial Employee Engagement Survey 	<ul style="list-style-type: none"> • Reasonable remuneration and welfares • Career stability and advancement • Fair treatment • Skills and knowledge enhanced 	<ul style="list-style-type: none"> • Stipulated structures of reasonable remuneration in accordance with actual performance and goal achievement • Evaluated performance based on knowledge, competency, and actual performance with clear key performance indicator 1-2 time(s) a year

Stakeholders	Communication channel and participation	Expectations	Responses to stakeholders' expectations in 2021
Internal stakeholders (Continued)			
Employee (Continued)	<ul style="list-style-type: none"> • Management site visit for open opinions three times a year • Employee Voice to receive opinion and suggestion via email and dropbox • Communication with employees and their family through Line Group VR Smart • Employee welfare committee meeting twice a year 	<ul style="list-style-type: none"> • Hygienic and positive work environment and safe workplace 	<ul style="list-style-type: none"> • Provides trainings inside and outside the Company through various channels • Established individual career plan • Encouraged employee participation in managing of welfare and work-life quality • Provided complaint channels • Strictly operated in accordance with occupational safety and health policy • Encouraged development of quality of life and supported Work-Life Balance • Strictly complied with Covid Free Setting and COVID-19 prevention measures
External stakeholders			
Customers	<ul style="list-style-type: none"> • The Company's email, Phone, and Website • Letters • Online social media: Line and facebook • Sales personnel • Annual customer satisfaction survey • Seminars • Trainings • Complaint channels 	<ul style="list-style-type: none"> • Received consultancy and accurate information regarding products and services • Quality product and services responding to the needs • Delivery on timely manner • Reasonable prices • After-sales services in accordance with service level agreement (SLA) • Cyber security and data protection 	<ul style="list-style-type: none"> • Enhanced employees' knowledge and competency • Provided trainings from partners and technology owner • Operated in accordance with standard of quality control and services • Delivered good after-sales service with standard compliant with SLA • Managed and delivered project ontime • Conducted corrective actions based on recommendations • Complied with the privacy policy • Monitored cyber threats • Selected and prioritized eco-friendly products
Business Partners	<ul style="list-style-type: none"> • Email, Phone, and Letters • Procurement system • Trainings and seminars • Surveys • Business review meeting 	<ul style="list-style-type: none"> • Fair treatment in business operations • Developing and growing together • Payment on timely fashion • Efficient project management plan • Compliance with terms and conditions in agreement • Confidential information protected 	<ul style="list-style-type: none"> • Operated in accordance with partner ethics policy and business ethics • Collaborated in trainings, seminars, and knowledge exchanges • Provided extensive trainings to employees • Delivered products and services as planned • Made payments on terms and conditions • Complied with contract and non-disclosure agreement
Government and regulatory agencies	<ul style="list-style-type: none"> • Email, Phone, and Letters • Reports and information published • Meetings • Seminar and public hearings 	<ul style="list-style-type: none"> • Compliance with laws, regulations and rules related • Collaboration and supports of works • Compliance with corporate governance principle • Full payment of taxes and fees • Anti-bribery and anti-corruption 	<ul style="list-style-type: none"> • Strictly conducted business compliant with law, regulations, and rules related • Provided collaboration and supports to regulators and agencies • Reported information accurately and transparently as stipulated • Operated under corporate governance practice • Communicated and enhanced employees' knowledge and understanding to strictly comply with the Company's anti-corruption policy

Stakeholders	Communication channel and participation	Expectations	Responses to stakeholders' expectations in 2021
Internal stakeholders (Continued)			
Financial institutions	<ul style="list-style-type: none"> • Email, Phone, and Letters • Information published on the Company's Website • Meeting exchanging information 	<ul style="list-style-type: none"> • Good corporate governance • Ability to pay debts • Transparent and up-to-date information • Proper loan limit and suitable financial products 	<ul style="list-style-type: none"> • Operated with risk management and good corporate governance policy • Comply with conditions and agreement
Community and society	<ul style="list-style-type: none"> • Website, Email, and Phone • Online social media • Annual Registration Statement / Annual Report (Form 56-1 One Report) • Press releases • Activities for community and society 	<ul style="list-style-type: none"> • Appropriate supports and contribution • Social development activities beneficial to community and society • Operations with safety to lives and properties including hygiene and environment of community • Development of technology increasing life quality of people in society 	<ul style="list-style-type: none"> • Supported volunteering and social development activities in education, healthcare, sports, and Bhudism and provided supports to people affected by COVID-19 pandemic • Strictly complied with COVID-19 prevention measures, resulting in no transmission and a cluster of case in workplace • Operated under occupational safety and health policy for safety of community • Provided customers with solutions elevating quality of life

3.3 Environmental Sustainability Management

3.3.1 Environmental policies and practice guidelines

The Company attaches importance to business operations with environmental concerns and smart use of resources appreciating their values.

The Company is thus determined to manage and operate its business without causing negative impact on environment, community and society throughout the business value chain by adhering to sustainable development guidelines in three dimensions: economically, socially and environmentally. Policies and guidelines have been formulated for energy efficiency in appreciation of its value. While employees are encouraged to make optimum use of resources, knowledge about environmental management is disseminated to groups of stakeholders and continued support given to environmental conservation activities. The environmental policies and practice guidelines set are published on the Company's website, www.samtel.com under "Corporate Governance."

3.3.2 Performance regarding environment

In 2021, the Company's achievements in environmental management were as follows:

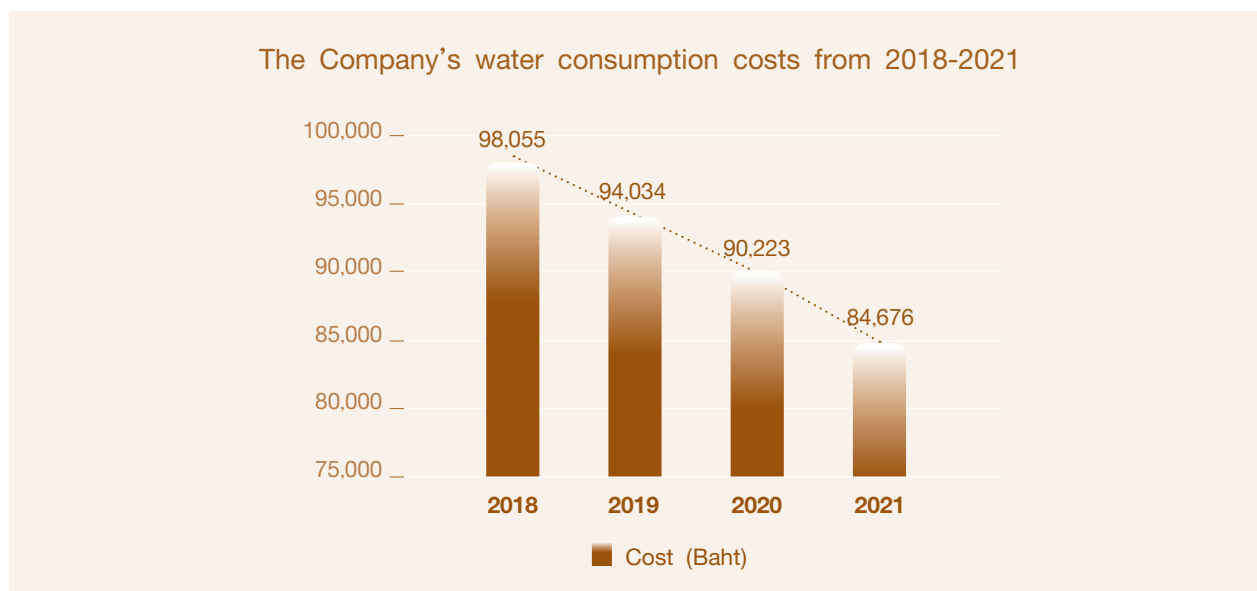
Performance in promoting reduction in energy and resource consumption

1. Energy Conservation

The Company attaches great importance to energy efficiency, appreciating its value. Policies and work plans have been set with the concrete aim to reduce energy and resources consumption continuously. While reducing the cost of energy and resources, this should help alleviate the problems and lessen the impact of climate change. Efforts to reduce the use of energy and resources include the following:

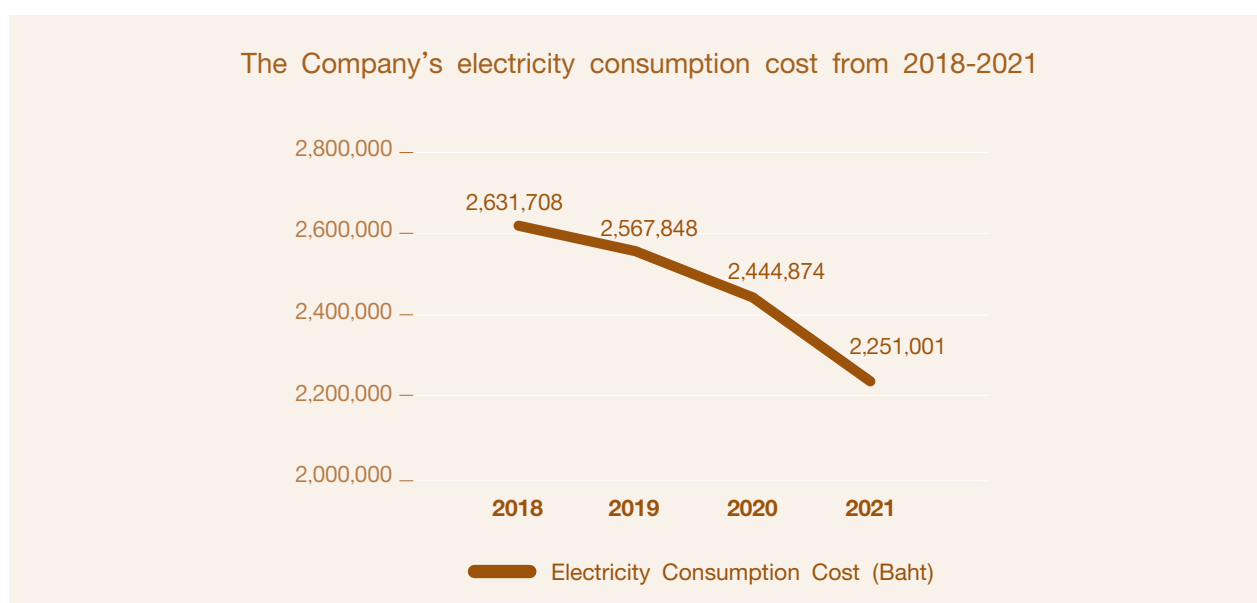
1.1 Running Water

Ongoing campaigns are run to encourage awareness in employees of the value of water so they use it sparingly. The low-flow water-saving approach has also been implemented to avoid wasting water unnecessarily. Water consumption by the Company is thus on a continuously decreasing trend. In 2021, the Company's cost of water consumption went down by 5,547 baht or 6.15% compared to 2020.



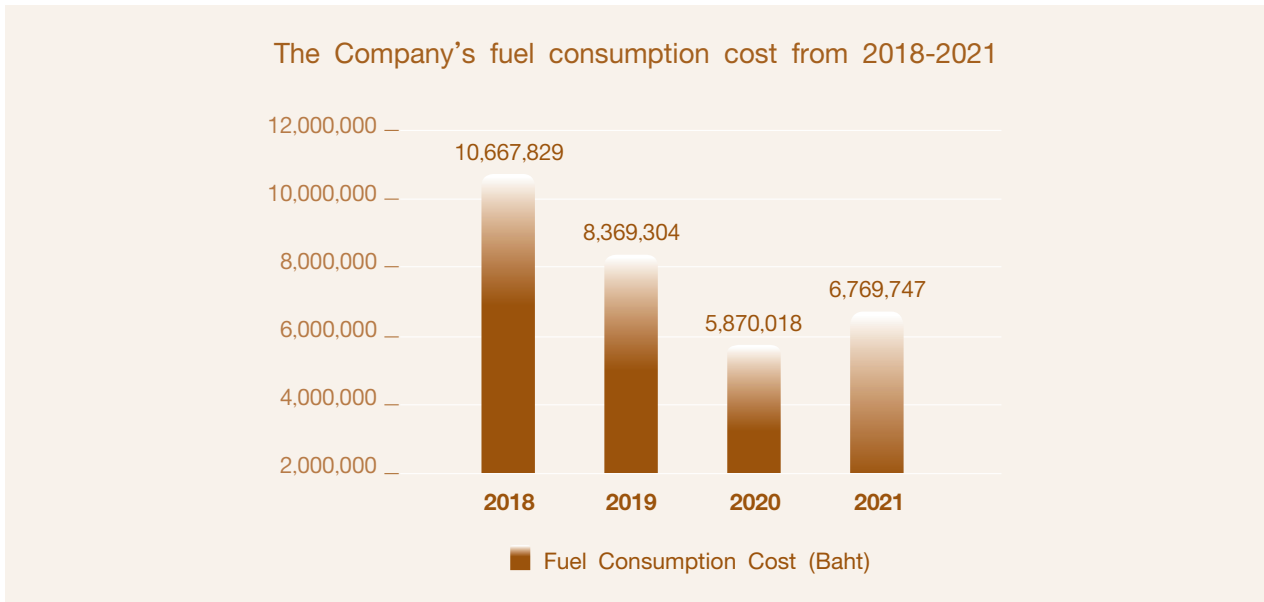
1.2 Electricity

To manage energy used by both lighting and air conditioning systems efficiently, the Company has installed and maintained monitoring equipment to control the operation of related electrical systems. Campaigns are run to encourage awareness in employees of smart use of electricity. This includes turning off lights in the office during lunch breaks and when not in use. In addition, office air conditioners are set to turn on at 8:00 a.m. and turn off at 5:30 p.m. Light bulbs have also been replaced with the energy saving T5 and LED types. After implementing such measures, both electricity consumption and electricity cost have been going down continuously. In 2021, the Company's cost of electricity went down by 193,873 baht or 7.93% compared to 2020.



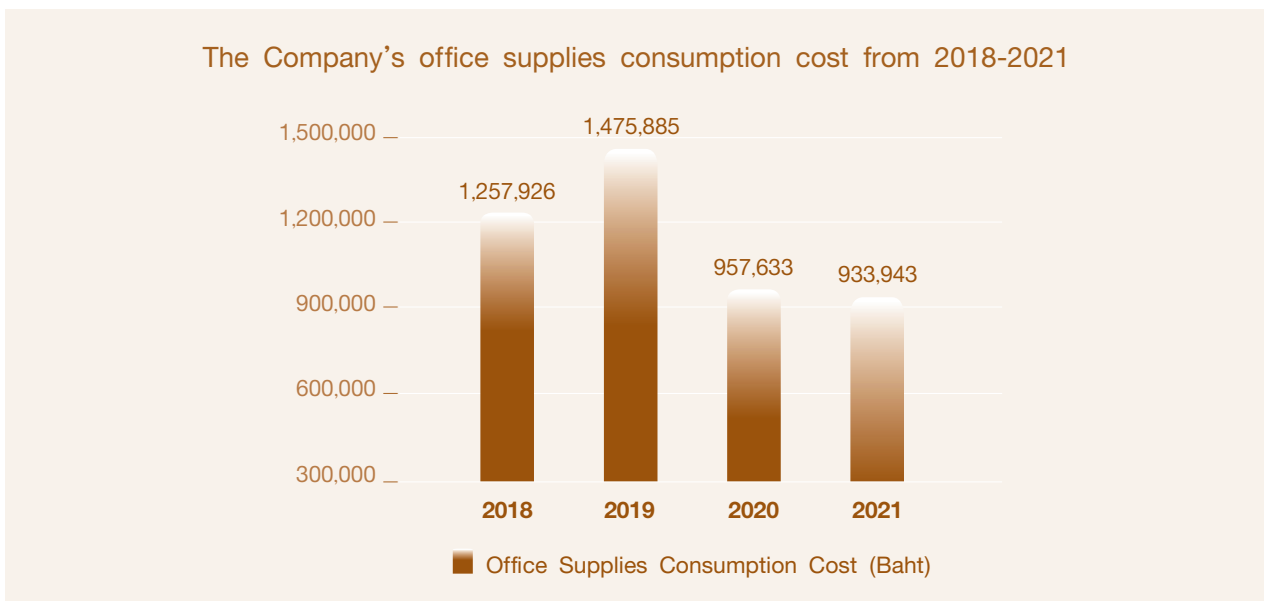
1.3 Fuel

The Company has a practice guideline with the aim to reduce vehicle fuel consumption as well as travel. Technology has been brought in for the purpose befitting the digital age. Instead of meeting with clients onsite, online meetings are arranged. This has improved work efficiency while also reducing the Company’s operating costs as well as air pollution and the greenhouse effect resulting from carbon monoxide and carbon dioxide. In 2021, the Company’s cost of fuel went up by 899,729 baht or 15.33% compared to 2020. This was due to the increase in the world oil price as well as the business expansion with various projects.



1.4 Office supplies

With the Company’s management and control policy to reduce consumption, destruction, and wasteful use of resources, technology has been brought in for the purpose. This includes the use of the SAP system and the ‘paperless operations’ campaign. A systematic disbursement of office supplies is also in place, with conditions stipulated regarding the amount and time intervals. Reuse is also encouraged as preferable to replacement. In 2021, the Company’s cost of office supplies went down by 23,690 baht or 2.47% compared to 2020.



2. Promoting Resource Consciousness in Personnel

Waste management

The Company pays attention to waste management from operations, with standard management to reduce environmental pollution problems. Reuse is promoted and employees are encouraged to be environmentally conscious both at work and outside work. It is hoped that the concept will rub off on the employees' families and, further, on their communities.

In 2021, the Company ran environmental campaigns particularly dealing with pollution from waste, which had been increasing every year. The “Smart Saves the Earth” project, which has garnered interest and eager participation from employees, features two subprojects.



- **Clean & Clear project, 4th year**

This project aims to build healthy and hygienic habits of waste sorting into wet, dry and recyclable waste to enhance the optimum use of resources.

- **The “Won” or “Recycling” project**

In this project, campaigns were held to raise awareness of proper waste sorting and management focusing on the recycling concept. Over 3,000 plastic water bottles sorted out and left in recycle bins provided were subsequently collected and donated to be finally recycled into PPEs for medical personnel.

3. Environment-oriented Development of Product and Services

The Company focuses on developing products and services, taking into account environmental conservation and establishing environmental safety standards. It also offers environment-friendly telecommunication services and promotes energy conservation concept and practice among stakeholders including clients as well as private and public allies and state enterprises with comparable vision.

Remote System for Pollution Monitoring and Alerting Project

The remote system for pollution monitoring and alerting has been developed to support the operation of continuous, automatic remote pollution detection system installed in large industrial factories as required by the Department of Industrial Works. The system collects, processes, and links data from various systems. It then reports the monitoring results via websites and mobile applications. This enables the surveillance and alerting efforts regarding factory emissions to work quickly and effectively in a timely manner. A convenient system, it helps assess the environmental impact of the industry while monitoring the factory emissions and the spreading of pollution from factories in the area. The automatic alerts signaling the pollution problems that may result from factory operations can be used for further development of an information dissemination system for the public sector regarding industrial pollution. Government agencies and authorities concerned can also rely on this database in managing pollution in industrial areas quickly and effectively, mitigating its effects on people and the environment.

3.4 Social Sustainability Management

3.4.1 Social policies and practice guidelines

The Company commits to operate business with high accountabilities toward consumers, communities and society. The Company will also advancing inclusion, diversity and equity for employees within organization to ensure fair treatment and appropriate human rights respect.

The Company puts employees and continuous development at high priority. The Company always provides adequate training and know-how to support employees to strengthens their capabilities and gain career advancement including promote safety and healthy working environment for all. The Company aims to use sustainable business practices to minimize environment impacts by utilizing resources smartly and using solution and technologies that promote environmental friendly. The Company continues to promote and encourage environmental caring and protection mindset to employees and key stakeholders at all levels.

3.4.2 Social operating results

In 2021, the Company has achieved social performance and respect for human rights related to employees and labors, customers, community and society the follow results:

1. Employees and Labors

1) Respect to Human Rights

Human rights is one of the key principles within good corporate governance and is essential to business operations. SAMTEL Group has thus continuously promoted both employees' and suppliers' understanding in human rights and respective guiding principle. The latter of which is in accordance with Universal Declaration of Human Rights. Promotion of human rights has long served as part of the corporate culture.

The Company has also adjusted Human Rights Policy, which is effective in every company in operates and consistent with the Universal Declaration of Human Rights (UDHR) and other requirements. This policy requires respect for human rights of every individual, equitable treatment without discrimination, conduct dialogues to obtain and suggestion from employees, the elimination of child labor and forced labor, as well as strict compliance with laws related to employment, remuneration and the determination of working days, working hours, and leaves. Details regarding welfare of employees were disclosed in the Company's website www.samtel.com under "Corporate Governance" in the topic of "Business Ethics" in the item of "Human Rights Policy"

2) Human Resource Management

Employees are the heart of the Company and a key engine towards sustainable business growth. It consequently assures them of equitable and fair treatment. Employees are also encouraged to uphold the Company's norms, values, regulations, as well as legal and regulatory requirements, to unite their forces in leading the organization towards its vision "to become the leading technology possible to support our important clients sustainable growth. Employee stewardship principle and the framework of employee treatment are included in the Business Ethics and the Employee policies which is disclosed on the Company's website www.samtel.com under "Corporate Governance" as follows:

2.1) Employment, compensation and welfare payment regarding to employee motivation, internal impartiality and evaluation standards, and job value to Company, Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition.

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 2021, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to baht 1.44 million. Moreover, the Company also has group health insurance (in case of in-patient) for the Company's employees which is made with the Allianz Ayudhya Assurance Pcl. as well as group life insurance which covers all kinds of death, an annual health check up and the Company has the social security fund and group health insurance (in case of in-patient) for the Company's employees as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security. The Company also has provision of loan in case of the accident or sickness to the employees as well, loan for employees, fitness center and special discount for Company's products, grant in case of the employee or his/her family died, to arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.

2.2 Safety and Occupational Health Management The Company develops policy and system of safety and health of employees in accordance with the requirements of law and performs all necessary measures to ensure the safety of life and health of employees as well as activities included health promotion for healthy life of the employees.

For safety, the Company also has the practical guidelines concretely by appointment of the occupational safety, health and environment Committee, training and cultivate consciousness of safety, occupational health and working environment for the employees, the annual evacuation drill in case of fire, the fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine.

Record on 2021 accident at work of the Company Susidiaries.

Business Group	Lost Time Accidents in 2021 (Time)
1. Network Solutions	-None-
2. Enhanced Technology Solutions	1
3. Business Application	-None-

And establish Covid-19 measures and guidelines for employees and constructors to minimize health impacts, such as measures for operating in offices, transportation, external visitors, travelling, working from home and organizing meetings/seminar.

2.3 Competency Development and Career Advancement for Employees.

The Company gives utmost priority to support and motivate for employees to strengthen both knowledge and skill in holistic ways. We believe those will enable Employees to be able to continuously develop their own competencies to perform their job well, align with company's goals and keep growing business sustainably plus having their career advancement opportunities.

The competency and career development program of Smart Telecoms group will use Competency Based Development approach which is divided into:

- **Leadership and Managerial Competency**

Managerial Competency is crucial for leaders develop their leadership abilities that enable them to be a role model including lead and build cohesive and high performing team. The Training programs provided are as follows:

Course	Target Group	Objectives
Smart Leader : Taking People With You	<ol style="list-style-type: none"> 1. Management-level or equivalent who are responsible for planning and setting direction, and supervising and developing his/her team. 2. Managers who require training in strategic business administration and learning from business case studies. 	<ol style="list-style-type: none"> 1. Enhancing high-level leadership skills in order to effectively meet business targets. 2. Building knowledge and competency in strategic thinking, business administration, and corporate and resources management, to increase the group's competitive edge. 3. Developing communication, presentation, interpersonal, social, and motivational skills.

- **Functional Competency**

The development of employee's technical skill related to their jobs in order to work efficiently, which have been categorized into 4 courses:

1. Sales Capabilities Development i.e. Selling Skill, e-Bidding etc.
2. Finance, Accounting and Information Technology Capabilities Development i.e Big Data, ISMS Awareness for user, Cost management, Financial analysis and Personnel Data Protection Act B.E. 2562, etc.
3. Safety and Working efficiency Development to increase knowledges and effective execution toward safety and working efficiency i.e. Safety Officer Supervisory level, Safety work at Height, Basic Offshore Safety Induction & Emergency Training with Travel Safety by Boat etc.
4. Service Quality Development i.e. Presentation Boost Shot

- **Generic Competency**

The development for basic skills of employees at all levels in important areas such as communication skills, Computer skills, English skill, i.e. Presentation Boost Shot, ISMS Awareness for user etc.

- **Developing Training Programs for Re-Skill and Up-Skill**

The Company places importance on expanding new skill and continually enhancing existing skill among employees. In 2021, to align business and change with course on capability solutions were developed such as Design Thinking, Big Data, among other.

The Company has adapted learning methods for employees by using online learning and Virtual Classroom, which allow employees to continue learning and self-improvement during the Covid-19 pandemic without interruption, while still maintaining excellent learning efficacy.

Benefit and Outcome

Samart Telcoms Group focuses on the employee continuous learning. Therefore in the year 2021, The Company continuously develop employees and create readiness to support the business operations of the organization. In order to achieve the organization goals and ensure that employees can grow together with the organization. Therefore, the Company has developed the potential of employees in various dimensions as follows:

- **Leadership Development**

The Company gives utmost priority to build leadership skills to Managers. Managers are systematically trained i.e. Smart Leader: Taking People with You etc. These training focus on increasing leadership skill and various skills to enable work efficiency and to do their assigned jobs. The employees show the capability to manage their jobs and teams Very well. The Company believes that development plan will make employees developing sustainably and be able to drive business successes.

- **Career development Plan**

The Company has the policy to set a career development plan for all level of employees. Employees will be trained continuously in accordance with the competency gap assessment. The training plan is managed base on needs and has covered all area of learning that required i.e. Project Management, CompTIA Security+, Trunk Radio Implementation etc.

- **Development for embrace changes**

The Company is fully aware of the importance and need to prepare employees to be ready for changes in the digital era. Knowledge sharing from specialist from several field i.e. Overview Telecom (Voice Fixed Line), Trunk Radio Implementation etc.

- **Development of learning channels**

Besides the classroom training, The Company gives the priority to ways of learning in accordance with various skills. Improve training contents through digital technology integration from the classroom level towards higher learning efficiency by which employees will become familiar with the higher approaching dimension and increasing result responsibility.

- Blended learning which is the combination of Theory study and workshop study through the Case-Based Learning, Coaching by Executive, The Visit sites experiences transferred.
- Focus on leadership development via Internal Trainers and Knowledge transfer.
- Introduce learning online system and to use the QR Code for communication and satisfaction surveys.

The overall development makes the program be various and interesting. We get good feedbacks from employees. In 2021 Smart Telcoms has number of hours of training as follows:

Number of hours training

Description	Number of hours training per employee (In house Training/External Training/Online Course)
Number of hours training	13.30
Level Management	19.04
Staff	11.28

Career Development

The Company takes career development importance seriously hence in 2021 we has conducted training program 82 courses.

Online Course	External Training	In house Training	Oversea Training
26	50	6	-
Training Expense Baht 1,344,159.80		Average number of training per employee Baht 1,417.89	

2.4 Development of Employees' Quality of Life

The Company always recognizes employees as most valuable asset and therefore encourages development of quality of life and support Work-Life Balance in order to make employees work happily in Happy Work Place. In 2021, several activities had been conducted with employee participation and the purpose to make happiness at work. Those activities were:

- **Line@ VR Samart**

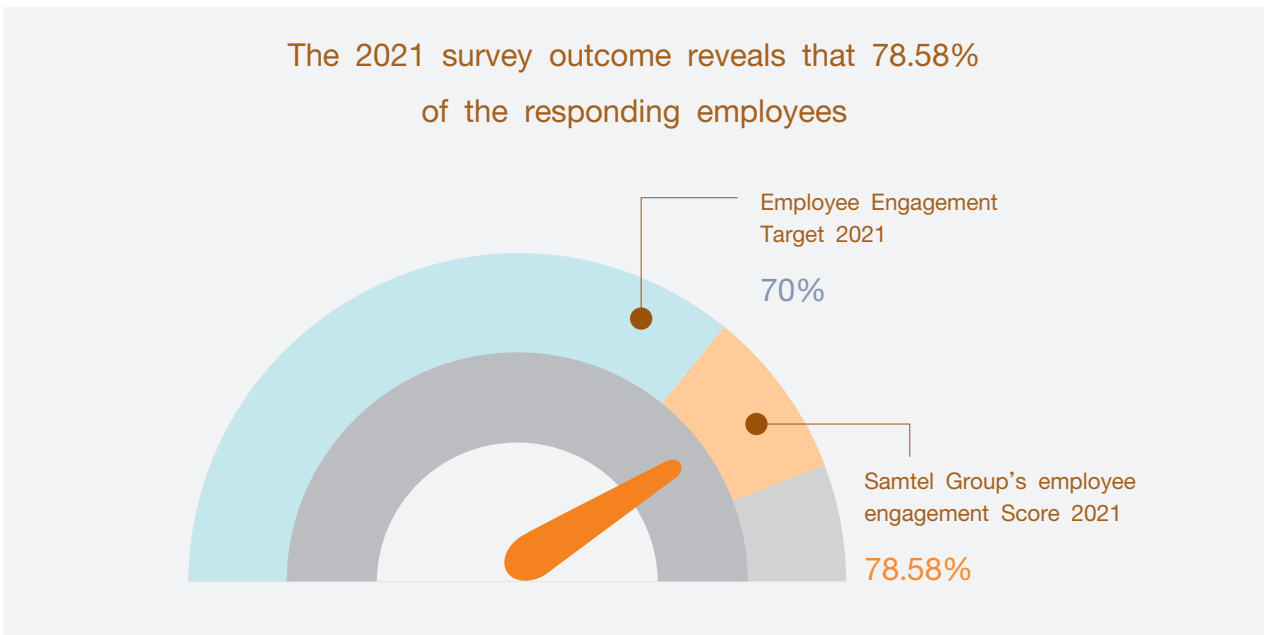
The Company created Line@ VR Samart for employee learning and development, to employee can learn knowledge at all time and keep up with the situation for learning to occur quickly and to facilitate employees to search for information about work, regulations, welfare, including requests for leave and overtime work, etc and activities promote participation and good relationship within the Company.

- **Happy Workplace**

The Company strives to be an organization that encourages employees to enjoy working. Happy Workplace activities through activities such as In-kind giving and equipment to support medical teams for KU Fighting COVID-19, "Move for Fun" Activity that awareness in healthcare and health promotion is advocated. Healthcare and nutrition education have also been offered for employees to be able to take care of themselves sustainably and employees to participate in the happiness together.

- **Employee Engagement Survey**

Company recognizes employees are the Company's resource of the highest value who have driven their organization toward sustainable Company, thereby, had surveyed employee's engagement in 2021. The survey mainly aims to have feed backs to enhance organization improving development and adjust employee's caring standards up to that of the same business level. This survey has been planned for every 2 years to allow sufficient period for practical implementation prior to the following study.



2. Customers

The Company places higher priority on customers, one of the important stakeholders, by concentrating on customer satisfactions and great experiences from consultancy to after-sales service. The company has determined the policy and guideline to treat customers in the Company's Business Ethics Manual revealed on website at www.samtel.com. The Company focuses on supplying, development, and delivery of quality and advanced products and services with reasonable price for customers. The Company also reveals accurate information and provides complaint channels with process to complain products and service problems for customers in order for the Company to rectify problems more quickly. All employees must take it seriously in protecting customer's confidential data. Process and tools are deployed to protect important data and prevent cyber threats. The Company has conducted Privacy Policy to increase customer trust. In 2021, the Company operated as follows:

1) Customers' Personal Data Protection

The Company has realized the importance of personal data protection and revise Privacy Policy according to the Personal Data Protection Act B.E. 2562, which will be fully enforced starting 1 June 2022, with personal data protection measures by limiting rights to access data to only assigned personnel only for purposes notified to personal data owner. Organizational and technical data security measures comply with international standard. A central unit has been established to enforce the policy, provide training, monitor risks, evaluate impacts, revise practices, and review the policy based on changing situations and emerging risks.

2) Cyber Security

The Company provided training to increase awareness in cyber security and promote related information to all employees and involving parties constantly. The Company also conducted vulnerability scan on its information system and elevated Cyber Security system up-to-date with Cyber Threat Monitoring 24x7.

3) Product Development and Improvement of Quality

In 2021, the Company and subsidiaries had developed products and improved quality in several aspects to increase efficiency and gain trusts from customers as follows:

- **The Company** has maintained CMMI Level 3 for development of quality software for customers and developed software to track status of equipment repair, equipment replacement, and improved display status of network incidents more efficiently.
- **Samart Communication Services Co., Ltd.** has certified ISO 20000 for IT management and maintained service quality compliant with ISO 9001 for customers to receive products and services with quality and satisfactions.
- **Samart Comtech Co., Ltd.**, maintaining ISO 9001, ISO 20000, and CMMI Level 3, developed solutions in energy management and expanded human resources with more capability in big data analytics to apply for adding values to products and services
- **Samart Infonet Co., Ltd.** elevated customer satisfactions through improvement of customer service using CRM; improved Value Added Services; and enhanced network equipment, network security, and cyber security to support increase of customers, usage volume, and level of security.
- **NetService (Thailand) Co., Ltd.** improved Website management system for more features and security, provided training for employees online and transfer knowledge regarding ICT for employees to increase capability to support and improve work quality for both main products and services delivered to customers.
- **Smarterware Co., Ltd.** developed software application compliant with CMMI Level 3, adopted Micro Service technology for development on cloud system for efficiency, and enhanced efficiency of Warehouse Management System (WMS).

- **SecureInfo Co., Ltd.** enhanced service level of Cyber Security Operation Center and consecutively certified, in 2021, ISO/IEC 27001: 2013 the standard for Information Security Management Systems to increase customers' confidence in Cyber Security Operation Center services
- **Samart eD Tech Co., Ltd.** improved functions of Learning Management System (LMS), especially efficiency in courseware and examination repository, enhanced ability to track learning in video, and elevated Cyber Security updates
- **Posnet Co., Ltd.** maintained information security standard of Payment Card Industry Data Security Standard (PCI-DSS) with services for monitoring and verification of the payment network, including notification features alerting staffs, customers, and authorized persons involved; and developed application for new models of EDC with higher qualifications; developed Point of Sales for front sales connecting to e-payment system; and enhanced efficiency of Kiosk application.
- **Portalnet Co., Ltd.** enhanced staffs' knowledge, had more staffs certified by SAP and certified for Project Management from Project Management Institute (PMI) to ensure staffs' service efficiency compliant with international standard, and brought efficient tools to use in implementation process to ensure that implementation results would meet requirement within suitable time.
- **Thai Trade Net Co., Ltd.** developed and enhanced EDI application and other application delivered to customers compliant with CMMI Level 3, developed interface to connect e-marketplaces to existing EDI customers to receive purchase order data from online shops in e-marketplaces more conveniently.

4) Results of Customer Satisfaction Survey

Customer satisfaction is one of the important factors for the Company's sustainability development and key targets. The Company, therefore, emphasizes all services, delivered to customers with quality compliant with international standards, ranging from consultancy, design, installation, implementation and delivery to after-sales services in order to respond to customer requirements and achieve satisfaction of customers in both government and private sectors.

The Company arranged surveys proceeded by an external, neutral party to design and conduct customer satisfaction surveys in order to seek the real results. The results were brought into analysis and utilized to improve and rectify known drawbacks and also to maintain and elevate positive aspects that customers favored. Customer satisfaction surveys and fault correction process are procedures required by ISO 9001 standard, which subsidiaries have been certified consistently. The Company set customer satisfaction target with the score higher than 80 percent of total customers surveyed.

In 2021, the external, neutral party conducted surveys by interviewing customers every time after-sales services delivered by service teams. Customers rated their satisfaction of the services received, ranging from Excellent, Good, Fair, Need Improvement and Must Improve with score of 5,4,3,2,1 respectively.

The Company's customer satisfaction survey of 2,848 total responses in 2021 found that overall score was at high level with average score of 4.78 out of 5.00 or 95.68 percent (close to average score in 2020 at 4.80 or 96.04 percent). Rated by customers, 78.90 percent of total number of responses was "Excellent" (slightly decrease compared to 80.66 percent in 2020) and 20.8 percent represented "Good" with 0.21 percent as "Fair", 0.1 percent for "Need Improvement", and none indicating "Must Improve".

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

3. Community and Society

1) Upgrading and improving people's quality of life with information technology and digital services

Samart Telcoms Group has developed products and services with the aim to improve the quality of life, to promote knowledge and understanding, and to increase access to information technology and digital services. Products and services responding to such objectives are as follows:

- **Land Information Project, Department of Lands (E-DOL)**

In this project, the Company provides computer system installation services, developing work systems covering the services of the Land Offices, transferring and importing comprehensive data from 461 land offices in 77 provinces to the central administration. This is to upgrade and modernize land information management so that the land work can be controlled, monitored, and completed quickly and accurately, to serve the public efficiently.

- **Public Relations and Breaking News Service Center, Industrial Estate Authority of Thailand**

In this project, the Company installed equipment and systems for the Public Relations and Breaking News Service Center project at 10 stations for communities surrounding the Mabtapthut Industrial Estate, Rayong Province, namely: Map Ta Phut Municipality Station, Four Regions Market Intersection Station, RIL Industrial Estate Station, Wat Mabtapthut Station, Suan Phum Rak Intersection Station, Noen Samlee Intersection Station, Pha Daeng Intersection Station, Talat Lao Intersection Station, Wat Nong Faeb Station, and Ban Chang Station. With the 24-hour alert system this, a channel of communication was established to provide information and systematic warnings to the public, thereby easing concerns of those people living in the surrounding areas of the industrial estate.

- **E-Learning services**

The Company provides a comprehensive e-Learning system for leading educational institutions to enhance learning opportunities with no time or place constraints, enabling continuous learning in any situation. These e-learning services are also provided for both public and private agencies including financial and banking institutions and those in petroleum industry. Most rely on this approach in order to keep improving their workforce's potential and capabilities, which, in turn, add to both the workforce and the organization's further development.

2) Community and social activities under the concept of "developing quality people and promoting a moral society"

The Company attaches great importance to upgrading the quality of life as well as contributing to the development of prosperity for the community and society. Policies and practice guidelines under the concept of "developing quality people and promoting a moral society" have been set, details of which are published on the Company's website, www.samtel.com under "Corporate Governance Policy."

"Developing quality people"

Human resources are the key driving force behind the progress of society, economy and the nation. The Company therefore focuses on "developing quality people" both within and outside the organization, providing support of several kinds through various projects and activities as follows:

1. Upleveling people’s technological capabilities

The Angel Fund 2021 Project

“The Angel Fund 2021 Project” is in line with Samart Group policy to engage in promoting government policies to strengthen the value-based economy by creating and developing a new generation of entrepreneurs in technology who are also well-rounded digital businesspeople. They are thus driven to become “quality people” in the world of technology.



This complements the Company’s CSR policy regarding three promotion approaches in creating business opportunities, namely:

1. Knowledge and skills enhancement such as by way of arranging training courses for various agencies befitting their specialization;
2. Providing scholarships or research grants in the field of technology; and
3. Organizing creativity contests by cooperating with like-minded agencies.

It was this last approach that led to the Company’s support for the Angel Fund 2021 project, organized by the Department of Industrial Promotion, Ministry of Industry.

Samart Group thus participated in the selection of the finalists from 125 teams and became a co-consultant, sharing knowledge of technology, business and marketing to the 50 teams of finalists. In this regard, a total funding of 580,000 baht was given to 21 teams with outstanding and valuable results benefitting society and environment. The top three teams granted the highest funds were:

- 1st place: Mutha Team, for the work titled “Carbon fiber prosthetic foot”
- 2nd place: NEF Team, for the work titled “Monitoring and Alerting System and Alerts of Movements in Bed”
- 3rd place: IQMED Innovation Team, for the work titled “Kidney Transport Box”

2. Promoting knowledge and understanding of information technology and digital services

• **“Get2Know” articles**

The Company provides interesting knowledge and information regarding technology and digital services through “Get2Know” articles on a regular basis, with the aim to promote awareness and better understanding of information technology and digital services among Thai people. These “Get2Know” articles are published on the Company’s website, www.samtel.com, and facebook page, which has over 6,000 followers, www.facebook.com/SamartCompany.

• **Technology Knowledge Support**

The seminar titled “Digital Transformation Solutions: Re-imagine Innovation with Technology” was organized by Portalnet Company Limited in collaboration with IBM Thailand, a business partner. The objective was to present a comprehensive organization management approach for large organizations to enhance their readiness for the transition to a full-fledged digital era.



3. Development of quality people within the organization

The “Long Learn 2021” project represented a year of learning and self-improvement, encouraging employees to keep learning and developing their potential. Employees can access the V-Learn self-study online courses from anywhere anytime, and learn various kinds of content and skills necessary for them.

4. Sports Sponsorship

Sponsored Phrae United Football Club's participation in the 2021 Thai League Football Tournament.

"Promoting a moral society"

The Company earnestly encourages employees to take initiatives for the benefit of society, stimulating their volunteer spirit to help, share, and do good deeds for society, through the "Dee Club," formed by a group of volunteering employees. Other activities beneficial to society are also held and contributions to various public charitable activities continuously made by "Samart Foundation."

1. Volunteering power contributing to social development

- "Sharing is Caring: Donate Blood" a blood drive project, is run annually in cooperation with Thai Red Cross Society. Run twice in 2021, the campaign achieved a collection of 94,450 CC. of blood donated by employees and members of communities nearby.
- The Thak-boon Crocheting for Charity Project, held for the 7th consecutive year, saw employees help make 450 woolen hats for those in need including cancer patients at Ramathibodi Hospital and those facing cold weather in Chiang Rai Province (through the Mirror Foundation).
- In the Be Vision-Be Future project, volunteer employees helped type up exam prep textbooks for the Foundation for the Blind in Thailand and Bangkok School for the Blind in producing Braille books and audio books for visually impaired youth nationwide.
- A total of 300 pre-owned dolls in good condition were collected and then cleaned by CLEANMATE. They were subsequently given to long-stay pediatric patients at Children's Hospital and to underprivileged children in welfare homes nationwide.



2. Social responsibility and acts of support during the COVID-19 pandemic situations

- Measures to cope with COVID-19 in the organization were set. Examples included proactive Covid-screening using the Antigen Test Kits for executives and employees by Nonthaburi Public Health Office, use of effective body temperature monitoring system, and mask wearing campaigns. Social distancing measures were also in place including working from home, video conferencing, safer elevator use practice, and arrangement of work hours and lunch breaks to avoid crowded office space. In addition, public relations campaigns were run all year round through various media to provide the pandemic-related knowledge and information.
- Medical supplies such as medical masks and alcohol of baht 50,000 value for use by medical personnel were presented to Nonthaburi Provincial Public Health Office.
- A fund of baht 250,000 was contributed to Kasetsart University in support of its operation of the KU Vaccination Center Fighting against COVID-19.



- A total of 13,800 masks, of baht 110,400 value, were donated to Pakkred Boys Home (Baan Phumiwate).
- Paper crates and corrugated paper boxes left in donation bins by employees were collected and then delivered to the SCGP plant to be recycled into cardboard beds for field hospitals nationwide.

3. Fostering Buddhism

The Company co-hosted Kathin ceremonies at Wat Thammawong and Wat Sri Udom, Lopburi Province.

4. Management Discussion and Analysis

4.1 Operating Results Overview

2021 Operating Results Overview

In 2021, the Company reported the consolidated total revenues of Baht 4,649 million, decreased from 2020 by Baht 861 million or 15.6%. Revenue from sales, contract work, services and rental was Baht 4,581 million, decreased by Baht 850 million or 15.6% comparing to 2020 year, major decreased is caused by the end of project contract at Suvarnabhumi Airport by Airports of Thailand public company limited (AOT) and the situation of COVID-19 outbreak has remained significant impacts on tourism and aviation industry, including decreased in revenue recognition of projects, resulting in decrease in the Company's performance compared with 2020. Other income was Baht 67 million, decreased by Baht 11 million from 2020.

Cost of sales, contract work, services was Baht 4,003 million, decreased from 2020 by Baht 1,069 million or 21.1%. Gross profit was Baht 579 million, increased by Baht 219 million or 60.8%. Gross profit margin was 12.6% decrease from 6.6% in 2020.

Selling expenses, administrative expenses, and other expenses were Baht 526 million, decreased from 2020 by Baht 214 million or 29%, mainly due to decrease in salary and other employee benefits and other expenses. (Loss on asset Impairment).

Finance income was Baht 7 million, decreased by Baht 5 million or 40.6%. Finance cost was Baht 49 million, decreased from 2020 by Baht 25 million or 33.9%.

Corporate income tax expense was Baht 18 million, increased by Baht 94 million.

As a result, the consolidated net profit attributable to equity holders of the Company was Baht 61 million, increased by Baht 349 million or 121.4% from 2020. Net profit was 1.32%, increase from net loss 5.22% in 2020.

Operating Results of the Company and Its Subsidiaries

The revenue structure breakdown by Business Group as of December 31, 2021 and 2020 are as follows:

Business Group	Revenue (Million Baht)		Growth Rate
	Y 2021	Y 2020	
1. Network Solutions	1,168.1	1,428.5	-18.2%
2. Enhanced Technology Solutions	2,354.8	2,666.8	-11.7%
3. Business Application	1,125.6	1,414.4	-20.4%
Total	4,648.5	5,509.7	-15.6%

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

Network Solutions Business Group

In 2021, revenue were Baht 1,168.1 million, decreased by Baht 260.4 million or 18.2% compared to Baht 1,428.5 million in 2020. The decrease was mainly resulted from revenue recognition of contract work.

Enhanced Technology Solutions Business Group

In 2021, revenue were Baht 2,354.8 million, decreased by Baht 312.0 million or 11.7% compared to Baht 2,666.8 million in 2020. The decrease was mainly resulted from revenue recognition of services.

Business Application Business Group

In 2021, revenue were Baht 1,125.6 million, decreased by Baht 288.8 million or 20.4% compared to Baht 1,414.4 million in 2020. The decrease was mainly resulted from revenue recognition of contract work.

Financial Statement

Assets

As of December 31 2021, total assets were Baht 7,144 million, increased by Baht 173 million or 2.5% from the end of 2020, mainly resulted from an increase of project equipment.

Total assets consist of current assets of Baht 4,882 million, representing 68.3% of total assets, decreased by Baht 238 million compared with Baht 5,121 million, representing 73.5% of total assets in 2020. The major current assets were accrued revenue and trade and other receivables, representing 32.8% and 19.4% of total assets respectively.

Non-current assets were Baht 2,262 million, representing 31.7% of total assets, increased by Baht 411 million compared with Baht 1,851 million, representing 26.5% of total assets in 2020. The major non-current assets were project equipment, representing 15.2% of total assets.

Trade Account Receivable and Inventory

The Company had net trade receivable of Baht 1,292 million, an increase of Baht 22 million or 1.7%, compared with Baht 1,270 million at the end of 2020. The allowance for expected credit losses is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences, analysis of debt aging and forecast economic condition. As of 31 December 2020, the allowance for expected credit losses was set up by Baht 60 million. The Company believes that such allowance for doubtful debts is adequate, provided that most account receivable are project debtors and have strong financial status.

At the end of 2021, the net inventory was Baht 131 million, an increase of Baht 20.1 million or 18.1% compared with Baht 111 million at the end of 2020.

Liquidity

The current ratio in 2021 was 1.41, which decreased from 2020. The Company's policy is to match payment term of major suppliers and repayment of loan from bank with payment from customers by requesting for back to back condition from major suppliers. Using this condition, the Company can guarantee sufficiency liquidity and the Company has been able to repay its debt and interest on time.

As of December 31, 2021, cash and cash equivalents were Baht 462 million, decreased by Baht 163 million, or 26% from the end of 2020. The detail of sources and uses of fund are as follows:

- Cash flow from operating activities was Baht 212 million, mainly resulted from profit from operation and decreased in cash received from refund withholding tax deducted at source.
- Cash flow used in investing activities was Baht 592 million, mainly resulted from capital invested to support project.
- Cash flow from financing activities was Baht 217 million, mainly resulted from loans from financial institutions.

Sources of Fund

As of December 31 2021, total liabilities were Baht 3,773 million increased by Baht 105 million or 2.9% from the end of 2020, mainly due to a increase in loans from financial institutions to support projects and debentures.

The shareholders' equity as at 31 December 2021 equals to Baht 3,371 million, increased by Baht 67 million or 2.0% from the end of 2020. Net profit in 2021 was Baht 61 million.

Regarding the above liabilities and shareholders' equity, the Company's debt to equity ratio as at 31 December 2021 was 1.12 times increased from 1.11 times at the end of 2020.

As of December 31, 2021, debt service coverage ratio was 2.07 times, which higher than condition of issuing short term debenture that the Company must maintain debt service coverage ratio not lower than 1.1 times.

4.2 Factors Affecting Financial Status or Performance Significantly in the Future

The Company plan to bid many large projects in year 2022, which would generate impressive revenue recognitions in the future, nevertheless the project also needed a large amount of working capital, therefore the Company has been strictly and cautiously negotiated and agreed with financial institutions and business partners to ensure that a cash cycle have been match and have least affects the Company's liquidity.

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

4.3 Financial Ratios

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

Unit: Baht Thousand

Transaction	As of December 31		
	2019	2020	2021
Cash and cash equivalents	389,143	625,285	462,498
Trade Account receivables - net	2,605,945	1,269,972	1,291,728
Inventories	110,896	110,867	130,926
Property, plant and equipment - net	1,249,179	750,595	1,084,610
Intangible asset	140,410	99,045	63,611
Total assets	9,454,466	6,971,752	7,144,396
Overdrafts and short-term loans from banks	3,040,271	1,462,810	1,760,871
Trade Account payables	572,249	527,621	450,990
Current portion of long - term loans from banks	-	-	-
Long-term loans from banks - net of current portion	-	-	-
Debentures	400,000	-	-
Total liabilities	5,668,812	3,667,851	3,773,097
Paid up capital	618,000	618,000	618,000
Retained earnings	2,650,510	2,168,992	2,238,044
Shareholders' equity	3,785,654	3,303,901	3,371,299
Revenue from sales, contract work, services and rental	9,073,519	5,431,237	4,581,287
Total revenues	9,091,422	5,509,745	4,648,527
Cost of sales, contract work, services and rental	7,783,805	5,071,493	4,002,738
Selling and admin expenses	655,517	548,246	492,793
Finance income	16,932	12,200	7,249
Finance cost	137,057	73,951	48,907
Loss on impairment loss on financial assets (reversal)	-	(38,254)	(29,333)
Total costs and expenses	8,636,046	5,773,302	4,499,123
Net profit (loss)	451,176	(287,504)	61,385
Net profit (loss) per share (Baht / share)	0.73	(0.47)	0.10

Unit: Baht Thousand

Transaction	As of December 31		
	2019	2020	2021
Cash flow from operating activities	309,617	2,959,578	211,681
Cash flow from investing activities	(375,288)	(470,161)	(591,525)
Cash flow from financing activities	130,535	(2,253,275)	217,057
Par value (Baht / share)	1	1	1
Common shares outstanding (Thousand shares)	618,000	618,000	618,000
Weighted average number of shares (Thousand shares)	618,000	618,000	618,000
Book value (Baht / share)	6.17	5.39	5.50
Dividend per share (Baht / share)	0.52	-	0.05

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

Financial Ratio	Samart Telcoms Pcl. and Subsidiaries		
	2019	2020	2021
LIQUIDITY RATIO			
Current ratio (Times)	1.34	1.54	1.41
Acid test ratio (Times)	0.55	0.57	0.51
Cash turnover (Times)	0.06	0.67	0.06
Receivable turnover ratio (Times)	4.38	2.74	3.43
Average collection period (Days)	82	131	105
Inventory turnover ratio (Times)	38.47	24.58	21.14
Days sales outstanding (Days)	9	15	17
Payable turnover ratio (Times)	12.13	9.22	8.18
Payment period (Days)	30	39	44
Cash cycle (Days)	61	107	78
PROFITABILITY RATIO			
Gross profit margin (%)	14.21	6.62	12.63
Net profit margin (%)	4.96	(5.22)	1.32
Return on equity (%)	12.01	(8.05)	1.82
EFFICIENCY RATIO			
Return on assets (%)	4.92	(3.50)	0.87
Return on fixed assets ⁽¹⁾ (%)	79.14	57.50	37.57
Asset turnover (Times)	0.99	0.67	0.66
FINANCIAL POLICY RATIO			
Debt to equity (Times)	1.50	1.11	1.12
Interest coverage (Times)	3.47	(3.67)	3.1
Debt serviceability (Times)	0.39	3.92	0.35
Dividend payout ratio ⁽²⁾ (%)	114.24	-	31.27

Remarks: ⁽¹⁾ Including the rights to use communications equipment;

⁽²⁾ % of separate company net profit after deduction of all reserves complied with the company's Articles of Association and related laws.

5. General Information and Other Important Information

5.1 General Information

References

Registrar	:	Thailand Securities Depository Co., Ltd.
Head Office	:	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400 Telephone 0-2009-9000 Fax. 0-2009-9991
Auditor	:	Mrs. Siriwan Suratepin Certified Public Accountant (Thailand) No. 4604
Head Office	:	EY Office Limited 193/136-137 33 rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone 0-2264-9090 Fax. 0-2264-0789-90

5.2 Other Important Information

Restrictions of foreign shareholders

The Company's shares are freely transferable except in the case such transfer causes the non-Thai person to hold more than 49 percent of the Company's total issued share.

5.3 Legal Dispute

-None-

5.4 Secondary Market

-None-

5.5 Regularly Contacted Financial Institutions

1. Krungthai Bank Public Company Limited
35 Sukhumvit Road, Klong Toei Nuea Subdistrict, Watthana District, Bangkok 10110
2. Kasikornthai Bank Public Company Limited
400/22 Phahon Yothin Road, Sam Sen Nai Sub-district, Phaya Thai District, Bangkok 10400
3. Bangkok Bank Public Company Limited
333 Silom Road, Silom Subdistrict, Silom District, Bangkok 10500
4. TMBThanachart Bank Public Company Limited
3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900
5. Siam Commercial Bank Public Company Limited
9 Ratchadaphisek Road, Chatuchak District, Bangkok 10900
6. Land and Houses Bank Public Company Limited
1 Q.House Lumpini Building G, 1st, 5th, 6th and 32nd Floor, South Sathon Rd., Thungmahamek, Sathon,
Bangkok 10120
7. Export-Import Bank of Thailand
1193 Phahonyothin Rd, Samsen Nai, Phaya Thai, Bangkok 10400

Section 2

Corporate Governance

6. Corporate Governance Policy
7. Corporate Governance Structure and Significant Information about the Board of Directors, the Committees, the Management, Employees and Others
8. Report on the Significant Activities on Corporate Governance
9. Internal control and Connected Transactions

6. Corporate Governance Policy

The Board of Directors of the Company realized on the importance of the good corporate governance which will be is the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Board of Directors emphasized and strived to the Company and its subsidiaries operate their business by strictly adhering to the corporate governance policy and business ethics of the Company. The Board of Directors assigned the Corporate Governance Committee to monitor, supervise and encourage the Company's operations to according with the good corporate governance principles as well as constantly follow-up and performance appraisal. The Company has the Corporate Secretary Division which is the Compliance Unit to supervise and oversee the operations of the Company, the directors and the executives to ensure that they have been correctly complied with the regulations of SET, SEC and the Public Company Limited Act including other relevant laws.

The Board of Directors has established a written Policy of Corporate Governance and Business Ethics both in Thai and English have been set and approved by the Board since 2005 to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Governance Policy had also been posted on the Company's website for information of the Company's employees and for public. Internal audit and Internal control system have been emphasized to monitor the management to follow the Company's policy with more efficiency in order to increase long-term benefit to the shareholder under the law and Business Ethics. The Corporate Governance Committee will monitor and have the employees to strictly comply with such policy. The CG Policy will be annually reviewed and revised to comply with new regulations. The latest revision which complied with the Principles of Good Corporate Governance for Listed Companies 2017 (CG Code) of The Securities and Exchange Commission (SEC) to apply with the Company including the Principles of Good Corporate Governance of the Thai Institute of Directors (IOD) and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association which has been reviewed by the Board of Directors Meeting held on November 9, 2021.

Corporate Governance Policy of the Company's divided into 5 categories as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and Transparency
5. Roles and Responsibilities of the Board

6.1 Overview on CG Policy and Guidelines

6.1.1 Policy and Guidelines for the Board

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

1. 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 advantage to the Company's business, such as accounting & finance, management, strategic planning, laws, corporate governance and other without sexual discrimination to carry on the Company's business and achieve its objective. The Company has 9 directors who complied with the qualification of the Company's directors as described in the topic "7. Corporate Governance Structure and Significant Information about on the Board of Directors, the Committees, the Management, Employees and Others" under the subject "7.2 Information on the Board of Directors"

2. Nomination and appointments of Directors and Managements

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 Boards, members of the Boards and other committees, Executive Chairman, other executives and company secretary as well as consider the appropriate remuneration for such directors and management with the following criteria and procedures:

1. The Nominating and Compensation Committee will select and nominate the appropriate candidate with regard to qualifications, experience, knowledge, ability that will beneficial to the Company and consider the diversification in the board's structure, including gender, age, ethnicity and nationality. The Nominating and Compensation Committee will also consider the necessary skills that are still lacking to achieve the Company's business strategy and using the database of IOD. The appropriate candidates, who have qualifications as specified by the relevant laws, will propose to the Board of Directors' or the Shareholders' Meeting for approval in accordance with the Company's Articles and Association.
2. 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 and requirements of the SEC and the SET to propose to the Board of Directors' and/or the Shareholders' Meeting for approval in case of rotation or others.
3. Determining whether to recommend a director for re-election, the Nomination and Compensation Committee will consider relevant factors such as past performance, directors' dedication, history of attendance and participation in meeting, number of listed companies that each director holds tenure in of not exceeding five listed companies, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independent qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of the Nomination and Corporate Governance Committee with the following criteria and procedures in the shareholders' meeting:
 - (1) Each shareholder shall have one vote on each share.
 - (2) In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
 - (3) The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the Chairman of the meeting shall have a casting vote.

The Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors.

In case a directorship becomes vacant by any reason other than the expiration of the term, the Board of Directors shall elect a person possessing the qualifications and being under no prohibitions under the relevant laws as a replacing director at the Board of Directors' Meeting, unless the remaining term of such director is less than two months. The replacing director shall hold office only for the remaining term of the replaced director. The resolution of the Board of Directors' Meeting must be passed by votes of not less than three-fourths of the remaining directors.

5. For nomination of sub-committee, the Nominating and Compensation Committee will consider appropriate knowledge and ability, composition of the entire committees, criteria of directorship and independence of director prior to propose to the Board of Directors for approval.

Nomination of Managements

The Company has criteria and procedures for nomination of the Executive Chairman who is the top management of the Company with the process start from recruiting internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services and propose to the Nominating and Compensation Committee consider favor of person to be Top Management to propose to the Board of Directors for approval. For recruiting of senior management, the Board of Directors assigns the Executive Board to consider qualified persons to appoint as senior management and report to the Board of Directors for acknowledgment.

Managements Succession Plan

The Company is aware of the importance of executive succession for top management and key executive positions. In case any position is vacant, apart from the appointment of the Nominating and Compensation Committee to select and nominate appropriate candidates for directors and top management, the Company also provides managements succession plan for top management and senior management positions. The managements succession included the specifying key positions in the Company's business and determining criteria for selecting of the successors by considering knowledge, ability, experience, potential of each position and management vision in order to select the qualified managements as specified in the criteria. In addition, the Company also set up a development plan to prepare them to be able to support their positions in the future. This is to build confidence among investors, shareholders and employees that the Company's operations will be carried out in a timely manner. The Company reviews the succession plan for top management and senior management on an annual basis.

In addition, the Company should encourage the Executive Chairman to invite senior management to attend the Board of Directors' meetings and/or the Executive Board meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key management and assist succession planning.

3. Remuneration of Directors and Management Policy

Directors' Remuneration Policy

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

Management's Remuneration Policy

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

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

Executive Chairman's Remuneration Policy

Remuneration of the Executive Chairman, who is the top management of the Company, is not only consideration in accordance with Management's Remuneration Policy, but the Board of Directors also set the performance evaluation of Executive Chairman annually by each Director in order to be a reference for remuneration consideration.

The policy of remuneration are as follows:

Category		The purpose & link to the principle of remuneration
Fixed Pay	Salary & other benefits, such as, Provident fund	To motivate and retain the competent Executive Chairman.
Short Term Incentive	Annual bonus	To reward for the success of achieving the goals as defined for each year.
Long Term Incentive	Compensation according to Stock Option* & provident fund in the part that the Company contributes and increases according to year of work experience	<ul style="list-style-type: none"> To motivate and retain the competent Executive Chairman. To ensure alignment between interests of Executive Chairman and shareholder. To promote the growth and value to shareholders in long term.

*Remark: * The Stock Option will be depend on the Board of Directors' consideration which will be based on the appropriate time and situation.*

4. The Independent of the Board of Directors

Separation of Chairman and Executive Chairman

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and Executive Chairman must not be attained by the same person. The Company's Chairman of the Board of Directors an Independent Directors who has the qualifications of independent director in accordance with SET's notification and has no business relation with any management of the Company.

Separate Roles and Responsibilities of the Board of Directors and Executive Chairman

The Company has clearly set the separate roles and responsibilities of the Board of Directors and Executive Chairman. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. They have to operate the business with accountability, duty of care, duty of loyalty and also comply with the Company's Ethics to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting, laws and regulations of SEC/SET and other related laws. At the same time, Executive Chairman who is the management's leader will focus on general management of the Company.

Balance of Power

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

5. Development of Directors and Management

The Company will provide Directors' Manual and orientation program to new directors. Information on Company's business and directions as well as Corporate Governance Policy of the Company will be advised. The Directors' Manual will comprise of:

- Related Laws and Regulations
- Company's Businesses
- Roles and Responsibilities of Directors of Listed Companies
- Corporate Governance Policy and Business Ethics

In addition to support and increase knowledgeable of directors, the Company also encourages all directors to strengthen their skills and knowledge for performing their duties including knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates.

6. The Performance Evaluation of Directors

Board Self-assessment and Director Self-assessment

The Corporate Governance Committee is responsible for Self-assessment of the Board of directors and individual Directors once a year to 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.

Sub-committee Self-assessment

The Corporate Governance Committee conducts the self-assessment of sub-committees annually; Executive committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee, and Sustainable Development Committee in subject of Structure and Qualification, Meeting, Role & Responsibilities, and Self-Development. For topics for the self-assessment of the Audit Committee are consisted of Structure and Qualification, Meeting, Role & Responsibilities, Development & Training, the activities of the Audit Committee, and the relationship among the head of internal audit, auditors and the management team. Results of the self-assessment of each sub-committee will use to develop working performance of them for more efficiency and to be in line with the responsibilities assigned from the Board of Directors.

Executive Chairman Assessment

The Corporate Governance Committee conducts Executive Chairman assessment annually in subjects of leadership, strategic formulation, financial planning and performance, board relations, risk management and internal control, human resources management, succession, product and service knowledge including good corporate governance and code of business conduct for consideration of his remuneration.

7. Supervision on Operation of the Subsidiary and the Associated Company

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

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

For establishment of a new company or investing in significant portion in other businesses between 20% and 50% of shares with voting rights, and the amount of investment or may have to more invest significantly, the Board of Directors should ensure that shareholder agreements or other agreements are in place to enable the Company's performance monitoring and participation in management, including for approval of significant transactions and decisions. This is to ensure that the Company has sufficient, accurate, and timely information for the preparation of its financial statements that conform to the relevant standards.

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.

6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; no matter such shareholder is a minority shareholder, a major shareholder, an institute investor or a foreigner. All rights that the Company's shareholders obtained in 2021 were as follows:

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

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

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

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting starting from 2009 Annual General Meeting of shareholders. The shareholders have been granted an opportunity to submit the enquiries for consideration prior the meeting since 2011 provided that they must comply with criteria on proposing of meeting agenda for shareholders' meeting as per specified by the Company's Board of Directors.

In 2021 Annual General Meeting of Shareholders, the Company allowed the minority shareholders to propose the matter for consideration as agenda and submit the enquiries at least 3 months in advance prior the ending date of the fiscal year and notify the announcement via the website of the Stock Exchange of Thailand since September 30, 2020 onward. For the meeting agenda proposal ended on January 31, 2021 and enquiries proposal ended prior to the meeting date of 2021 Annual General Meeting of the Shareholders. And explain the detailed procedures on proposing the matter for consideration as agenda including an advance submission of the enquiries in the Company's website (www.samtel.com). In the "Investor Relations" under the "Proposal of additional agenda and question prior to the Annual General Meeting of Shareholders". However, no shareholders proposed any matter to be an additional agenda.

- **Participation in the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholder. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting.

There was only one meeting in 2021, an Annual General Meeting of Shareholders 2021 which held on April 27, 2021 at Company Meeting Room, 16th Floor, Software Park Building, Chaengwattana Rd., Klong Gluar, Pak-Kred, Nonthaburi where is convenience for transportation and capability to cover with number of shareholders. The Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting. The rights of shareholder to participate in the meeting are as follows:

Before the Meeting Date

In the 2021 Annual General Meeting of Shareholders, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 63 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website (www.samtel.com) in the "Investor Relations" under the topic "Shareholders Meeting" 33 days before meeting date for the shareholders to have sufficient time for consideration. Some documents will be directly delivered to the shareholders by TSD, the Company's registrar, within 25 days before the meeting date of which better than what has been required by law. The invitation letter contained fact, rationale, opinions from the Board of Directors for each agenda, conditions and procedures of meeting, annual report, proxy form and any other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter has also been 3 days continually published on the newspaper 27 days prior to the meeting date to be inline with law.

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

On the Meeting Date

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipments are sufficient for registration reviewed on required documents more than one hour prior to commencement of the meeting by arrangement of Barcode system in vote counting for faster voting result.

In the 2021 Annual General Meeting of Shareholders, there were 8 directors participated the meeting, representing 89% of the directors participated the meeting. Chairman, Chairman of the Audit Committee and Chairman of all committees including the Audit Committee and the Company's managements external auditors and investor relations also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members and the managements to the shareholders, declared to the meeting that there were 47 shareholders who attended the meeting either in person 16 shareholders and by proxies 31 shareholders with voting rights attended for the 2021 Annual General Meeting of Shareholders. Moreover, for transparency on counting the vote in the meeting, the Company has invited volunteers from shareholders attending the meeting in person to be the vote inspector in the meeting. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting including the results of an invitation to propose agenda of the 2021 AGM and sending question prior to the 2021 AGM. Then, the Chairman proceeded the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders. Moreover, after the completion of the meeting, the Chairman has announced to the shareholders to return the voting card to the Company's staffs for keeping as the evidence.

After the Shareholders' Meeting

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

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

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

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

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

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be not less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

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

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

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

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

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

- **Getting profit**

The Company pays back to shareholders in the form of dividends. (Details of dividend payment are shown in the Section 1, Business Operations and Operating Performance in the topic "1.6 Dividend Policy").

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

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each ordinary share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy in both Thai & English to facilitate the shareholders. In the 2021 Annual General Meeting of Shareholders, which held on April 27, 2021 were 27 proxies to the Company's independent directors. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived. In addition, the Company set criteria about Inside Information Monitoring of which details is shown in the topic "6. Corporate Governance Policy" under the subject "6.1.2 Policy and Guidelines Related to Shareholder and Stakeholder".

3. Roles of Stakeholders

The Company is aware of the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession and realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website (www.samtel.com).

4. Disclosure and Transparency

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

- To submit the financial report and the Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission Thailand ("SEC") within the specified timeframe. The financial report did not have any transactions where the auditor opined with qualified, the financial statement has also never been revised under the order of the SET and SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter, the Company has been published the Management Discussion and Analysis (MD&A) every quarter on the Company's website and via SET's Communication system.
- Criteria on provision of remuneration to the directors and the managements have been clearly disclosed. For more details, please see in the topic "6. Corporate Governance Policy" under the subject "6.1.1 Policy and Guidelines for the Board".

- Shareholding information of the directors and the managements has been disclosed in the Annual Registration Statement / Annual Report (Form 56-1 One Report). In addition, the Company has a policy requiring the directors and the managements to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company Secretary's unit shall coordinate on submission of such report to SET and SEC. Moreover, it is also specified that any change of such securities holding of the directors and the managements shall be reported to the Board of Directors' meeting every time.

The 2021 securities holding information of the directors and the managements were as follows:

Number of ordinary shares held in the Company (Shares)

Director / Executive	31/12/2020	Acquisition in 2021 Buy via SET	Disposition in 2021	31/12/2021	Increase (Decrease)
1. General Sumpun Boonyanun Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
2. Mr. Vichai Pokasamrit Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
3. Miss Rapeepan Luangaramrut Spouse and minor children	- -	- -	- -	- -	- -
4. Mr. Sirichai Rasameechan Spouse and minor children	150,000 -	- -	- -	150,000 -	- -
5. Mr. Kajornvut Tayanukorn Spouse and minor children	500,000 -	- -	- -	500,000 -	- -
6. Mr. Charoenrath Vilailuck Spouse and minor children	2,854,600 -	- -	- -	2,854,600 -	- -
7. Mr. Watchai Vilailuck Spouse and minor children	1,650,010 -	- -	- -	1,650,010 -	- -
8. Mr. Thananan Vilailuck Spouse and minor children	50,000 -	- -	- -	50,000 -	- -
9. Mr. Jong Diloksombat Spouse and minor children	400,000 -	- -	- -	400,000 -	- -
10. Miss Chotika Kamloonwesaruch Spouse and minor children	140,000 -	- -	- -	140,000 -	- -
11. Mr. Suchart Duangthawee Spouse and minor children	466,000 -	- -	- -	466,000 -	- -
12. Mr. Dhilokpat Nisamaneevong Spouse and minor children	15,000 -	- -	- -	15,000 -	- -
13. Miss Sirichan Phiraprawit Spouse and minor children	- -	- -	- -	- -	- -

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest (see more details in the topic "9. Internal Control and Connection Transactions" under the subject "9.2 Connected Transactions").

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

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

The Company were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website (www.samtel.com), press release and the Company's Annual Registration Statement / Annual Report (Form 56-1 One Report) as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has supervised to ensure that any person involved in the preparation and disclosure of any information of the Company has relevant knowledge, appropriate skills and experience needed for their responsibilities, and sufficient resources as well as ensure that the Company's disclosures are transparency and strictly complied by laws, the Company's and any related regulations. The Board has major concerned on transparency and disclosure in the following area:

- **Information Disclosure Policy**

The Company appreciates on management and business operations in accordance with the principles of good corporate governance. In order to ensure that the information disclosure is accurate, complete transparency and equal, complied with laws and the relevant regulations. Therefore, the Company has established information disclosure policy to be a guideline for directors and employees as follows:

1. Information disclosure in both financial and non-financial should be accurate, complete, sufficient, reliable and on time to ensure that shareholders and stakeholders of the Company receive the information equally.
2. Information disclosure of the Company must be prepared carefully, clearly, accurately and transparently.
3. Be careful to disclose important information that affects the price or value of the Company's securities and complying with the regulations and announcement of the SET.
4. Clearly appoint a responsible person to disclose the Company's information to public.

The persons who have the right to disclose important information not yet disclosed to the public are as follows:

1. Executive Chairman
2. Chief Executive Officer (CEO) or President
3. Manager of Investor Relation of the Company
4. Authorized person from Executive Chairman or Chief Executive Officer or President

Those who do not relevant or assigned duties cannot provide information or interview to the media or public about the Company's business.

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

- Annual Registration Statement / Annual Report (Form 56-1 One Report)

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

- Company's website

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

- Investors Relation

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

The investor relations ethics

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

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

Meetings with investors and analysis in 2021 were summarized as follows:

- One on One Meeting with Analysis & Meeting and Road Show 8 Times
- Announcement of Company's Performance and Image 16 Times

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

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

The remuneration of the Board of Directors and the Managements has been disclosed in the Company's Annual Registration Statement / Annual Report (Form 56-1 One Report). See details in the topic "8. Report on the Significant Activities on Corporate Governance" under the subject "8.1.2 Meeting attendance and remuneration payment to each Board member".

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's Annual Registration Statement / Annual Report (Form 56-1 One Report). They consider financial information consistent with strategies and core policies. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Registration Statement / Annual Report (Form 56-1 One 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 Registration Statement / Annual Report (Form 56-1 One Report).

5. Conflicts of Interest

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

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

If the conflict of interest is happened, the Audit Committee will consider and propose to inform the Board of Directors about conflict of interest and connected transaction. The Board of Directors should consider carefully and comply with the Securities and Exchange Act. Despite price and condition will be accounted like an outsider (Arm's Length Basis) and disclosed the detail, size, partner of contract, and reason in the Annual Registration Statement / Annual Report (Form 56-1 One Report) as well as notes to financial statements for consideration of connected transaction. The directors who may have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting.

6. Inside Information Control

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. In addition, the Company sets as policy that all employees shall acknowledge and sign the agreement of non-disclosure confidential information, non-offence of computer related and non-infringement of intellectual property. New employee shall sign this agreement together with employment contract. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price and derivatives is prohibited. To ensure that the policy is acknowledged and complied, the Company will notify the all-year schedule of such periods in advance to all directors and management. The Directors and management had been informed on their duties and punishment to disclose report to the SEC on each person holding securities and derivatives as well as the holding and changes to the holding of their spouse, cohabiting couple and minor children within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. The report shall include the holding of securities and derivatives by a juristic person whose shares exceeding thirty percent of the total voting rights held by the aforementioned persons, including the spouse or cohabiting couple, and minor children of such persons. Any change in securities and derivatives holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and management in every meeting of the Board of Directors. In case that any director or management violate the regulations, the warning notice will be made to that director or management to avoid re-misconduct.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Registration Statement / Annual Report (Form 56-1 One Report).

General practices for conflict of interest protection have been set not only in the Company's Business Ethics. 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.

7. 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

1. The Board of Directors is responsible for specifying the anti-corruption policy.
2. 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.
3. The Executive Committee and Management are responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

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 which the directors, executives and employees of the company, its subsidiaries and associated companies must strictly adherence 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:

- 3.1 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.

3.2 Receiving or giving present and the memento:

- Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company's regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.
- Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one's duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
- Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
- If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.

3.3 Transactions with the government sector:

- Conduct properly and honestly when in contact with government officials or agencies.
- Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
- Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

The Company's anti-corruption policies are disclosed on the Company website. (www.samtel.com)

Guidelines to perform of anti-corruption

1. The process of risk assessment and risk management.

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

2. Protection

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

3. Training and Communication

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

4. Reporting Channels

In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of Company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the Company to the Internal Audit Department by direct mail or E-mail as informed at the Company's website (www.samtel.com). The Internal Audit Department will inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant". The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

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

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

Penalties

For any actions that violate this policy whether directly or indirectly will be considered disciplinary in accordance with the rules set by the company including legal penalties, If it is a violation of the law as well.

8. Suggestions and complaints

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 and transparently. The Company provides channels for all stakeholders to send suggestions and complaints that is beneficial to the Company. Those channels consist of direct mail or E-mail as informed at the Company's website (www.samtel.com) under "**Contact Us**" with the following details:

Mailing Address: **Internal Audit Department**
 Samart Telcoms Public Company Limited
 99/15 Moo 4, Software Park, 21st Fl., Chaengwattana Rd.,
 Klong Gluar, Park-kred, Nontaburi 11120.

or E-mail address: Somchai.B@samtel.com

The Internal Audit Department will collect the suggestion and complain, then, inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant"

9. Procedures and methods on "Notifying the information on misconduct and the protection of the informant"

The Company adheres to good corporate governance principles and encourages its stakeholders to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws, corruption or any action which might cause damages to the Company including rights violation. If such action is found, the stakeholders can notify the clue on misconduct behavior to the Company by sending information and/or document and/or concerned evidence (as the Company's form to notify the information on misconduct) to Internal Audit Department. If the name and surname of the informant is specified, it will be more beneficial to the Company for convenience on enquiry and/or contact for more information.

The process of information inspection and analysis.

The Internal Audit Department is responsible for preliminary investigation of offenses, both from documentary witness and witness. If misconduct is happened, they will propose the matter to the Executive Chairman for consideration and setting up an investigation committee.

The investigation committee consists of supervisor or representative from Internal Audit Department, Legal Department, Human Resources Department, and the original affiliation, responsible for investigating the facts, including collecting all evidences in order to know details of the damage and impact to the Company.

The investigation committee will propose the results of the investigation to the Executive Chairman to consider and proceed and then the Internal Audit Department will propose the matter to the Audit Committee for acknowledgement, respectively.

The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

6.2 Business code of conduct

The Company is conducting the business with great awareness in ethical and moral issues. The handbook concerning business ethics for all members of the Board of Directors, managerial team and our employees has been provided in both Thai and English since 2005 as a guideline to continue his/her duty with honesty, integrity, morality, and of course, highest quality. It also reminds the Company to bring fair treatment in accordance with legal restrictions, to maximize shareholder value, and to prevent plausible conflicts of interest. The Business Ethics had also been posted on the Company's website for information of the Company's employees and for public acknowledgement. The Business Ethics will be annually revised. The latest revision has been reviewed by the Board of Directors of the Company on February 24, 2022,

The Business Ethics of the Company covers as detail below:

1. Conflicts of Interest
2. Responsibilities to shareholder
3. Employee policies
4. Policies on the safety of life and health of employees
5. Customer policies
6. Trade partners policies
7. Creditor policies
8. Counterpart/Competitor policies
9. Anti-corruption policy
10. Money Laundering policy
11. Tax policy
12. Sustainability Development Policy
13. Human Rights policy
14. Operating policy on non-infringement of intellectual property or copyright
15. Suggestions and complaints
16. Procedures and methods on "Notifying the information on misconduct and The protection of the informant"

The Company are disclosed the Corporate Governance Policy and Business Ethics on the Company's website www.samtel.com.

Monitoring on Business Ethics

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

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

Moreover, the Company also has one more channel to receive the misconduct information or complaint or opinion on violation of law or ethics including on the behavior which may lead to the corruption or inequality treatment, the details on procedures and methods on informing such information, as well as the protection of the informant can be found in the topic of "6. Corporate Government" under the subject "6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders".

According to regulation of the adequacy evaluation of internal control and comply with Corporate Governance of the Company. The Company provided Business Ethics assessment for management to evaluate their practice of business ethics and report to Audit Committee. From the assessment, evaluated in the above areas, has an **excellent** average score of 100%.

6.3 Milestone Development on the Corporate Governance Policy, Guidelines and System During the Year

6.3.1 The information on material changes and developments related to the review on the policy

The Board of Directors has reviewed the corporate governance policy, business ethics, and the committee's charter, annually, at least 1 time per year. In 2021, the Company used the Corporate Governance Code 2017 (CG Code) of the Securities and Exchange Commission (SEC) to apply with the Company's business context, appropriately. Moreover, the Company has performed according to Corporate Governance Report of Thai Listed Companies 2021 (CGR) of Thai Institute of Directors (IOD) and Quality on Arrangement of Annual Meeting of shareholders (AGM Checklist) of Thai Investors Association (TIA), accordingly.

In 2021, the Board of Directors' meeting No. 5/2021, which held on November 9, 2021 has considered and reviewed the application of the Corporate Governance Code (CG Code), including the Business Ethics amended. The major issues amended are:

1. Amended in the topic "Human Rights Policy" to according with the Universal Declaration of Human Right (UDHR);
2. Amended in the topic "Sustainability Development Policy" subject "the responsibility to the environment" in accordance with the Company's business context.

The Board of Directors' meeting No. 1/2022, which held on February 24, 2022 has approved the amendment of the Sustainable Development Policy. By adopting the United Nations Sustainable Development Goals: (UN SDGs) as a framework for corporate sustainability development covering economic, social and environment under good corporate governance by consideration of important sustainability issue with all stakeholder.

6.3.2 CG Code practices that the Company still has not applied

In 2021, the Board of Directors' meeting No. 5/2021, which held on November 9, 2021 has considered the application of the 8 practices Corporate Governance Code (CG Code) to apply with the Company's business context, appropriate. However, the practices that are not suitable for the Company's business operations, the Board of Directors has assigned to the Corporate Governance Committee to consider annually and propose appropriate replacement measures, respectively.

In 2021, the Company's complied with CG principles, but did not cover the criteria under the CG Code which can be described as follows:

Section II: Equity Treatment of Shareholders

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

Section III: Consideration of the stakeholders' roles

The Company has not yet prepared social responsibility reports in accordance with the framework of the Global Reporting Initiative (GRI). However, the Company has prepared sustainability report as part of the Annual Registration Statement / Annual Report (Form 56-1 One Report) in the topic "3. Driving Business for Sustainability".

Section V: Roles and Responsibilities of the Board of Directors

1. The Company did not establish a policy to set a limit that an individual executive director can hold director position in not more than 2 others listed companies and outside business group, but the Company has established a policy which specified that an individual director shall not hold director position in more than 5 listed companies. In addition, the Company has established the policy which stated that before any top executive holds the director position in other company, he/she shall notify the Executive Board for consideration and approval. In addition, he/she shall not be the director in the Company which engages in the same business with the Company or the Company which has competitive nature against the Company. The Nomination and Compensation Committee shall consider on appointment of the nominee for the directorship of the Company by taking into account the knowledge, capability and adequate time such person can devote to perform responsibilities for the Company;

2. The portion of the Company's Independent Directors who are the members of the Board is 44.44%, which is less than the number of more than 50% as per specified in the Principles of Good Corporate Governance. At the same time, portion of the Non-Executive Directors who are the members of the Board is 55.56% which is less than the number of 66% as per specified in the Principles of Good Corporate Governance;
3. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition Anti-Corruption Scheme (CAC). However, the Company has joined the Partnership Against Corruption for Thailand (PACT) to attend the training courses and gather recommendation on anti-corruption procedures.

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

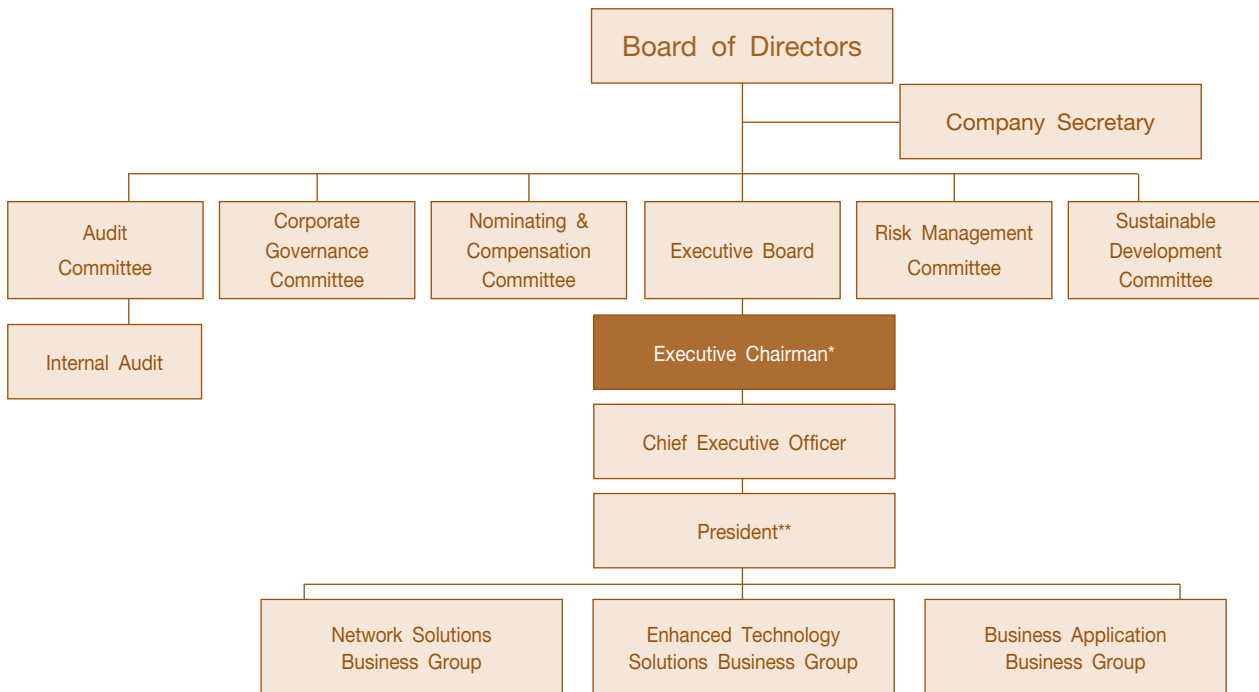
The Company conducts the business in comply with the Corporate Governance Code 2017 (CG Code) of The Securities and Exchange Commission (SEC) including according to Corporate Governance Report of Thai Listed Companies 2021 (CGR) of the Thai Institute of Directors (IOD) and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association.

7. Corporate Governance Structure and Significant Information about the Board of Directors, the Committees, the Management, Employees and Others

7.1 Corporate Governance Structure

The Company's management structure comprised of 7 Committees, Board of Directors, Audit Committee, Corporate Governance Committee, Nominating & Compensation Committee, Executive Board, Risk Management Committee and Sustainable Development Committee. The organization chart and management of the Company as at December 31, 2021 are as the follows:

Organization Chart



Remarks: * Executive Chairman is the highest executive of the Company;

** Chief Financial Officer (CFO) and Assistant Vice President - Accounting are under President.

7.2 Information on the Board of Directors

7.2.1 Composition of the Board of Directors

1. The Board of Directors shall have the number as specified by the shareholders' meeting not more than 5 persons and not less than one half of the total number of directors shall have residence within the Kingdom.
2. The Board of Directors must be at least one-third of independent director out of total number of directors, and at least 3 persons.
3. The Board of Directors may elect one of the directors as chairman. When considering appropriate, the Board of Directors may elect one or many directors to be vice chairman(s).

The current structure of the Board of Directors of the Company consists of:

- 4 Independent Directors (equal to 44.44% of the Board of Directors)
- 4 Executive Directors
- 1 Non-Executive Director

Each director has experience knowledge and expertise from various fields as follows:

Directors	Expertise
1. General Sumpun Boonyanun	Management of Large Organizations
2. Mr. Vichai Pokasamrit	Financial and Budget
3. Miss Rapeepan Luangaramrut	Business Management
4. Mr. Sirichai Rasameechan	Financial Accounting and Organization Management
5. Mr. Kajornvut Tayanukorn	Business Management and Technology Information
6. Mr. Charoenrath Vilailuck	Electrical Engineering, Telecommunication and Business Management
7. Mr. Watchai Vilailuck	Accounting, Management and Telecommunication
8. Mr. Thananan Vilailuck	Industrial Engineering, ICT and ICT Business Management
9. Mr. Jong Diloksombat	Electrical Engineering and Management of Large Organizations

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

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

7.2.2 Board of Directors and the Controlling Person

Board of Directors as of December 31, 2021 consists of 9 Directors:

Name	Position	Date of Appointment	Term of Directorship (Year/Month)
1. General Sumpun Boonyanun	Chairman / Independent Director / Audit Committee Member / Chairman of the Nominating & Compensation Committee	April 2008	13-8
2. Mr. Vichai Pokasamrit	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating & Compensation Committee Member	April 2011	10-8
3. Miss Rapeepan Luangaramrut	Independent Director / Audit Committee Member / Nominating & Compensation Committee Member / Corporate Governance Committee Member	April 2008	13-8
4. Mr. Sirichai Rasameechan	Independent Director / Corporate Governance Committee Member / Nominating & Compensation Committee Member	July 1998	23-6
5. Mr. Kajornvut Tayanukorn **	Director / Corporate Governance Committee Member	April 2004	17-8
6. Mr. Charoenrath Vilailuck *	Executive Director / Risk Management Committee Member	July 1996	25-5

Name	Position	Date of Appointment	Term of Directorship (Year/Month)
7. Mr. Watchai Vilailuck *	Executive Director / Executive Chairman / Chief Executive Officer / Chairman of the Risk Management Committee	July 1996	25-5
8. Mr. Thananan Vilailuck *	Executive Director / Risk Management Committee Member	April 2016	5-8
9. Mr. Jong Diloksombat *	Executive Director / President / Risk Management Committee Member / Corporate Governance Committee Member / Chairman of the Sustainable Development Committee	January 2012	9-11

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

** Representative director and employee from Bangkok Bank Public Company Limited a major shareholder holds shares directly and indirectly in the Company with 11.83% and has retired from Bangkok Bank Public Company Limited with effect from January 1, 2022 onwards;

Further details of Directors are shown in “Attachment 1 Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary” which is publish on the Company’s website www.samtel.com.

Restriction of Power of the Directors

“General Sumpun Boonyanun or Mr. Charoenrath Vilailuck or Mr. Watchai Vilailuck or Mr. Jong Diloksombat, totaling two persons jointly signs and affix the Company’s seal”

Qualifications of Director

1. Have qualifications and not being under any of the prohibitions under the Public Company Act B.E. 2535 (including amendments) or other relevant laws as well as not lacking trustworthiness in accordance with the announcement of the Securities and Exchange Commission (the SEC), including the Company’s Articles of Association;
2. Not undertaking any business, being a partner or a shareholder of other juristic persons of the same nature and in competition with the Company’s business whether doing it for the benefit of itself or others, except for the notification to the shareholders’ meeting before the appointment;
3. 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. Director must have responsibility, carefulness, and integrity, and operate with business ethic;
6. Having sufficient time for fully participated as a Director of the Company.

Terms of positions

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

7.2.3 Authorities, Duties and Responsibilities of the Board

The Board of Directors represents all shareholders. They are responsible for setting the company's important policies and strategies. Hence, to ensure that the management has implemented policies and strategies. The Board of directors shall perform their duties responsibly, carefully, and honestly which will create maximize benefits for the Company and all stakeholders based on corporate responsibility. Therefore, the Company has formulated the Board of Directors Charter to guideline for the performance of the Board of Directors. The Board of Directors Charter consists of the following main topics as follows; 1) Composition 2) Qualification of directors 3) Qualification of Independent Director 4) Authorities, Roles and Responsibilities of the Board of Directors 5) Roles and Responsibilities of the Chairman of the Board of Directors 6) Terms of positions 7) Meeting 8) Remuneration for Directors 9) Board Self-Assessment and Director Self-Assessment and 10) Reporting. The Company has disclosed the Board of Directors Charter on the Company's website www.samtel.com under the topic "Corporate Governance" and in the Annual Registration Statement / Annual Report 2021 (Form 56-1 One Report) in the topic "Attachment 5 Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees".

Roles and Responsibilities of Directors

1. Conduct business with responsibility, due care, and integrity, and ensure the Company's operations in accordance with the law, objectives, Articles of Association of the Company as well as the resolution of the Board of Directors' and shareholders' meeting to protect the rights and interests of the Company and 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. Set and review Company's vision, mission, and strategy by prioritize and promote appropriate and safe innovation and technology to increase business opportunities, and ensure effective communication throughout the Company in order to drive the business in the same direction;
4. Approve annual budget and investment of the Company and ensure proper resource allocation and effective systems and controls as well as monitor the implementation of the Company's strategies and plans;
5. Appoint directors to replace of those who retire by rotation as well as consider the remuneration package for directors and committee members proposed by the Nominating and Compensation Committee for further consideration of the shareholders' meeting. The Board of Directors also consider the appointment of directors in case of vacancy due to any reason other than the expiration of the term unless the remaining term of office of the director is less than 2 months. The replacing director shall hold office only for the remaining term of the replaced director;
6. Appoint committees to oversee administrative process and internal system to be in accordance with the specified policy and approve the charters of all committees;
7. Appoint and define its roles and responsibilities as well as ensure that Executive Chairman perform its duties as assigned;
8. Appoint and define its roles and responsibilities as well as ensure that Company Secretary perform its duties as assigned;
9. Approve policy, structure, criteria of remuneration for directors, committees, Executive Chairman, top management, management and employees as well as propose remuneration for directors and committees for further approval from the shareholders' meeting;
10. Prepare quarterly and annual financial statements to disclose or propose to the shareholders' meeting for approval, as the case may be, as well as supervise to disclose the important information accurately, sufficiently and on time to comply with the relevant rules and regulations;
11. Nominate appropriated persons with remuneration, which are proposed by Audit Committee, prior to propose for further consideration and approval of shareholders for the appointment of the Company's auditors;

12. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management;
13. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders;
14. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director should immediately inform his/her or related parties' personal interest to the Company;
15. Supervise to ensure that development and succession plans for Executive Chairman and key executives are in place;
16. Encourage and promote innovation and meet social and environmental responsibilities.
17. Approve interim dividend payment to the Company's shareholders and report the interim dividend payment in the next shareholders' meeting.
18. Approve the acquisition or disposal of the Company's assets according to the rules of the Capital Market Supervisory Board.
19. Approve the connected transactions of the Company according to the rules of the Capital Market Supervisory Board.
20. Organize an annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
21. Continuously monitor performance of the Company and subsidiaries to comply with the operation plans and budgets of the Company.
22. Supervise subsidiary and affiliate to comply with the Company's policy.

The Company conducted business and manage the Company's operation ethically and transparently with honesty and due care for the benefit of shareholders and all stakeholders. The Board of Directors has provided the Ethics manual for the Company's directors and executives to adhere as their practical guidelines and posted on the Company's website www.samtel.com under the topic "Corporate Governance".

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 authority between the Board of Directors and Management

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company is now improving such policies and operating guidelines to make them more appropriated with the current situation. Therefore, the latest policies and operating guidelines on delegation of authorizes has been approved from the Executive Meeting No. 7/2020 on July 16, 2020 effective on September 1, 2020 onwards.

Roles and Responsibilities of the Chairman of the Board

1. Oversee, monitor, and ensure that the Board of Directors efficiently carries out its duties to achieve the Company's objectives;
2. Ensure that all directors contribute to the Company's ethical culture and good corporate governance;
3. Set the board meeting agenda by discussing with the Executive Chairman and/or President which important matters should be included;
4. Allocate sufficient time for management to propose topics, and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the Company;
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

Roles and Responsibilities of the Executive Chairman

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee;
4. Entering into any transaction bidding the Company conforming with the Company's Delegation of Authorities;
5. Carry out any assignment from the Board of Directors and/or the Shareholders of the Company.

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

7.3 Information on Committees

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

1) **Audit Committee** as of December 31, 2021 consists of 3 members:

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

Audit Committee comprise of no less than 3 members, and the Audit Committee member number 1. has knowledge and experience to review creditability of the financial reports. Details of Audit Committee are shown in "Attachmenet 1 Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary" which is publish on the Company's website www.samtel.com.

Qualifications of the Audit Committee

1. The Audit Committee members shall be appointed by the Board of Directors and/or the Company's shareholders;
2. All members of the Audit Committee should be Independent Directors with the qualifications as specified in the announcement of the Securities and Exchange Commission Capital Market Supervisory Board and the Stock Exchange of Thailand (the SET);
3. Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiaries, associate company, same-level subsidiaries, major shareholder or controlling person of the Company;
4. Not being a director of parent company, subsidiaries, and same-level subsidiaries which is a listed Company;
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members;

6. At least 1 member of the Audit Committee shall have sufficient knowledge and experience in accounting and finance to review the reliability of financial statement, the Company has to define in the Annual Registration Statement / Annual Report (Form 56-1 One Report) for name of the Audit Committee member who has that qualification, and has to define his/her qualification in the certification of the Audit Committee profile that should be sent to the SET.

Terms of positions

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

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy with adequate, reliable and timely disclosure;
2. Review the Company's internal control, and internal audit systems to ensure that they are suitable and efficient, and consider the independence of internal audit unit, as well as to propose the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of internal audit;
3. Consider and approve the manpower and necessary resources for working process of the internal audit unit, approve the annual audit plan including significant changes in the audit plan;
4. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
5. Propose for consideration and approval of the Board of Directors and Shareholders' meeting on the appointment, termination of the external auditor and also propose its remuneration for further consideration;
6. Arrange meeting with auditors without the management of the Company at least once a year;
7. Review the connected transactions or the transactions that may lead to conflicts of interests to comply with the Securities and Exchange Act, and the regulations of the SET and the SEC, including the related laws which are effectively with the Company and/or the Company's business to ensure that the transactions are reasonable with the highest benefit of the Company;
8. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET;
9. Review the scope of authorities, roles and responsibilities of the Audit Committee in accordance with the situation;
10. Audit and investigate concerned persons in order to gain the clearly information within the scope of authority;
11. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses;
12. Perform any other activities as assigned by the Board of Directors.

In 2021, the Audit Committee held 4 meetings and duly reported its findings to the Board of Directors. In addition, it participated in quarterly audits along with the external auditor and the Chief Financial Officer (CFO).

The Audit Committee disclosed its annual performance in the Report of the Audit Committee.

2) Executive Board as of December 31, 2021 consists of 7 members:

- | | | | |
|----|-----------------|-----------------|--|
| 1. | Mr. Watchai | Vilailuck | Executive Chairman / Chief Executive Officer |
| 2. | Mr. Charoenrath | Vilailuck | Member |
| 3. | Mr. Thananan | Vilailuck | Member |
| 4. | Mr. Jong | Diloksombat | Member |
| 5. | Miss Chotika | Kamloonwesaruch | Member |
| 6. | Mr. Suchart | Duangthawee | Member |
| 7. | Mr. Dhilokpat | Nisamaneevong | Member |
| | Mr. Somchai | Bunsupaporn | Secretary |

Terms of positions

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

Roles and Responsibilities of the Executive Board

1. Set and review Company's vision, mission, 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. Supervise the subsidiary and associated companies to be in accordance with the Company policy including review and monitor the operating performance of the Company and subsidiaries to achieve the goal;
3. Monitor, audit and set the management policies for efficiency and productivities as well as to conform with the instruction of the Board of Directors;
4. Consider and approve annual budget and investment of the Company for further approval of the Board of Directors;
5. Determine policy, structure, criteria for remuneration of employees and management together with the Executive Chairman and propose to the Nominating and Compensation Committee for consideration prior to further approval from the Board of Directors;
6. Consider and appoint qualified persons as senior management and report to the Board of Directors for acknowledgment;
7. Consider entering into any transactions binding the Company within its authorities under the Company's Delegation of Authorities;
8. Report the significant performance of the Executive Board to the Board of Directors on a regular basis;
9. Review the roles and responsibilities of the Executive Board in accordance with the situation;
10. Perform any other activities as assigned by the Board of Directors.

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

Roles and Responsibilities of the Executive Chairman

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee;
4. Entering into any transaction biding the Company conforming to the Company's Delegation of Authorities;
5. Carry out any assignment from the Board of Directors and/or the Shareholders of the Company.

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

In 2021, the Executive Board held 12 meetings, with all members at the time in attendance.

The Executive Board disclosed its annual performance in the Report of the Executive Board.

3) Corporate Governance Committee as of December 31, 2021 consists of 5 members:

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

Terms of positions

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

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and committees' activities as well as management and employees of the Company to strictly comply with law and related regulations;
2. Establish corporate governance policy including social responsibility and anti-corruption;
3. Establish and review the Company's significant procedures and practices to comply with the good corporate governance policy;
4. Formulate and review the Company's rules concerning good corporate governance;
5. Provide suggestions relevant to ethical practices to the Board, management and employees of the Company;
6. Yield continuity and appropriate regulations in carry out good corporate governance;
7. Review the roles and responsibilities of the Corporate Governance Committee in accordance with the situation;
8. Report to the Board the recommendations for improvement on the Corporate Governance of the Company as appropriate;
9. Perform any other activities as assigned by the Board of Directors.

In 2021, the Corporate Governance Committee held 3 meetings, with all members at the time in attendance.

The Corporate Governance Committee disclosed its annual performance in the Report of the Corporate Governance Committee.

4) Nominating & Compensation Committee as of December 31, 2021 consists of 4 members:

- | | | |
|----|----------------------------|---|
| 1. | General Sumpun Boonyanun | Chairman of the Nominating & Compensation Committee
(Independent Director) |
| 2. | Mr. Vichai Pokasamrit | Member (Independent Director) |
| 3. | Miss Rapeepan Luangaramrut | Member (Independent Director) |
| 4. | Mr. Sirichai Rasameechan | Member (Independent Director) |
| | Mr. Somchai Bunsupaporn | Secretary |

Terms of positions

One-third of the Nominating & Compensation Committee, who have been longest in office, shall retire by rotation every year. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating & Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates propose to the Board of Directors for appointment.

Roles and Responsibilities of the Nominating & Compensation Committee

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Boards and Board members proposed to the Board of Directors for consideration and/or further approval of the shareholders when those positions are vacant due to termination of terms or other reasons;
2. Recruit, select, and nominate appropriate candidates for members of the Committees, Executive Chairman, and Company Secretary proposed to the Board of Directors for consideration when such position is vacant as well as propose criteria for selecting candidates of top management and senior management for the succession plan;
3. Determine and review qualification, criteria and procedures for nomination of directors, committees, Chief Executive Officer, top management and Company Secretary to propose for approval from the Board of Directors' meeting;
4. Determine policy, structure and criteria for remuneration, whether in cash, securities or otherwise, of directors, committees, Executive Chairman, senior management, management and employees in accordance with the Company's strategy, goal and operating results as well as market conditions to propose for further approval from the Board of Directors;
5. Review the roles and responsibilities of the Nominating and Compensation Committee in accordance with the situation;
6. Perform any other activities as assigned by the Board of Directors.

In 2021, the Nominating & Compensation Committee held 3 meetings, with all members at the time in attendance.

The Nominating & Compensation Committee disclosed its annual performance in the Report of the Nominating & Compensation Committee.

5) Risk Management Committee as of December 31, 2021 consists of 4 members:

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

Risk Management Working Group

1.	Mr. Jong	Diloksombat	Head of the Risk Management Working Group
2.	Miss Chotika	Kamloonwesaruch	Member
3.	Mr. Suchart	Duangthawee	Member
4.	Mr. Apichart	Sirisalipochana	Member
5.	Mr. Dhilokpat	Nisamaneevong	Member
6.	Mr. Anupong	Saowamas	Member
7.	Mr. Senee	Somma	Member
8.	Mrs. Nisachol	Udomwongwiwat	Member
9.	Korn	Vajanapoom, Ph.D.	Member
10.	Mr. Danaisak	Khonsue	Member
11.	Miss Sirichan	Phiraprawit	Member

Remark: The scope of working group's authority to be as the Risk Management Committee assignment.

Terms of positions

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

Roles and Responsibilities of the Risk Management Committee

1. Establish clear business objectives, identify, analyze, assess significant risks and formulate risk strategies, also risk appetite;
2. Develop risk management policy and propose for consideration and approval of the Board of Directors to be used as practices in the areas for which they are accountable. However, it must be covered risks at least 4 topics as follow:
 - 1) Financial Risk
 - 2) Operational Risk
 - 3) Strategic Risk
 - 4) Compliance Risk
3. Ensure that the above standards and practices are fully communicated to and have active support of all employees, continuously;
4. Review the scope of roles and responsibilities of the Risk Management Committee in accordance with the situation;
5. Ensure that the management has regularly, continually and systematically identify, analyze and review risk exposures, which may have to cover all processes of the business;
6. Support and develop to have the management and all employees to continually aware of risk management as well as to ensure the Company's Risk Management Policy is complied to the international standard;
7. Provide professional opinions from external consultants regarding matters to be considered with the Company's expense, if necessary;
8. Perform any other activities as assigned by the Board of Directors.

In 2021, the Risk Management Committee held 3 meetings, with all members at the time in attendance.

The Risk Management Committee disclosed its annual performance in the Report of the Risk Management Committee.

6) **Sustainable Development Committee** as of December 31, 2021 consists of 6 members:

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

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management and/or any qualified candidates propose for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Sustainable Development Committee

1. Set policy, strategy and framework for sustainable development to conform to the Company's operating in economy, social and environment for further approval from the Board of Directors;
2. Encourage and support the Company's activities to achieve the SD policy such as labor and employee management, Employee welfare, employee development, training and promotion, and development of communities and society around the Company's area;
3. Monitor progress of sustainable development activities and evaluate the effectiveness of the implementation of the Company's sustainable development activities;
4. Review the roles and responsibilities of the Sustainable Development Committee in accordance with the situation;
5. Perform any other activities as assigned by the Board of Directors.

In 2021, the Sustainable Development Committee held 3 meetings, with all members at the time in attendance.

The Sustainable Development Committee disclosed its annual performance in the Report of the Sustainable Development Committee.

The Company has disclosed the Committees' Charters on the Company's website www.samtel.com under the topic "Corporate Governance" and in the Annual Registration Statement / Annual Report 2021 (Form 56-1 One Report) in the topic "Attachment 5 Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees".

7.4 Management

7.4.1 Management as of December 31, 2021 consists:

- | | | | |
|----|---------------|-----------------|--|
| 1. | Mr. Watchai | Vilailuck | Executive Chairman & Chief Executive Officer |
| 2. | Mr. Jong | Diloksombat | President and Acting Executive Vice President Network Solutions Business Group |
| 3. | Miss Chotika | Kamloonwesaruch | Executive Vice President Enhanced Technology Solutions Business Group |
| 4. | Mr. Suchart | Duangthavee | Executive Vice President Business Application Business Group |
| 5. | Mr. Dhilokpat | Nisamaneevong | Chief Financial Officer (CFO) |
| 6. | Miss Sirichan | Phiraprawit | Assistant Vice President - Accounting |

Further details of management of the Company are shown in “Attachmenet 1 Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary” which is publish on the Company’s website www.samtel.com.

7.4.2 Remuneration of the Top Management Policy

Annual remuneration and bonus of the top managements shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval. Details of Remuneration of Directors and Management Policy are disclosed under topic “6 Corporate Governance Policy” under the subject “6.1.1 Policy and Guidelines for the Board”.

In 2021, the Board of Directors’ meeting to be in line with the Nominating & Compensation Committee has agreed that the criteria on salary increase for 2022, bonus allocation for 2021 and bonus payment policy for 2022. The policy and criteria for paying shall be in appropriate rate.

7.4.3 Cash & Non-Cash Remuneration of the Executive Board and Management of 2021

Remuneration	Number of Persons ⁽¹⁾	Cash Remuneration (Baht)		
		Company	Subsidiaries	Grand Total
Salary	4	12,706,800	4,233,480	16,940,280
Bonus	4	2,185,775	1,058,370	3,244,145
Provident Fund ⁽²⁾	4	1,018,524	423,348	1,441,872

Remarks: ⁽¹⁾ The figures presented Salary, Bonus and Provident Fund for executives board and management paid by the Company and subsidiaries;

⁽²⁾ Provident fund to executive director and management have been provided by the Company at the rate of 3 - 10 percent of salary related to year of services;

7.5 Information on Employees

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

Company	Number of Employees (Person)		
	2019	2020	2021
1. Samart Telcoms PCL.	122	125	117
2. Samart Communication Services Co., Ltd.	341	275	243
3. Samart Comtech Co., Ltd.	412	301	237
4. Thai Trade Net Co., Ltd.	20	20	19
5. Posnet Co., Ltd.	161	91	79
6. Smartherware Co., Ltd.	62	61	59
7. Samart Infonet Co., Ltd.	22	22	22
8. Samart eD Tech Co., Ltd.	13	12	12
9. Portalnet Co., Ltd.	126	118	114
10. NetService (Thailand) Co., Ltd.	21	22	22
11. Secureinfo Co., Ltd.	16	19	31
Total	1,316	1,066	955

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

Remuneration	Total Amount (Million Baht)		
	2019	2020	2021
Salary ⁽¹⁾	636.07	612.33	557.76
Bonus ⁽¹⁾	103.33	68.60	63.66
Provident Fund ⁽¹⁾	35.35	34.90	32.46
Other remuneration (Over time, special subsidy and commission)	18.37	11.94	5.22

Remark: ⁽¹⁾ The remuneration were excluded the managements of the Company.

Provident Fund

Employees' provident fund which has been registered (the "Fund"), there are 842 employees joining the provident fund out of the total 959 employees who are eligible to participate, representing 88%. Fund Management Bualuang Asset Management has disclosed information in accordance with the Investment Governance Code: I Code.

The Fund has promoted investment by realizing the duty of investment management for the best benefit to the fund members, unitholders (Investors' First), the Company believes that businesses that the Fund invests in, have good corporate governance strategies and responsible for society, environment and good governance. ("ESG"). It will bring good and sustainable returns together with the management company, determine the policy and assign to the fund manager to invest in organizations that have decision-making and follow up closely and actively monitor investment. There is a principle about the investment decisions both quantitative and qualitative analysis, such as, business growth trends, business competition and considering the sustainability of long-term investments by taking social, environment and governance (ESG) factors to involve in making appropriate decisions and established corporate governance criteria for selecting securities to be in the investment portfolio to ensure that the Fund has invested in businesses honestly in accordance with good governance practice. The fund committees has required the fund manager to display a list of currently invested securities by comparing with the list of securities in the SETTHSI index (Thailand Sustainability Investment) of the Stock Exchange of Thailand, in order to know the proportion of securities compared to the list of sustainable stocks that have reported the fund performance.

Human Resources Management and Development Policy

The Company always regards that our employees are the most valuable and crucial fundamental for the company's sustainable success becoming a leading Technology and Digital Innovations company in the competitive industry. The Company practically initiated corporate HRM & HRD policy and build 4 strategic corporate cultures including of Think Ahead, Customer Focus, Team of Professional, and Commit to Excellence applying to all hr procedures emphasizing on analyzing proper manpower planning, increasing performance efficiency and improving working procedure to cope with business working environmental and digital technology change. In addition, especially in the year 2021, the Company has essential company policies, working plans and measures preparing for the situation of the COVID-19 epidemic in order to implement human resource management and development policies and support all business processes to be continued with maximum efficiency and effectiveness to create success and growth of the Company sustainably.

1. Human Resources Management Policy

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

- **Policy for managing the epidemic situation of COVID-19**

To support all lines of business in the Company to operate efficiently and continuously during the COVID-19 epidemic, The Company has formulated various of guidelines, policies and programs for prevention, preparing and supporting businesses to continue business operations including of measures to reduce business risks and matters impacts of the COVID-19 epidemic, supporting working BCP plan (Business Continuous Plan), and technology tools and equipments applied in the process of business such the use of functional applications and / or electronic devices instead and other specific solutions with the highest privileges supporting the current business continuous and the expansion of the business.

- **Manpower planning Policy**

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

- **Recruitment & Selection Policy**

Proactive recruitment approaches have been applied in acquiring capable people at all careers, levels and positions 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, expertise in various careers and human resources department to ensure the process of recruitment & selection the most equitable and best efficiency preparing for company business. Furthermore, the Company has relevantly applied new digital technology connection and social media to support this process being capable people at all levels and leading them to success their owned career at SAMART for company's sustainable success.

- **Performance Management and Development Policy**

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

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

The Company conducts information technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, data accuracy, and decreasing operation cost by applying digital technology to HR procedures by portal services. Furthermore, the Company would fully utilize hris data to support in HRM & HRD Policy decision making for sustainable organization achievement.

- **Compensation & Benefit Policy**

The Company wisely formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout SAMART to determine 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 related businesses as well as strictly complying to labor law and compliance. These might ensure that our employees would be in the appropriate and equitable compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.

- **Employee Relation & Engagement Policy**

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

2. **Human Resources Development Policy**

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees being appropriate to their owned position at all levels for leading them to success their owned career at the Company and also achieving business's needs and preparing staff for domestic and oversea digital 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 owned skill, knowledge, capability through corporate culture and code of conduct according with the Company strategy and operation not only for present day but the future Business.

- **Career Development Policy**

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

- **Employee Training & Development Policy**

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

In-house Training

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

For top and management executives:

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Smart Leader: Taking People with You, Advance Master of Management Program.

For operational staffs:

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional capability related to operational responsibilities and increasing skill of employees for each career and division concerned such as Financial and Accounting Standard courses, Compliance and Law course, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO 9000 standard courses, etc.

For all employees:

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, The Personal Data Protection Act B.E. 2562 (2019), Courses for corporate culture, etc.

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

External 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, 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 2021

Training	Number of course	Number of Participants (Persons)
In-House Training		
- Managements	4	29
- Employees	6	66
Sub-Total	10	95
External Training		
• Samart Telcoms Pcl.		
- Managements	13	30
- Employees	6	11
• Subsidiaries		
- Managements	23	66
- Employees	22	107
Sub-Total	64	214
Online Learning (V-Learn)		
- Managements	465	81
- Employees	1,736	325
Sub-Total	2,201	406
Total	2,275	715

Training Expenses in 2021

In 2021, total expenses concerning the employees' participation in the trainings domestically and online learning of the Company and its subsidiaries were Baht 1,344,159.80. Total employees' training hours were 12,613 hours per year or averagely 13.30 hours/person/year which is meet the standard hours specified by the Department of skill Development which equaled to 6 hours/person/year. Example of training course internally, externally and online learning were as follows:

Internal Training Courses

- The Personal Data Protection Act B.E. 2562 (2019) (PDPA)
- ISO/IEC 20000-1: 2018
- Samart Leader: Taking People with You
- Overview Telecom (Voice Fixed Line)
- Trunk Radio System

External Training Courses

- Advanced Master of Management
- Corporate Sustainability Strategy
- Basic Offshore Safety Induction and Emergency Training
- Future Offshore Emergency Training and Compressed Air Emergency Breathing System
- New Normal: Building Business Resilience in New Normal
- Digital Marketing
- Big Data & Cloud Computing 2021
- Lead Yourself in Digital Age
- The 20th Cyber Defense Initiative Conference 2021

Online Courses

- Sale Course
- Project Management
- Performance Management
- Increasing Performance with Big Data
- Safety, Health and Environment
- ISO 9001: 2015 Requirement
- Personal Data Protection Act
- Financial Analysis
- Presentation Boost Shot

7.6 Other Significant Information

7.6.1 The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting, Company Secretary and Head of Compliance of the Company

The Person Taking The Highest Responsibility in Accounting and Finance

Mr. Dhillokpat Nisamaneevong, Chief Financial Officer (CFO) is a person assigned to the highest responsibility in accounting and finance, which is the qualified person and suitable to be appointed as the person taking the highest responsibility in accounting and finance.

The Person Supervising Accounting

Miss Sirichan Phiraprawit, Assistant Vice President - Accounting is a person assigned to the person supervising accounting, which is the book keeper who has the qualifications and conditions of being a book keeper in accordance with the rule of Department of Business Department.

Company Secretary

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Mr. Somchai Bunsupaporn as the Company Secretary since October 28, 2003.

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

Further details of The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary of the Company are shown in "Attachmenet 1 Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary" which is publish on the Company's website www.samtel.com.

Head of Internal Audit

Mr. Somchai Bunsupaporn, Vice President – Internal Audit is a person assigned to the person head of internal audit of the Company.

Further details are shown in section 2 under the topic "9. Internal Audit and Connect Transactions"and details of Head of Internal Audit is shown in the topic "Attachmenet 3 Details of the Heads of the Internal Audit and Compliance Units" which is publish on the Company's website www.samtel.com.

Head of Compliance of the Company

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

Further details of Company Secretary is shown in "Attachmenet 1 Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary" which is publish on the Company's website www.samtel.com.

7.6.2 Head of Investor Relations and Contact Information

Mr. Dhilokpat Nisamaneevong, Chief Financial Officer (CFO) is a person assigned to the Head of Investor Relations, and can be contacted at Investor Ralations, Tel. 0-2502-6628 or send inquiries through the company's website at www.samtel.com or email Dhilokpat.N@samtel.com.

7.6.3 Remuneration of the Auditors

1. Audit Fee

In 2021, the Company and subsidiaries companies paid audit fee to the Company's auditor, EY Office Limited comprised of following details:

- Audit Fee for accounting period ended December 31, 2021 of the Company was Baht 2,800,000 of which excluded other miscellaneous payment of Baht 45,733 (i.e. auditors' traveling expenses, photo copy expenses etc.).
- Audit Fee for accounting period ended December 31, 2021 of the subsidiaries companies pay to audit firm or other persons of firms that related to the audit firm were Baht 5,130,000 of which excluded other miscellaneous payment of Baht 63,255 (i.e. auditors' traveling expenses, photo expenses etc.).

2. Non-Audit Fee

In 2021, the Company's subsidiaries paid non-audit fee comprised of following details:

- The Company, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the Universal Service Obligation (USO) fee submitted to Office of The National Broadcasting and Telecommunications Commission (NBTC) for the period ended December 31, 2021 at Baht 40,000.
- Samart Infonet Co., Ltd., a 99.62% stake hold by the Company, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the Universal Service Obligation (USO) fee submitted to Office of The National Broadcasting and Telecommunications Commission (NBTC) for the period ended December 31, 2021 at Baht 40,000.

8. Report on the Significant Activities on Corporate Governance

8.1 Summary of Duty Performance of the Board of Directors in the Past Year

8.1.1 Selection, Development and Evaluation of Duty Performance of the Board of Directors

8.1.1.1 Selection and Appointment of Directors and Management

Qualifications of independent directors

1. Holding not more than 0.5 percent of the total number of voting rights of the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person of the Company, including the shares held by related persons of the independent director;
2. Neither being nor used to be an Executive director, employee, staff or advisor who receives a salary; or controlling person of the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of appointment;
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling and child, including spouse of child of other director, executive, major shareholder, controlling persons, or persons to be nominated as a director, executive or controlling person of the Company or subsidiaries;
4. Neither having nor used to have a business relationship with the Company, parent company, subsidiaries, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The aforementioned business relationship is inclusive of any normal business transaction, rental or lease of property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions. These result in the Company or counterparty being liable to indebtedness payable to the other party in the amount from 3% of net tangible assets of the Company or from Baht 20 million, whichever is lower. The amount of indebtedness, included the obligation incurred during 1 year prior to the date of having a business relationship with the same person, is determined by the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis.

5. Neither being nor used to be an auditor of the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, parent company, subsidiaries, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;

6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, parent company, subsidiaries, associate companies, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
7. Not being a director appointed as a representative of directors of the Company, major shareholder or shareholder who is related to the Company's major shareholder;
8. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries;
9. Not having any characteristic which cause the inability to express independent opinions with regard to the Company's business operations.

The Company has policies and guidelines regarding the nomination and appointment of directors, management, and management succession plans. Details are shown in the topic "6. Corporate Governance Policy" under the subject "6.1.1 Policy and Guidelines for the Board".

In 2021, the Board of Directors has Considered and approved the re-appointment of director and sub-committees of the Company as follows:

1. Considered and approved the re-appointment of director as list below to be the Directors of the Company for another term;

1.	Mr. Kajornvut	Tayanukorn	Non-Executive Director
2.	Mr. Watchai	Vilailuck	Executive Director
3.	Mr. Jong	Diloksombat	Executive Director
2. Considered and approved the appointment of the member of committees who has been retired by rotation as follows;
 - Approved the re-appointment of General Sumpun Boonyanun as Nominating and Compensation Committee Member;
 - Approved the re-appointment of all members of the Executive Board;
 - Approved the re-appointment of all members of the Corporate Governance Committee;
 - Approved the re-appointment of all members of the Risk Management Committee;
 - Approved the re-appointment of all members of the Sustainable Development Committee.

8.1.1.2 Development of Directors and Management

Development of Directors

The Company provides orientation for new directors every time on the Board of director positions additional.

In addition to support and increase knowledgeable of directors, the Company also encourages all directors to strengthen their skills and knowledge for performing their duties including knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates and also encouraged directors to attend the seminar in various courses Related to directors which is organized by the Thai Institute of Directors Association (IOD), especially the Director Certification Program (DCP), Director Accreditation Program (DAP) arranged by the Thai Institute of Directors (IOD). Five of the existing directors had joined DCP program and 6 directors joined DAP program. Each year, the Company shall submit the training courses arranged by various institutes to the Committee members for their consideration on attendance pursuant to their needs.

In 2021, the directors have attended the additional training courses as follows:

Directors	Courses
1. Mr. Vichai Pokasamrit	Online seminar on "Preparation for post COVID-19 (once in a hundred-year crisis, opportunity and prospect offered post COVID-19)" by EY Office Limited.
2. Miss Rapeepan Luangaramrut	Rule of Law for Democracy Program, Class 9, College of the Constitutional Court in 2021.
3. Mr. Charoenrath Vilailuck	Rule of Law for Democracy Program, Class 9, College of the Constitutional Court in 2021.

Development of Managements

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

Detail of the Development of Management in 2021 are reported under Section "7. Corporate Governance Structure and Significant Information about on the Board of Directors, the Committees, the Management, Employees and Others" under the subject "7.5 Information on Employees".

8.1.1.3 Evaluation of Duty Performance of the Boad of Directors, Executive Chairman and Company Secretary

1) Board Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Board members to review and evaluate their performance for 2021 as a whole. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 was sent to all directors for assessment. The questionnaire covers the following area:

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

From the assessment which been completed by the Board members, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation at the average score of 98.37%.

2) Directors Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for directors to evaluate their performance of director for 2021 and the assessment results were used to develop the performance of director individually. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 was sent to all directors for assessment. The questionnaire covers the following area:

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

From the assessment which been completed by the Board members individually, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation at the average score of 98.92%.

3) Audit Committee Self-Assessment

In order to make the Audit Committee to be able to evaluate its own performance during the previous year with regards to the compliance with prudent practices and the effectiveness, so the evaluation which covered the following topics has been conducted. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 was sent to all Audit Committee Members for assessment. The questionnaire covers the following area:

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

From the assessment which been completed by 3 Audit Committee Members, the members agreed that the Audit Committee has an **excellent** evaluation at the average score of 98.98%.

4) Committee Self-Assessment

The Corporate Governance Committee has initiated the self-assessment form of committees for 2021 as Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development Committee. Results of the self-assessment of each committee will use to develop working performance of them for more efficiency and to be in line with the responsibilities assigned from the Board of Directors. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 was sent to each committee for assessment. The questionnaire covers the following area:

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

The results from Committee's performance self-assessment for 2021 in all of 4 topics were shown below:

1. The Executive Board has an **excellent** evaluation at the average score of 94.55%.
2. The Corporate Governance Committee has an **excellent** evaluation at the average score of 99.21%.
3. The Nominating & Compensation Committee has an **excellent** evaluation at the average score of 99.06%.
4. The Risk Management Committee has an **excellent** evaluation at the average score of 98.88%.
5. The Sustainable Development Committee has an **excellent** evaluation at the average score of 90.63%.

5) Executive Chairman Assessment

The Corporate Governance Committee has initiated the Assessment for Executive Chairman. The form has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

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

From the assessment which been completed by 8 directors, the directors agreed that the Executive Chairman has an **excellent** evaluation at the average score of 98.52%.

6) Company Secretary Assessment

In order to develop the working efficiency of the Company Secretary, the Company has also been assessed by using the assessment from which has been approved by the Board of Directors in its meeting No. 5/2021 on November 9, 2021 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

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

From the assessment which been completed by 9 directors, the directors agreed that the Company Secretary has an **excellent** evaluation at the average score of 97.54%.

8.1.2 Meeting Attendance and Remuneration Payment to Each Board Member

8.1.2.1 Meeting Attendance

The Board of Directors Meeting

At a meeting of the Board of Directors, the presence of not less than one-half of the total number of directors is required to constitute a quorum. In the event the Chairman is not present or is unable to discharge his duties, the Vice-Chairman, if any, shall serve as a Chairman. If there is no Vice-Chairman or such Vice-Chairman is unable to discharge his duties, the directors present shall elect one of their members as the Chairman of the said meeting.

The Company set a minimum quorum at the time of voting to be at least two-thirds of all directors attending the meeting.

All resolutions of the Board of Directors' meeting shall be passed by the majority vote of the directors presented at the meeting. Each director shall have one vote, however, the director who has interest in any matter cannot exercise the right of such voting. In case of equality votes, the Chairman shall have a casting vote.

The Board of Directors' meeting schedule has been set at least 5 times a year with certain agenda. The annual meeting schedule will be sent to each director by the 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. While the Company's Articles of Association stipulate that the notice should be sent to directors no less than 7 days before the meeting date except in urgent cases. 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.

The average length of the meeting is approximately 2 hours. In 2021, the Board of Directors' meeting, total 5 meetings and the 2021 Annual General Meeting of Shareholder, were as follow:

Directors		The Board of Directors' Meeting (Number of Attendance / Total Number of Meeting)	The 2021 Annual General Meeting of Shareholder (Number of Attendance / Total Number of Meeting)
1. General Sumpun	Boonyanun	5/5	1/1
2. Mr. Vichai	Pokasamrit	5/5	1/1
3. Miss Rapeepan	Luangaramrut	5/5	1/1
4. Mr. Sirichai	Rasameechan	5/5	1/1
5. Mr. Kajornvut	Tayanukorn	5/5	1/1
6. Mr. Charoenrath	Vilailuck	5/5	1/1
7. Mr. Watchai	Vilailuck	5/5	1/1
8. Mr. Thananan	Vilailuck	5/5	1/1
9. Mr. Jong	Diloksombat	4/5 ⁽¹⁾	0/1 ⁽¹⁾

Remark: ⁽¹⁾ Due to important.

In 2021, the Board of Directors considered the following agendas:

- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of 2021 AGM;
- Acknowledged the 2020 Committees' activities;
- Acknowledged assessment result on quality on arrangement of AGM of Shareholder for 2020;
- Acknowledged result on Corporate Governance of Thai Listed Companies for 2020;
- Acknowledged the self-assessment results of the Board and Committees for 2020 and the performance of the Executive Chairman and Company Secretary for 2020 and consider the criteria for self-assessment of the Board and Committees for 2021 and the evaluation of the Executive Chairman and Company Secretary Form for 2021;
- Acknowledged the report a change of such securities holding of the directors and the managements from the previous meeting;
- Acknowledged the report of the audit committee;
- Acknowledged the credit line status and borrowing of Samart Telcoms Public Company Limited Group;
- Considered the Company Operating Performance and Financial Statements for 2020 as well as quarterly performance of 2021;
- Considered the sufficiency of the Company's Internal Control System;
- Considered the related party transactions;
- Considered vision, mission and the Company's 2022 business plan;
- Considered matters concerning to 2021 AGM agenda and provide opinions to shareholders for consideration;
- Considered the dividend payment for year 2020;
- Considered and approved the issuance and allocation of warrants to purchase ordinary shares of Samart Telcoms Pcl. No. 1 ("SAMTEL-W1") in the amount of not exceeding 103,000,000 units to the existing shareholders of the Company according to the shareholding ratio (Rights Offering);
- Considered and approved the decrease of the Company's registered capital by cancelling the Company's unissued registered shares;
- Considered and approved the increase of the Company's registered capital;
- Considered the appointment of the Committees' members to replace of those who retire by rotation;
- Considered the salary increase for 2022, 2021 bonus and bonus policy for 2022;
- Considered the meeting schedule of the Board of Directors for 2022;
- Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance;
- Considered the reviewed and revised the Company's Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees.

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

Committee

In 2021, numbers of each meeting and time attendance of each member were summarized

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

Details of agenda of each committee meetings in 2021 has been disclosed in the Company's Annual Registration Statement / Annual Report (Form 56-1 One Report) under report of the each committee.

Meeting among members of the Non-Executive Directors

In 2021, the non-executive directors has arranged the meeting among only members prior or after to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

8.1.2.1 Remuneration of Directors

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

The Shareholders in the 2021 Annual General Meeting held on April 27, 2021, approved remuneration for Directors of the Company and Committees' members at the amount of not exceeding Baht 6.5 million the same as previous year which consists of meeting allowance and bonus. The meeting allowance for each meeting participated of the Board of Directors and Committees are as follows:

Board of Directors

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

Audit Committee

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

Corporate Governance Committee

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

Nominating & Compensation Committee

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

Cash & Non-Cash Remuneration of Directors and Committees' members of 2021

Directors	Cash Remuneration (Baht)									
	Company								Subsidiaries	Grand Total
	Meeting Allowance ⁽¹⁾					Performance Bonus	Total Cash Remuneration from the Company			
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee	Total Meeting Allowance					
1. General Sumpun Boonyanun Chairman / Independent Director Chairman of the Nominating & Compensation Committee	150,000	60,000	-	60,000	270,000	80,000	350,000	-	350,000	
2. Mr. Vichai Pokasamrit Director / Independent Director Chairman of the Audit Committee Chairman of the Corporate Governance Committee	75,000	120,000	40,000	45,000	280,000	50,000	330,000	-	330,000	
3. Miss Rapeepan Luangaramrut Director / Independent Director	75,000	60,000	30,000	45,000	210,000	50,000	260,000	-	260,000	
4. Mr. Sirichai Rasameechan Director / Independent Director	75,000	-	30,000	45,000	150,000	50,000	200,000	-	200,000	
5. Mr. Kajornvut Tayanukorn Director	75,000	-	30,000	-	105,000	50,000	155,000	-	155,000	
6. Mr. Charoenrath Vilailuck Director	75,000	-	-	-	75,000	50,000	125,000	-	125,000	
7. Mr. Watchai Vilailuck Director	75,000	-	-	-	75,000	50,000	125,000	-	125,000	
8. Mr. Thananan Vilailuck Director	75,000	-	-	-	75,000	50,000	125,000	-	125,000	
9. Mr. Jong Diloksombat Director	60,000	-	30,000	-	90,000	50,000	140,000	-	140,000	
Total	735,000	240,000	160,000	195,000	1,330,000	480,000	1,810,000	-	1,810,000	

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

8.1.3 Supervision of the Subsidiary and the Associated Company

The Board of Directors has defined policy and principle of Supervision of the Subsidiary and the Associated Company to oversee the management and take charge in the operation of subsidiaries and associated companies as well as to protect the benefits of the Company's investment. Detail is shown in the topic "6. Corporate Governance Policy" under the subject "6.1.1 Policy and Guidelines for the Board".

For the past year, the subsidiary and associated company had no case of non-compliance with the supervision of the subsidiary and the associated company policy.

8.1.4 Corporate Governance Policy and Guideline Compliance Control

(1) Prevention of Conflicts of Interest

The Company has defined a conflict of interest policy, in order to the directors, managements and employees to perform their duties to prevention of conflicts of interest in the Company's Business Ethics. Including, the Company disclosed in the topic "6. Corporate Governance Policy" under the subject "6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders". The Company has informed the guidelines for everyone in the organization to adhere to. The Corporate Governance Committee is responsible for monitoring compliance with the rules, regulations, corporate governance policies and the Company's business ethics regularly and strictly.

For the past year, the directors, managements, employees and other related parties had no conflicts of interest with the Company.

(2) Use of inside information for exploitation

The Company sets as policy that all employees shall acknowledge and sign the agreement of non-disclosure confidential information, non-offence of computer related and non-infringement of intellectual property. New employee shall sign this agreement together with employment contact. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price and derivatives is prohibited. To ensure that the policy is acknowledged and complied, the Company will notify the all-year schedule of such periods in advance to all directors and management. Every quarter, the Company has also delivered such notice to directors and management to acknowledge.

In 2021, there is no case of insider trading from the Company's directors or management.

(3) Anti-Corruption

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders which the directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adhere. The Company has declared in the Company's Code of Business Ethics manual for all employees to adhere. Details of Anti-Corruption policy, Guidelines to perform of anti-corruption, penalty and the result of the implementation of such policies were disclosed in the topic "6 Corporate Governance Policy" under the subject "6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders".

In 2021, no employees fraud, just found deflect of non-compliance of the Company's regulations, which have been amended and clarified the correct procedures for employees to acknowledge. Furthermore, no director or executive was found to break the rules or was forced to resign on the ground of violation of corporate governance principles as well as any case which may damage the Company from performing duty within the Company.

(4) Whistleblowing

The Company encourages its stakeholders to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws, corruption or any action which might cause damages to the Company including rights violation. If such action is found, the stakeholders can notify the clue on misconduct behavior to the Company by sending information and/or document and/or concerned evidence (as the Company's form to notify the information on misconduct) to Internal Audit Department. If the name and surname of the informant is specified, it will be more beneficial to the Company for convenience on enquiry and/or contact for more information.

Details of Procedures and methods on "Notifying the information on misconduct and the protection of the informant" has disclosed in the topic "6 Corporate Governance Policy" under the subject "6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders".

8.2 Report on the Results of Duty Performance of the Audit Committee in the Past Year

See details in the topic Report of the Audit Committee on page 12.

8.3 Summary of the Results of Duty Performance of committees**8.3.1 Report of the Executive Board**

See details in the topic Report of the Executive Board on page 6.

8.3.2 Report of the Corporate Governance Committee

See details in the topic Report of the Corporate Governance Committee on page 15.

8.3.3 Report of the Nominating & Compensation Committee

See details in the topic Report of the Nominating & Compensation Committee on page 17.

8.3.4 Report of the Risk Management Committee

See details in the topic Report of the Risk Management Committee on page 14.

8.3.5 Report of the Sustainable Development Committee

See details in the topic Report of the Sustainable Development Committee on page 19.

9. Internal Control and Connected Transactions

9.1 Internal Control

Opinions of the Board of Directors and the Audit Committee about the Company's internal control system

The Company's Board of Directors puts emphasis on internal control system on continued, Special emphasis is placed on the adequacy and appropriateness of the internal control system on all business operation to improve efficiency and effectiveness. The Board of Directors oversees all the internal control systems of the Company by taking into account of good corporate governance. Therefore, the Audit Committee has been delegated to review the assessment of the sufficiency of internal control system, review the transparency and accuracy of financial statement and also review that all business operation are compliance with applicable law and regulation together with the connected transaction and the key issues shall be reported to the Board for further consideration. The internal audit office is responsible for regular audit of business operation in compliance with policies and guideline and reporting to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management and operations of all departments to the annual audit plan which must have been approved by the Audit Committee.

The Company has efficient internal control system and risk management by using the principles and guidelines complying with the internal control and risk management framework which are referred to the international standard of the Committee of Sponsoring Organization of the Treadway Commission (COSO) concept, which relate to business operations and management processes within the Company. In 2021, the Board of Directors evaluated the Company's internal control system as guideline from the Securities and Exchange Commission and found no significant error on the Company's internal control system. The 5 enterprise risk management components are as follows:

1) Control Environment

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

2) Risk Assessment

The Company has set up the Risk Management Committee and applying Enterprise Risk Management (ERM) to assess business risks and introduce preventive/corrective control measures to cope with such risks to comply with new standard of risk management of COSO. (The Committee of Sponsoring Organization of the Tread way Commission) The Company has systematic tools and methods on risk assessment and has prescribed the appropriated criteria in each level, i.e. at organizational and operational level. Qualitative and quantitative assessments have also been conducted by considering from the acceptable risk levels of the organization and from 2 aspects, i.e. impact or damages caused by the incident and risk likelihood to consider risk levels, such as high, middle or low and the methods have been sought to manage those risks. The Company specified that the meeting 3 times a year to evaluate business risks must be arranged on continued basis.

3) Control Activities

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

4) Information System and Data Communication

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

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

5) Monitoring Activities

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

In addition, the Company arranges for the Executive Board Committee meeting every month. To monitor the performance of the company and its subsidiaries In order to comply with the annual strategy and plan.

Conclusion

In the Board of Directors' Meeting No.1/2022 on February 24, 2022 in which all three Independent Audit Committee members attended, concluded that the Company has an effective internal control that suitable for the Company's business and has enough personnel to operate the internal control system effectively. Furthermore, the Company's auditor, Ms. Siriwan Suratepin, an auditor license no. 4604, audited the Company's financial statement for the year ended December 31, 2021 without any comment on the Company's internal control system as significant error.

Internal Audit

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

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

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

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

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

Head of Internal Audit of the Company

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

The Audit Committee deemed that the Head of Internal Audit Unit has suitable qualifications and can effectively perform duties. During 2021, the Head of Internal Audit Unit has performed the following duties:

1. Propose annual audit plan to the audit committee to approve the plan and supervise to have a check Examination of operations in accordance with the plans approved by the audit committee.
2. To control the audit work to ascertain that the Company's performance meet legal requirements, of the Stock Exchange of Thailand or regulations of the relevant government agencies.
3. To give suggestion to the Company's executives and employees on efficient performance.
4. To report important issues concerning internal control systems of the Company which have been found upon audit process.
5. To coordinate, supervise and control on various aspects, such as risk management, code of conducts and etc.
6. Perform other works which are relevant to internal audit as per assigned by the Audit Committee.

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

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

9.2 Connected Transactions

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

The connected transactions disclosed in this section are transactions of the Company and its subsidiaries with those who may have a conflict of interest as at December 31, 2020 and 2021:

Connected Companies	Relationship	List of Joint Committees
Samart Corporation Pcl.	The major shareholder of the Company and holds a 70.14% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Sirichai Rasameechan
Samart U-Trans Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Vision and Security System Co., Ltd.	Samart Corporation Pcl. holds a 73% stake.	Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Engineering Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Aviation Solutions Pcl. ⁽¹⁾	Samart U-Trans Co., Ltd. holds a 66.67% stake and Samart Inter Holding Co., Ltd. holds a 33.33% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart Digital Pcl.	Samart Corporation Pcl. holds a 72.92% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart Digital Media Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Thai Base Station Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Vilailuck International Holding Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 14.78% stake in Samart Corporation Pcl.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Communication Services Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Comtech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Posnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	-
Thai Trade Net Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Smarterware Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Infonet Co., Ltd.	Samart Telcoms Pcl. holds a 99.62% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Ed Tech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat

Remark: ⁽¹⁾ On process of being listed in SET.

Connected Companies	Relationship	List of Joint Committees
Portalnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
NetService (Thailand) Co., Ltd.	Samart Comtech Co., Ltd. holds a 60% stake.	Mr. Charoenrath Vilailuck Mr. Jong Diloksombat
Secureinfo Co., Ltd.	Samart Comtech Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
I.Q Wine Co., Ltd.	Related Director is Mr. Thananan Vilailuck	Mr. Thananan Vilailuck
CSV Asset Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 99.99% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Le Votel Khaoyai Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 21.19% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Watchai Vilailuck
Phuphatara Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 42.38% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
S 39 Fish Market Co., Ltd.	Has Executive Director of the Company as a related person is Mr. Watchai Vilaluck.	-
One to One Contacts Pcl. ⁽¹⁾	Related Director is Mr. Watchai Vilailuck. (the connection ends on December 9, 2020)	-
One To One Professional Co., Ltd. ⁽²⁾	One to One Contracts Pcl. holds a 99.99% stake. (the connection ends on December 9, 2020)	-

Remarks: ⁽¹⁾ Samart Corporation Public Company Limited, the parent company disposed all of ordinary shares held in One To One Contacts Public Company Limited to third parties who is not a connected person on December 9, 2020;

⁽²⁾ Samart Corporation Public Company Limited, the parent company disposed all of ordinary shares held in One To One Contacts Public Company Limited to third parties who are not connected persons on December 9, 2020, resulting that One To One Professional Co., Ltd are not subsidiaries of the Samart Corporation Public Company Limited from that day.

Connected Transactions
1) Rental and Services Fee

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2021	For the year ended 31 December 2020	
1. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 817.19 sq. meter. and for the year 2021 with area 1,477.92 sq. meter. from Samart Corporation Pcl.	10.01	7.57	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
2. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 770.38 sq. meter. from Vilailuck International Holding Co., Ltd.	5.70	5.51	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
3. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 727.22 sq. meter. and for the year 2021 with area 240.50 sq. meter. from Samart Corporation Pcl.	2.10	5.20	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
4. Samart Communication Services Co., Ltd. rent a warehouse located at 59 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee with area 1,020 sq. meter. from Samart Engineering Co., Ltd.	0.98	-	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
5. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 19.83, 86.92, 54.67, 546.93 sq. meter. and for the year 2021 with area 19.83, 54.67, 546.93 sq. meter. from Vilailuck International Holding Co., Ltd.	4.60	4.52	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
6. Samart Communication Services Co., Ltd. rent the office at Smart One Building, and used the public utilities services with area 288 sq. meter. from CSV Asset Co., Ltd.	1.56	1.56	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
7. Posnet Co., Ltd. rent a warehouse located at 101/4 Moo 20, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 199.40 sq. meter. from Samart Corporation Pcl.	0.21	0.20	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
8. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 841.35 sq. meter. from Samart Corporation Pcl.	6.23	6.02	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2021	For the year ended 31 December 2020	
9. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 128.50 sq. meter. and for the year 2021 with area 119.85 sq. meter. from Vilailuck International Holding Co., Ltd.	0.85	0.86	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
10. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 374.72 sq. meter. and for the year 2021 with area 462.71 sq. meter. from Samart Corporation Pcl.	3.87	2.68	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
11. Samart Comtech Co., Ltd. rent a warehouse located at 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 830 sq. meter. from Samart Corporation Pcl.	0.86	0.80	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
12. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,476.41 sq. meter. from Vilailuck International Holding Co., Ltd.	10.93	10.56	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
13. Secureinfo Co., Ltd. rent the office at Software Park Building and used the public utilities services for the year 2020 with area 1,366.86 sq. meter. and for the year 2021 with area 1,286.86 sq. meter. from Vilailuck International Holding Co., Ltd.	9.77	9.78	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
14. Samart Infonet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 48 sq. meter. from Samart Corporation Pcl.	0.36	0.34	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
15. Portalnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 116.44 sq. meter. from Samart Corporation Pcl.	0.86	0.83	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
16. Smarterware Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 80 sq. meter from Vilailuck International Holding Co., Ltd.	0.35	-	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

2) Interest income on Finance lease receivables

Lessor Company	Lessee Company	Interest Rate (%)	Value (Million Baht)	
			For the year ended 31 December 2021	For the year ended 31 December 2020
1. Samart Comtech Co., Ltd.	For the hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd.	7.5%	Finance lease receivables 128.36 Interest income 6.59	Finance lease receivables 127.78 Interest income 11.23

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

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2021	For the year ended 31 December 2020
1. Samart Telcoms Pcl.	Samart Aviation Pcl.	-	0.46
	Vision and Security System Co., Ltd.	-	0.05
	Samart Digital Media Co., Ltd.	0.02	-
2. Samart Communication Services Co., Ltd.	Samart Digital Pcl.	2.15	5.15
	Vision and Security System Co., Ltd.	1.40	1.40
3. Thai Trade Net Co., Ltd.	Samart Corporation Pcl.	0.01	0.03
4. Samart Comtech Co., Ltd.	Samart Corporation Pcl.	14.16	9.42
	Samart U-Trans Co., Ltd.	0.30	0.51
	Samart Digital Pcl.	295.75	18.26
	Vision and Security System Co., Ltd.	-	2.14
5. Secureinfo Co., Ltd.	Samart Corporation Pcl.	1.65	3.00
6. Smarterware Co., Ltd.	Samart Corporation Pcl.	0.73	1.68
7. Samart Infonet Co., Ltd.	Samart Corporation Pcl.	2.08	3.03
	Samart Digital Pcl.	1.45	1.69
	One to One Contracts Pcl.	-	2.64
	Samart Engineering Co., Ltd.	0.17	0.17
	I.Q Wine Co., Ltd.	0.26	0.26
	Le Votel Khaoyai Co., Ltd.	0.54	0.43
8. Samart Corporation Pcl. (IT Data Center services)	Samart Telcoms Pcl.	4.32	13.91
	Samart Communication Services Co., Ltd.	19.44	26.93
	Posnet Co., Ltd.	2.78	6.25
	Thai Trade Net Co., Ltd.	1.39	1.11
	Samart Comtech Co., Ltd.	3.49	14.29
	NetService (Thailand) Co., Ltd.	0.60	-
	Samart Infonet Co., Ltd.	1.07	1.25
	Portalnet Co., Ltd.	3.87	3.12
	Smarterware Co., Ltd.	0.81	-
Samart Ed Tech Co., Ltd.	0.61	-	

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2021	For the year ended 31 December 2020
9. Samart Corporation Pcl. (Management Fee)	Samart Telcoms Pcl.	34.56	30.00
10. Samart Corporation Pcl.	Smarterware Co., Ltd.	-	0.09
	Samart Infonet Co., Ltd.	1.42	1.54
	Thai Trade Net Co., Ltd.	1.27	1.21
	Samart Comtech Co., Ltd.	-	1.90
	Secureinfo Co., Ltd.	0.58	0.25
	Samart Ed Tech Co., Ltd.	-	0.03
	Posnet Co., Ltd.	0.20	0.16
11. Samart Digital Pcl.	Samart Telcoms Pcl.	2.12	0.04
	Samart Communication Services Co., Ltd.	180.06	3.01
	Samart Comtech Co., Ltd.	0.36	2.16
12. Samart Engineering Co., Ltd.	Samart Telcoms Pcl.	0.32	1.46
	Samart Communication Services Co., Ltd.	3.45	0.19
	Samart Comtech Co., Ltd.	60.58	7.04
13. One to One Contracts Pcl.	Samart Telcoms Pcl.	-	0.07
	Samart Communication Services Co., Ltd.	-	1.20
	Thai Trade Net Co., Ltd.	-	0.15
	Posnet Co., Ltd.	-	0.06
	Samart Comtech Co., Ltd.	-	0.26
	Samart Infonet Co., Ltd.	-	0.04
	Smarterware Co., Ltd.	-	0.01
14. Vision and Security System Co., Ltd.	Samart Telcoms Pcl.	0.01	-
	Samart Communication Services Co., Ltd.	4.16	1.26
	Samart Comtech Co., Ltd.	256.59	61.18
	Portalnet Co., Ltd.	0.01	-
15. Vilailuck International Holding Co., Ltd.	Portalnet Co., Ltd.	-	0.01
	Samart Communication Services Co., Ltd.	0.01	0.01
16. CSV Asset Co., Ltd.	Samart Telcoms Pcl.	0.05	-
	Samart Comtech Co., Ltd.	0.05	-
	Samart Communication Services Co., Ltd.	0.05	0.02
17. I.Q Wine Co., Ltd.	Samart Telcoms Pcl.	0.32	0.29
	Samart Comtech Co., Ltd.	0.05	0.02
	Samart Communication Services Co., Ltd.	0.04	0.01
18. Portalnet Co., Ltd.	Samart Corporation Pcl.	1.80	4.45
19. Thai Base Station Company Limited.	Samart Communication Services Co., Ltd.	-	23.97
20. S 39 Fish Market Co., Ltd.	Samart Telcoms Pcl.	0.22	-
	Portalnet Co., Ltd.	0.03	0.02

4) Miscellaneous Normal Business Transactions

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2021	For the year ended 31 December 2020	
1. Samart Telcoms Pcl. paid for the equipment rental, services charges, and miscellaneous expenses to Samart Corporation Pcl.	0.01	0.01	The equipment rentals, services charges, and miscellaneous expenses are normal business transactions at market or actual price in advance.
2. Samart Telcoms Pcl. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.16	0.36	Normal business transaction at market price.
3. Samart Telcoms Pcl. paid for miscellaneous expenses to Le Votel Khaoyai Co., Ltd.	0.16	-	Normal business transaction at market price.
4. Samart Telcoms Pcl. paid for miscellaneous expenses to Phuphatara Co., Ltd.	0.01	0.17	Normal business transaction at market price.
5. Samart Communication Services Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.57	0.76	Normal business transaction at market price.
6. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to CSV Asset Co., Ltd.	0.37	0.46	Normal business transaction at market price.
7. Samart Communication Services Co., Ltd. paid for the miscellaneous goods and service expenses to Samart Corporation Pcl.	-	0.01	Normal business transaction at market price.
8. Samart Communication Services Co., Ltd. paid for the miscellaneous goods and service expenses to One to One professional Co., Ltd.	-	0.01	Normal business transaction at market price.
9. Samart Communication Services Co., Ltd. paid for miscellaneous expenses to I.Q Wine Co., Ltd.	-	0.01	Normal business transaction at market price.
10. Posnet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	-	0.01	Normal business transaction at market price.
11. Posnet Co., Ltd. paid for miscellaneous expenses to CSV Asset Co., Ltd.	-	0.03	Normal business transaction at market price.
12. Posnet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.13	0.15	Normal business transaction at market price.
13. Posnet Co., Ltd. paid for miscellaneous expenses to One to One professional Co., Ltd.	-	0.01	Normal business transaction at market price.
14. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.06	0.06	Normal business transaction at market price.
15. Samart Comtech Co., Ltd. paid for the office supplies and the miscellaneous services to Samart Corporation Pcl.	-	0.01	Normal business transaction at market price.
16. Samart Comtech Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.55	0.85	Normal business transaction at market price.
17. Samart Comtech Co., Ltd. paid for miscellaneous expenses to Samart Engineering Co., Ltd.	0.06	0.08	Normal business transaction at market price.

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2021	For the year ended 31 December 2020	
18. Smart Infonet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.05	0.06	Normal business transaction at market price.
19. Smarterware Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.03	0.04	Normal business transaction at market price.
20. Smart Ed Tech Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.01	0.01	Normal business transaction at market price.
21. Secureinfo Co., Ltd. paid for miscellaneous expenses to Smart Corporation Pcl.	1.44	2.46	Normal business transaction at market price.
22. Secureinfo Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.31	0.64	Normal business transaction at market price.

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

Necessity and Rationale for Transactions

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

Measures and Steps of Approval for Connected Transactions

The connected transactions were verified by the Audit Committee to protect and avoid conflict of interest then proposed for consideration and approval in the Board of Directors' and shareholders' meetings respectively depended on conditions and values of transactions according to the SET's regulation. Meanwhile, the directors, management and the stakeholders who had conflict of interest would not participate in the such connected transactions. The approval on the connected transaction would be complied with the regulations and notifications of the Stock Exchange of Thailand (SET).

Principles on entering into the normal business transactions with general trading conditions and without general trading conditions are as follows:

- **Normal business transaction with general trading conditions**

Related transaction which is normal business transaction with general trading conditions is required to have an approval in principle from the Board of Directors. The management can approve such transaction if it has the same trading conditions as those an ordinary person would agree with any unrelated counterparty under the same circumstances on the basis of bargaining power which is without any dependent interest resulted from the status of the director, executive or related person.

Additionally, the Company shall summarize such transactions and report at the meeting of the Audit Committee and the meeting of the Board of Directors on quarterly basis.

- **Normal business transaction without general trading conditions**

Normal business transaction without general trading conditions is required to be considered and have an opinion from the Audit Committee before it can be proposed to the Board of Directors and/or the shareholders' meeting for further consideration. In addition, it must be complied with the laws on securities and stock exchange as well as regulations, notifications, orders and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand including the regulations on disclosure of information concerning the connected transactions.

In the case where the Audit Committee does not have expertise in considering any of the related transaction to be incurred, the Company shall appoint the independent expert or the Company's auditor to express opinion on it. Such opinion shall be taken into account by the Audit Committee and/or the Board of the Directors and/or the shareholders, as the case may be, when making decision. The reasons are to ensure that such transaction is necessary and reasonable by taking into consideration the best interest of the Company. Moreover, the Company shall disclose the related transactions in the Annual Registration Statement / Annual Report (Form 56-1 One Report) and in notes to the financial statement which has been audited/reviewed by the Company's auditor.

9.2.3 Policies and Trend in Future Connected Transactions

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

Remark: The shareholders can find the information about connected transactions for the past 3 years on the Company's website (www.samtel.com).

Section
3

Financial Statements

Report and Consolidated Financial Statements
Report of the Board of Directors' Responsibility
on the Company's Financial Statements

Independent Auditor's Report

To the Shareholders of Samart Telcoms Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Samart Telcoms Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Samart Telcoms Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Telcoms Public Company Limited and its subsidiaries and of Samart Telcoms Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 6 to the financial statements that Samart Telcoms Public Company Limited and its subsidiaries had significant business transactions with the related parties, relating to purchase and sales of goods, services and loans. Such transactions have been conducted on the terms and basis mutually agreed by Samart Telcoms Public Company Limited and those related parties. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition and estimation of provisions for the delay penalties and possible losses from long-term contracts

The Group has disclosed its policies on revenue recognition for services provided under long-term contracts, cost estimates for projects under long-term contracts, provisions for delay penalties and possible loss on projects under long-term contracts in Note 4.1, 5.1 and 28 to the financial statements. I identified revenue recognition and estimation of provisions

for delay penalties and possible losses on projects from long-term contracts to be areas of significant risk in the audit. This is because the amount of revenue recognised from such long-term contracts in each period forms a significant portion, representing 57% of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition and the estimation of provisions for delay penalties and possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of possible loss. The Group might also enter into side agreements that may affect the terms of the main contracts. There are risks with respect to amount and timing of the recognition of revenue, provisions for delay penalties, and possible losses on projects from long-term contracts, therefore I focused on the revenue recognition and estimation of provisions for delay penalties and possible losses from long-term contracts.

I assessed and tested the internal controls put in place by the Group over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and possible losses under long-term contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

In addition, I also selected long-term contracts made with major customers and randomly selected to read the contracts to consider the conditions relating to revenue recognition and made enquiries as to whether any side contracts were made directly with customers. I inquired with the management about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of delay penalties and possible losses. I made enquiries of responsible executives, gained an understanding of the Group's process to assess the percentage of completion and cost estimates for projects, compared estimates of project costs to the project budgets approved by authorised person. On a sampling basis, I examined relevant documents, considered the rationale for budget revisions, compared past estimates with actual project costs to assess the project management's competency in estimating project costs, and compared actual costs with supporting documents including testing the calculation of the percentage of completion based on actual costs incurred. I evaluated the possible losses on projects assessed by the management through an analysis of the ratio of actual cost incurred against cost estimates for projects for each significant cost component. I compared the percentage of completion or actual project progress with the timeframe specified in contracts. I enquired with the management and legal counsels of the subsidiaries relating to dispute of the projects delay as described in Note 28.6 to the financial statements, reviewed the subsidiaries' legal opinions and the related supporting documents of work delivery and acceptance and the request for deadline extension that were used to support the estimation of the provisions for assessing the judgement exercised by the management in evaluating the probability of projects delay or estimate possible losses. I also examined the accounting transactions related to revenue recognition that were recorded through journal vouchers, in order to detect any irregularities. Moreover, I reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue recognition and the estimation of delay penalties and possible losses.

Allowance for expected credit losses of trade accounts receivables

As at 31 December 2021, the Group had significant balances of trade accounts receivables (accounting for 19% of the Group's total assets). Determining the net realisable value of trade accounts receivable, as disclosed in Note 4.17, 5.3 and 8 to the financial statements, required significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts and the timing of debt collection. These impact the amounts of allowance for expected credit losses of trade accounts receivables to be set aside. I therefore gave significant attention to expected credit losses of trade accounts receivables.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for expected credit losses of trade accounts receivables by making enquiry of the responsible executives and gaining an understanding of the basis applied in determining the allowance for expected credit losses. I also reviewed the debtor aging

analysis report, tested the correctness of aging therein, considered the credit terms given and assessed the collectability by taking into account historical debt collection experience and payment pattern of each project. In addition, I analysed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable and considered subsequent collections after the period-end date, tested the calculation of the allowance for expected credit losses according to the policy set by management, considered the reasonableness of estimated timing of debt collection and discount rate used for discount the expected loss to reflect time value of money.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 24 February 2022

Statement of financial position

Samart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Assets					
Current assets					
Cash and cash equivalents	7	462,497,538	625,285,081	134,206,317	151,829,210
Trade and other receivables	8	1,382,850,998	1,362,571,381	259,411,493	323,923,238
Accrued income		2,345,967,950	2,348,287,585	323,817,465	460,115,819
Current portion of finance lease receivables	9	32,320,217	78,561,249	-	-
Short-term loans to related parties	6	-	-	1,747,000,000	1,577,000,000
Inventories	10	130,925,701	110,866,829	36,537,534	96,040,678
Withholding tax deducted at source	11	175,338,462	200,723,661	29,014,153	29,189,569
Other current financial assets	12	56,109,951	34,977,538	56,109,951	34,977,538
Other current assets	13	296,307,789	359,503,335	111,764,457	73,741,165
Total current assets		4,882,318,606	5,120,776,659	2,697,861,370	2,746,817,217
Non-current assets					
Other non-current financial assets	12	86,825,646	85,604,322	7,534,043	6,611,484
Investments in subsidiaries	14	-	-	1,780,511,068	1,780,511,068
Finance lease receivable - net of current portion	9	78,695,030	42,364,481	-	-
Property, plant and equipment	15	1,084,610,160	750,595,041	508,986,906	504,929,647
Right-of-use assets	20.1	155,303,073	206,709,691	71,735,637	94,303,352
Intangible assets	16	63,611,323	99,044,557	1,713,296	1,089,033
Goodwill	17	108,095,942	108,095,942	-	-
Deferred tax assets	33	380,341,019	398,600,808	50,155,706	59,536,270
Other non-current assets		304,595,119	159,960,355	132,101,159	124,346,467
Total non-current assets		2,262,077,312	1,850,975,197	2,552,737,815	2,571,327,321
Total assets		7,144,395,918	6,971,751,856	5,250,599,185	5,318,144,538

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

Statement of financial position (continued)

Smart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	18	1,760,871,004	1,462,809,828	227,176,780	495,519,160
Trade and other payables	19	597,738,072	673,568,803	144,775,125	178,332,963
Current portion of liabilities under lease agreements	20	61,574,070	69,626,685	34,522,290	46,310,314
Short-term loans from related parties	6	-	-	2,086,500,000	1,891,500,000
Unearned revenue	28.2	6,562,659	24,853,326	4,001,617	4,397,846
Income tax payable		-	80,482	-	-
Accrued project cost		896,952,325	957,926,995	290,038,612	339,695,048
Short-term provision	21	60,370,550	53,794,777	20,200,244	19,278,042
Other current liabilities	22	67,075,600	74,445,030	24,584,501	17,735,982
Total current liabilities		3,451,144,280	3,317,105,926	2,831,799,169	2,992,769,355
Non-current liabilities					
Liabilities under lease agreements - net of current portion	20	105,833,169	149,779,524	40,480,715	53,787,741
Long-term provision	21	42,656,911	30,649,588	5,953,823	3,181,727
Provision for long-term employee benefits	23	170,781,273	167,556,507	48,111,588	41,982,515
Other non-current liabilities		2,681,403	2,759,403	-	-
Total non-current liabilities		321,952,756	350,745,022	94,546,126	98,951,983
Total liabilities		3,773,097,036	3,667,850,948	2,926,345,295	3,091,721,338

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

Statement of financial position (continued)

Smart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
721,000,000 ordinary shares of Baht 1 each					
(31 December 2020: 738,000,000 ordinary shares					
of Baht 1 each)					
	25, 26	721,000,000	738,000,000	721,000,000	738,000,000
Issued and fully paid up					
618,000,000 ordinary shares of Baht 1 each					
		618,000,000	618,000,000	618,000,000	618,000,000
Share premium					
		1,238,860,501	1,238,860,501	1,238,860,501	1,238,860,501
Deficit on changes in percentage of shareholding in subsidiary					
		(737,577,642)	(737,577,642)	-	-
Retained earnings					
Appropriated - statutory reserve					
	27	73,800,000	73,800,000	73,800,000	73,800,000
Unappropriated					
		2,164,244,005	2,095,192,269	354,762,206	256,931,516
Other components of shareholders' equity					
	24	41,792,383	41,792,383	38,831,183	38,831,183
Equity attributable to owners of the Company					
		3,399,119,247	3,330,067,511	2,324,253,890	2,226,423,200
Non-controlling interests of the subsidiaries					
		(27,820,365)	(26,166,603)	-	-
Total shareholders' equity					
		3,371,298,882	3,303,900,908	2,324,253,890	2,226,423,200
Total liabilities and shareholders' equity					
		7,144,395,918	6,971,751,856	5,250,599,185	5,318,144,538

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

Income statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Revenues from sales		251,047,389	256,396,981	44,038,891	187,642,681
Revenues from contract work		2,663,079,233	2,982,442,479	189,936,225	220,175,149
Service and rental income	28.1	1,667,160,184	2,192,397,328	661,397,532	473,229,869
Other income	29	67,240,374	78,507,927	178,383,164	227,349,135
Total revenues		4,648,527,180	5,509,744,715	1,073,755,812	1,108,396,834
Expenses	32				
Cost of sales		195,665,711	171,696,641	17,221,001	130,935,270
Cost of contract work		2,249,807,771	2,461,323,982	155,810,753	200,171,532
Cost of services and rental		1,557,264,684	2,438,471,919	554,787,745	411,276,701
Selling and distribution expenses		139,332,263	161,715,467	50,805,614	39,147,544
Administrative expenses		353,460,975	386,530,293	161,218,148	168,473,638
Other expenses		3,591,546	153,563,788	-	-
Total expenses		4,499,122,950	5,773,302,090	939,843,261	950,004,685
Profit (loss) from operating activities		149,404,230	(263,557,375)	133,912,551	158,392,149
Finance income	30	7,248,884	12,199,846	42,840,675	43,649,117
Finance cost	31	(48,906,690)	(73,950,559)	(41,952,440)	(55,124,740)
Loss on impairment loss on financial assets (reversal)		(29,333,077)	(38,254,203)	(26,374,981)	856,073
Profit (loss) before income tax income (expenses)		78,413,347	(363,562,291)	108,425,805	147,772,599
Income tax income (expenses)	33	(18,089,337)	76,055,929	(9,623,474)	(4,504,752)
Profit (loss) for the year		60,324,010	(287,506,362)	98,802,331	143,267,847
Profit (loss) attributable to:					
Equity holders of the Company		61,384,993	(287,504,179)	98,802,331	143,267,847
Non-controlling interests of the subsidiaries		(1,060,983)	(2,183)		
		60,324,010	(287,506,362)		
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company	35	0.10	(0.47)	0.16	0.23
Weighted average number of ordinary shares (shares)		618,000,000	618,000,000	618,000,000	618,000,000

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

Statement of comprehensive income

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit (loss) for the year		60,324,010	(287,506,362)	98,802,331	143,267,847
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gain (loss) on defined benefit plan		9,588,492	4,695,006	(1,214,551)	(319,558)
Income tax effect	33	(1,804,559)	(937,965)	242,910	63,912
		7,783,933	3,757,041	(971,641)	(255,646)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		7,783,933	3,757,041	(971,641)	(255,646)
Other comprehensive income for the year, net of tax		7,783,933	3,757,041	(971,641)	(255,646)
Total comprehensive income for the year		68,107,943	(283,749,321)	97,830,690	143,012,201
Total comprehensive income attributable to:					
Equity holders of the Company		69,051,736	(283,759,448)	97,830,690	143,012,201
Non-controlling interests of the subsidiaries		(943,793)	10,127		
		68,107,943	(283,749,321)		

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

Statement of changes in shareholders' equity

Samart Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company										
	Issued and paid-up share capital	Share premium	Deficit on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income (loss)	Revaluation surplus on land	Total other components of shareholders' equity			
Balance as at 31 December 2019	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,576,710,245	41,792,383	41,792,383	3,811,585,487	(25,931,281)	3,785,654,206	
Profit for the year	-	-	-	-	(287,504,179)	-	-	(287,504,179)	(2,183)	(287,506,362)	
Other comprehensive income for the year	-	-	-	-	3,744,731	-	-	3,744,731	12,310	3,757,041	
Total comprehensive income for the year	-	-	-	-	(283,759,448)	-	-	(283,759,448)	10,127	(283,749,321)	
Dividend paid (Note 38)	-	-	-	-	(197,758,528)	-	-	(197,758,528)	-	(197,758,528)	
Decrease in non-controlling interest of the subsidiary from decrease in share capital	-	-	-	-	-	-	-	-	(244,143)	(244,143)	
Decrease in non-controlling interest of the subsidiaries from dividend payment	-	-	-	-	-	-	-	-	(1,306)	(1,306)	
Balance as at 31 December 2020	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,095,192,269	41,792,383	41,792,383	3,330,067,511	(26,166,603)	3,303,900,908	
Balance as at 31 December 2020	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,095,192,269	41,792,383	41,792,383	3,330,067,511	(26,166,603)	3,303,900,908	
Profit for the year	-	-	-	-	61,384,993	-	-	61,384,993	(1,060,983)	60,324,010	
Other comprehensive income for the year	-	-	-	-	7,666,743	-	-	7,666,743	117,190	7,783,933	
Total comprehensive income for the year	-	-	-	-	69,051,736	-	-	69,051,736	(943,793)	68,107,943	
Decrease in non-controlling interest of the subsidiary from due to liquidation	-	-	-	-	-	-	-	-	(709,948)	(709,948)	
Decrease in non-controlling interest of the subsidiary from dividend payment	-	-	-	-	-	-	-	-	(21)	(21)	
Balance as at 31 December 2021	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,164,244,005	41,792,383	41,792,383	3,399,119,247	(27,820,365)	3,371,298,882	

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

Statement of changes in shareholders' equity (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings		Other comprehensive income	Revaluation surplus on land	Other components of shareholders' equity	
			Earnings					
			Appropriated - statutory reserve	Unappropriated				
Balance as at 31 December 2019	618,000,000	1,238,860,501	73,800,000	311,677,843	38,831,183	-	2,281,169,527	
Profit for the year	-	-	-	143,267,847	-	-	143,267,847	
Other comprehensive income for the year	-	-	-	(255,646)	-	-	(255,646)	
Total comprehensive income for the year	-	-	-	143,012,201	-	-	143,012,201	
Dividend paid (Note 38)	-	-	-	(197,758,528)	-	-	(197,758,528)	
Balance as at 31 December 2020	618,000,000	1,238,860,501	73,800,000	256,931,516	38,831,183	-	2,226,423,200	
Balance as at 31 December 2020	618,000,000	1,238,860,501	73,800,000	256,931,516	38,831,183	-	2,226,423,200	
Profit for the year	-	-	-	98,802,331	-	-	98,802,331	
Other comprehensive income for the year	-	-	-	(971,641)	-	-	(971,641)	
Total comprehensive income for the year	-	-	-	97,830,690	-	-	97,830,690	
Balance as at 31 December 2021	618,000,000	1,238,860,501	73,800,000	354,762,206	38,831,183	-	2,324,253,890	

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

Cash flows statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Cash flows from operating activities					
Profit (loss) before tax		78,413,347	(363,562,291)	108,425,805	147,772,599
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:					
Unrealised losses on exchange rate		84,801	2,129	104,235	1,222
Gains on change in value of listed equity investments at fair value through profit or loss	12.1	(21,132,413)	(10,873,074)	(21,132,413)	(10,873,074)
Increase (decrease) in allowance for expected credit losses of trade receivables	8	14,351,587	36,110,336	12,004,460	(1,609,102)
Write-off of bad debts		10,000	-	-	-
Increase in allowance for expected credit losses of accrued income		14,554,980	-	14,554,980	-
Increase in allowance for expected credit losses of finance lease receivables	9	1,498,230	-	-	-
Write-off of withholding tax deducted at source		22,478	269,156	-	-
Increase (decrease) in allowance for expected credit losses of other non-current financial assets		(990,484)	1,481,964	(93,222)	753,028
Reversal of accrued project cost		(22,790,676)	(39,758,380)	-	-
Reversal of reduce cost of inventory to net realisable value	10	(22,207,693)	(11,186,922)	(16,683,665)	(14,513,943)
Gains on compensation receipt from insurance		(55,554)	(60,913)	-	-
Gains on disposals of equipments		(5,741,859)	(1,430,741)	(1,043,279)	(1,097,379)
Allowance for impairment loss on assets		-	151,689,370	-	-
Depreciation and amortisation	15, 16, 20	385,571,805	1,007,665,828	151,217,726	101,953,160
Amortisation of deferred interest under lease agreements	31	8,787,026	11,163,869	4,378,873	5,449,249
Amortisation of unearned interest income under finance lease agreements	30	(6,585,312)	(11,227,079)	-	-
Provision for warranties (reversal)		18,583,096	(4,451,227)	3,694,298	(578,460)
Provision for long-term employee benefits	23	12,813,258	10,721,674	4,914,522	2,987,660
Dividend received		(253,400)	(259,600)	(63,253,379)	(122,658,294)
Interest income	30	(663,573)	(972,767)	(42,840,675)	(43,649,117)
Interest expense	31	39,442,534	60,733,865	37,313,076	48,047,787
Profit before changes in operating assets and liabilities		493,712,178	836,055,197	191,561,342	111,985,336

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

Cash flows statement (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Cash flows from operating activities (continued)					
Decrease (increase) in operating assets:					
Trade and other receivables		(34,641,204)	1,307,091,095	52,545,834	138,711,005
Accrued income		(12,235,345)	1,024,953,154	121,743,374	(54,557,294)
Inventories		(59,512,070)	8,467,944	14,525,918	12,517,641
Other current financial assets		-	(76,210,990)	-	-
Other current assets		19,666,788	16,383,476	(5,339,401)	(39,233,165)
Other non-current financial assets		(230,840)	(289,482)	(829,337)	(578,269)
Other non-current assets		(39,446,774)	35,827,438	21,222,308	(8,240,105)
Increase (decrease) in operating liabilities:					
Trade and other payables		(76,219,775)	(88,166,874)	(27,561,248)	75,226,878
Unearned revenue		(18,290,667)	9,884,395	(396,229)	3,007,846
Accrued project cost		(38,183,994)	(43,605,059)	(49,656,436)	(125,322,473)
Other current liabilities		(7,369,430)	(41,448,612)	6,848,519	989,987
Other non-current liabilities		(78,000)	(820,560)	-	-
Cash from operating activities		227,170,867	2,988,121,122	324,664,644	114,507,387
Employee benefits paid during the year	23	-	(7,916,268)	-	(3,200,000)
Cash paid for interest expenses		(39,138,291)	(66,447,817)	(43,413,901)	(60,344,623)
Cash paid for income tax		(81,507,169)	(124,545,881)	(15,250,631)	(13,763,522)
Cash received from refund withholding tax deducted at source	11	105,155,301	170,366,729	15,426,047	18,329,917
Net cash from operating activities		211,680,708	2,959,577,885	281,426,159	55,529,159

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

Cash flows statement (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Cash flows from investing activities					
Cash received from settlement of short-term loan to related parties	6	-	-	90,000,000	307,300,000
Cash paid to provide short-term loans to related parties	6	-	-	(260,000,000)	(844,000,000)
Cash received from finance lease receivable agreement		14,997,565	84,527,147	-	-
Dividend received from subsidiaries		-	-	62,999,979	202,273,517
Dividend income from listed equity investments		253,400	259,600	253,400	259,600
Decrease in non-controlling interest of the subsidiaries from capital reduction		-	(244,143)	-	-
Decrease in non-controlling interest of the subsidiaries due to liquidation		(709,948)	-	-	-
Purchase of equipment and intangible assets	15, 16	(612,544,745)	(557,289,792)	(110,492,744)	(333,877,886)
Proceeds from sales of equipments		5,757,669	1,552,583	1,057,856	1,148,024
Cash received from insurance claims for equipment		55,562	62,000	-	-
Cash received from interest received		665,232	971,545	42,802,126	52,752,171
Net cash used in investing activities		(591,525,265)	(470,161,060)	(173,379,383)	(614,144,574)
Cash flows from financing activities					
Decrease in bank overdrafts		-	(2,442)	-	-
Proceeds from short-term loans from banks		2,235,516,224	2,214,760,258	-	1,188,500,000
Cash paid to settle short-term loans from banks		(2,009,358,604)	(3,231,432,958)	(268,342,380)	(1,304,872,700)
Increase (decrease) in trust receipts		71,903,556	(560,786,249)	-	50,970,860
Cash received from short-term loans from related parties	6	-	-	270,000,000	1,384,500,000
Repayment of short-term loans from related parties	6	-	-	(75,000,000)	(50,000,000)
Cash received from debentures		-	400,000,000	-	400,000,000
Cash paid for debenture redemption		-	(800,000,000)	-	(800,000,000)
Payment of liabilities under lease agreements		(81,004,141)	(78,053,874)	(52,327,289)	(48,369,045)
Dividend paid	38	-	(197,758,528)	-	(197,758,528)
Decrease in non-controlling interests of the subsidiaries from dividend payment		(21)	(1,306)	-	-
Net cash from (used in) financing activities		217,057,014	(2,253,275,099)	(125,669,669)	622,970,587
Net increase in cash and cash equivalents		(162,787,543)	236,141,726	(17,622,893)	64,355,172
Cash and cash equivalents at beginning of year		625,285,081	389,143,355	151,829,210	87,474,038
Cash and cash equivalents at end of year		462,497,538	625,285,081	134,206,317	151,829,210

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

Cash flows statement (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Supplemental cash flows information					
Non-cash items:					
Transfer from inventory to equipment	15	-	2,747,817	-	-
Transfers from inventories to other current assets		32,683,891	-	32,683,891	-
Transfers from inventories to other non-current assets		28,977,000	-	28,977,000	-
Purchase equipment under lease agreements		-	266,200,788	-	132,500,415
Increase in right of use assets from leases	20	20,218,145	-	22,853,366	-
Transfer retention receivables from other current assets to other non-current assets	13	76,210,990	-	-	-

The accompanying notes are an integral part of the financial statements

Notes to consolidated financial statements

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2021

1. General information

1.1 Corporate information

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

1.2 Coronavirus disease 2019 Pandemic

A new wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, impacting most business and industries. This situation significantly affects the Group’s business activities in terms of supply chains, limit provision of services, and operational delays, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Samart Telcoms Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”).

Subsidiaries directly held by the Company

Company's name	Nature of business	Country of incorporation	Percentage of direct shareholding	
			2021 Percent	2020 Percent
Samart Communication Services Co., Ltd.	Design and installation of communication, network public rural telephone project	Thailand	100	100
Posnet Co., Ltd.	Providing total solutions and services for electronic payment system including Electronic Data Capture (EDC)	Thailand	100	100
Thai Trade Net Co., Ltd.	Electronic data interchange	Thailand	100	100
Samart Comtech Co., Ltd.	Design and installation of telecommunications network	Thailand	100	100
Smarterware Co., Ltd.	Manufacture production of software packages and provision of software development services	Thailand	100	100
Samart Infonet Co., Ltd.	Provision of internet services	Thailand	100	100
Samart eD Tech Co., Ltd.	E-Learning software development consultation	Thailand	100	100
Portalnet Co., Ltd.	Design and installation of Enterprise Resource Planning (ERP) system and fully integrate ERP solution for government and public sectors	Thailand	100	100
Samart Broadband Services Co., Ltd.	Ceased its operation since 2008	Thailand	100	100

Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 Percent	2020 Percent
Subsidiary held by Samart Broadband Services Co., Ltd.				
IT Absolute Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100
Subsidiaries held by Samart Comtech Co., Ltd.				
Net Service (Thailand) Co., Ltd.	Development of information technology system for government agencies and private companies	Thailand	60	60
Secure Info Co., Ltd.	Engage in cyber security services	Thailand	100	100
Subsidiary held by Samart Communication Services Co., Ltd.				
SLA Asia Co., Ltd.	Operate on installation of telecommunication network project (Deregistration in during the year)	Thailand	-	90

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

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

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- f) 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.
- g) For the book of account, upon acquisition of subsidiaries which under common control (purchase shares from parent company), the excess of the net asset value (at fair value) at the acquisition date over the cost of the investment has been presented in shareholders' equity under "Deficit on changes in percentage of shareholding in subsidiary".

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Revenue from contract work

Revenues from long-term contracts, excluding value added tax, are recognised over time by reference to the stage of completion. Stage of completion is measured by reference to the proportion that actual construction costs incurred up to the end of the period to total anticipated construction cost to be incurred to completion. Provision for the total anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained.

The likelihood of contract variations, claims and liquidated damages, delays in delivery, contractual penalties or possible losses on long-term contracts is taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agreed-upon specifications are recognised as revenue over the periods in which the service is provided.

Rendering of services

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

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, and discounts.

Transponder service income

Transponder service income under type-two telecom license without its own network is recognised as revenue on the monthly accrual basis in accordance with the payments due under the agreement.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Costs to fulfil contracts with customers

The Group recognises costs to fulfil a customer contract as an asset provided that the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and the costs are expected to be recovered. The asset recognised is amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the Group expects to receive less direct costs.

4.3 Contract balance

Contract assets

A contract asset is the excess of cumulative revenue earned over the billings to date which has been presented under the caption of “Accrued income” in the statement of financial position. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional (i.e. services are completed and delivered to customer).

Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for expected credit losses is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences, analysis of debt aging and forecast economic condition.

Contract liabilities

A contract liability is the excess of the billings to date over the cumulative revenue earned and the Group has the obligation to transfer goods and services to a customer which has been presented under the caption of “Unearned revenue” in the statement of financial position. Contract liabilities are recognised as revenue when the Group fulfils their performance obligations under the contracts.

4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.5 Inventories

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

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

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

4.6 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.7 Property, plant and equipment /Depreciation

Land is stated at revalued amount. Building and building improvement and equipment is stated at cost or less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset’s carrying amount is increased as a result of a revaluation of the Group’s assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in other components of shareholders’ equity under the heading of “Revaluation surplus”. However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset’s carrying amount is decreased as a result of a revaluation of the Group’s assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in “Revaluation surplus” of other components of shareholders’ equity in respect of the same asset.

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

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

Depreciation is included in determining income.

No depreciation is provided on land and telecommunication equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets are initially recognised at their cost and following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line 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	10 years

4.9 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 or when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

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

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

4.11 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Building	-	3, 4 and 10 years
Building improvement	-	3, 4 and 10 years
Telecommunication and tooling equipment	-	3 and 6 years
Motor vehicles	-	5 and 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.12 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.

4.13 Impairment of assets non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries 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 Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in other components of shareholders' equity up to the amount of the previous revaluation.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying

amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats 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 defined benefit plans benefits are recognised immediately in other comprehensive income.

Provision for vacation

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

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

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

Current tax

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

Deferred tax

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

The Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.19 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 Group applies 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 Group measures 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

5.1 Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation, measuring based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. Significant judgement is required in determining the contract costs incurred for work performed to date, estimated total contract revenue and construction costs, and the recoverability of the contract costs to complete, as well as assessing potential deductions from revenue due to delays in delivery, contractual penalties or possible losses from long-term contracts. In making these judgements, management relies on past experience, historical information and information from the project engineers or the work of specialists.

5.2 Leases

The Group as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group as lessor

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.3 Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

5.4 Reduction cost to net realisable value of inventories

Determining the reduction cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated costs to completion or estimated additional expenses to be incurred in preparing the inventory for sale, and reduction cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

5.5 Property plant and equipment/Depreciation

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

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates as described in Note 15.

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

5.6 Goodwill and intangible assets

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

5.7 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.8 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.9 Litigation and delay penalty

The Group has contingent liabilities as a result of litigation and delay penalty. The Group's management have used judgement to assess the results of the litigation and delay penalty, and believe that the provision made would be sufficient. However, actual results could differ from the estimates.

6. Related party transactions

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

1. Sales prices are determining at market price. If market price not known, sales price are determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Management fees and rental expenses are charged at the amount stipulated in the relevant agreements.
3. Management fees and rental income are charged at the amount stipulated in the relevant agreements.
4. Other services income and expenses are charged at the price mutually agreed upon.
5. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin of not over 5 percent.

6. Interest on loans to and from related parties are charged at cost of fund plus 0.25 - 0.50 percent per annum or average twelve-month fixed deposit rate of the big five commercial banks plus 0.25 percent per annum.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
8. Dividend income is recognised when declared and the right to receive the dividend is established.
9. Fixed assets are sold and purchased at market price or their net book value plus a margin, depending on the condition of the fixed assets.
10. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Transactions with parent company</u>				
Sales and service income	20	22	-	-
Purchase of merchandise and service	5	7	-	-
Rental expenses	6	5	2	2
Other expenses	18	19	8	6
IT Service fee expense	38	67	4	14
Management fee expense	35	30	35	30
Dividend paid	-	139	-	139
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales and service income	-	-	28	24
Purchase of merchandise and service	-	-	349	298
Purchase of assets	-	-	14	21
Rental income	-	-	2	2
Management fee income	-	-	74	61
Guarantee fee income	-	-	3	3
Other income	-	-	5	6
Interest income	-	-	43	43
Other expenses	-	-	-	17
Interest expenses	-	-	29	26
Dividend income (Note 14.1)	-	-	63	122
<u>Transactions with related companies</u>				
Sales and service income	302	33	-	-
Purchase of merchandise and service	334	104	2	-
Purchase of assets	184	5	-	1
Rental expenses	9	9	2	2
Other expenses	19	22	5	5
Interest income	7	11	-	-
Dividend paid	-	1	-	1

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts receivable - related parties (Note 8)				
Parent company	23,998	24,003	-	-
Subsidiaries	-	-	1,684	17,469
Related companies (related by shareholders or directors)	224,574	180,917	-	32
Total trade accounts receivable - related parties	248,572	204,920	1,684	17,501
Amount due from - related parties (Note 8)				
Subsidiaries	-	-	11,600	11,930
Related companies (related by shareholders or directors)	-	1,408	-	225
Total amount due from - related parties	-	1,408	11,600	12,155
Accrued income - related parties				
Parent company	4,392	1,329	-	-
Related companies (related by shareholders or directors)	232,518	37,143	-	-
Total accrued income - related parties	236,910	38,472	-	-
Finance lease receivables (Note 9)				
Related company (related by shareholders or directors)	111,015	120,926	-	-
Total finance lease receivables	111,015	120,926	-	-
Prepaid expenses - related parties				
Parent company	120	96	-	-
Subsidiaries	-	-	31,730	39,934
Related companies (related by shareholders or directors)	3,485	70	-	-
Total prepaid expenses - related parties	3,605	166	31,730	39,934
Deposits- related parties				
Parent company	6,142	5,617	2,780	1,892
Related companies (related by shareholders or directors)	25,157	5,460	954	953
Total deposits - related parties	31,299	11,077	3,734	2,845
Trade accounts payable - related parties (Note 19)				
Parent company	247	585	-	-
Subsidiaries	-	-	88,130	62,436
Related companies (related by shareholders or directors)	108,896	53,569	32	-
Total trade accounts payable - related parties	109,143	54,154	88,162	62,436
Other payables - related parties (Note 19)				
Parent company	9,607	12,675	4,695	4,544
Subsidiaries	-	-	883	6,919
Related companies (related by shareholders or directors)	2,211	1,176	39	106
Total other payables - related parties	11,818	13,851	5,617	11,569
Accrued project cost - related parties				
Parent company	112	289	-	-
Subsidiaries	-	-	63,139	88,290
Related companies (related by shareholders or directors)	77,701	92	-	-
Total accrued project cost - related parties	77,813	381	63,139	88,290
Long-term lease liabilities - related parties				
Parent company	47,383	68,362	22,118	16,981
Related companies (related by shareholders or directors)	9,747	25,502	2,468	4,226
Total long-term lease liabilities - related parties	57,130	93,864	24,586	21,207

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

As at 31 December 2021 and 2020, the balance of short-term loans to related parties and short-term loans from related parties between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2020	During the year		Balance as at 31 December 2021
		Increase	Decrease	
Short-term loans to related parties				
<u>Subsidiaries</u>				
Samart Comtech Co., Ltd.	1,577,000	180,000	(90,000)	1,667,000
Samart Communication Services Co., Ltd.	-	80,000	-	80,000
Total short-term loans to related parties	1,577,000	260,000	(90,000)	1,747,000
Short-term loans from related parties				
<u>Subsidiaries</u>				
IT Absolute Co., Ltd.	271,000	-	-	271,000
Samart Infonet Co., Ltd.	94,000	-	-	94,000
Thai Trade Net Co., Ltd.	42,000	-	-	42,000
Posnet Co., Ltd.	25,000	-	(25,000)	-
Portalnet Co., Ltd.	1,445,000	270,000	(50,000)	1,665,000
Samart Broadband Services Co., Ltd.	14,500	-	-	14,500
Total short-term loans from related parties	1,891,500	270,000	(75,000)	2,086,500

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Short-term employee benefits	23	28	17	18
Post-employment benefits	1	1	1	1
Total	24	29	18	19

Significant agreements with related parties

Long-term rental and service agreements

- The Group entered into a three-year office space sublease agreements and facility service with Samart Corporation Public Co., Ltd., the parent company, for their operation. These contracts will be expired in April 2023. The Group is to pay a monthly rental and service fee approximately Baht 2 million (2020: Baht 2 million) (separate financial statements: Baht 0.8 million (2020: Baht 0.6 million)).
- The Group entered into office space rental and facility service agreements with Vilailuck International Holding Co., Ltd., a related company, for their operation. These contracts will be expired in April 2023. The Group has to pay a monthly rental and service fee of approximately Baht 3 million (2020: Baht 3 million) (separate financial statements: Baht 0.5 million (2020: Baht 0.5 million)).

The Group recognised the above long-term lease contracts as right of use assets and lease liabilities and included in Note 20 to the financial statements.

Service agreements

- c) The Company entered into a one-year management contract with Samart Corporation Public Co., Ltd., the parent company. This contract will be expired in April 2022. The Company is obligated to comply with performance conditions and pay a monthly service fee totaling approximately Baht 3 million (2020: Baht 2.5 million).
- d) The Company and nine subsidiary companies (Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd., Samart Infonet Co., Ltd., Samart eD Tech Co., Ltd., Smarterware Co., Ltd., Net Service (Thailand) Co., Ltd. and Portalnet Co., Ltd.) entered into information technology management agreements with Samart Corporation Public Co., Ltd., the parent company which were expired in December 2021. Subsequently, the Company and its subsidiaries renewed the contracts expiring in December 2022. The Group has to pay a monthly service fees totaling approximately Baht 3 million (2020: Baht 4 million) (separate financial statements: Baht 0.4 million (2020: Baht 1 million)).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 39.3 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	2,031	1,879	54	53
Bank deposits	460,467	623,406	134,152	151,776
Total	462,498	625,285	134,206	151,829

As at 31 December 2021, bank deposits in saving accounts and fixed deposits carried interests between 0.05 and 0.25 percent per annum (2020: between 0.1 and 1.0 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade accounts receivable - related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,347	2,882	390	17,501
Past due				
Up to 3 months	46,277	7,019	1,294	-
3 - 6 months	62,875	3,145	-	-
6 - 12 months	1,802	20,680	-	-
Over 12 months	162,387	193,753	-	-
Total	274,688	227,479	1,684	17,501
Less: Allowance for expected credit losses	(26,116)	(22,559)	-	-
Total trade accounts receivable - related parties, net	248,572	204,920	1,684	17,501

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	276,311	296,313	71,474	165,184
Past due				
Up to 3 months	80,859	239,184	41,745	122,871
3 - 6 months	94,723	119,619	-	2,651
6 - 12 months	199,545	38,150	143,277	1,053
Over 12 months	451,284	422,325	4,765	8,020
Total	1,102,722	1,115,591	261,261	299,779
Less: Allowance for expected credit losses	(59,566)	(50,539)	(16,627)	(6,390)
Total trade accounts receivable - unrelated parties, net	1,043,156	1,065,052	244,634	293,389
Total trade accounts receivable - net	1,291,728	1,269,972	246,318	310,890
<u>Other receivables</u>				
Advances	7,666	6,286	1,493	878
Securities business receivables	1,022,626	1,022,626	-	-
Other receivables - related parties (Note 6)	-	1,408	11,600	12,155
Other receivables - unrelated parties	160,819	162,267	-	-
Total	1,191,111	1,192,587	13,093	13,033
Less: Allowance for expected credit losses	(1,099,988)	(1,099,988)	-	-
Total other receivables - net	91,123	92,599	13,093	13,033
Total trade and other receivables - net	1,382,851	1,362,571	259,411	323,923

Set out below is the movement in the allowance for expected credit losses of loans to related parties and accrued interest receivables.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	1,173,086	1,136,976	6,390	7,999
Provision for expected credit losses	14,352	38,575	12,005	-
Amount written off	(1,768)	(2,465)	(1,768)	(1,609)
Ending balance	1,185,670	1,173,086	16,627	6,390

- The Group have transferred their collection rights from projects to banks as collateral of loans from banks and bank guarantee. As at 31 December 2021, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 677 million (2020: Baht 546 million) (separate financial statements: Baht 292 million (2020: Baht 122 million)).
- As at 31 December 2021, trade accounts receivable of the Company included amounts of Baht 3 million (2020: Baht 3 million) receivable from financial institutions which were ordered to cease their operations by the authorities. The Company has already provided full allowance for expected credit losses for these amounts.

c) Securities business receivables

As at 31 December 2021, IT Absolute Co., Ltd., a subsidiary company (formerly operate securities business) had securities business receivables which were under legal proceedings, undergoing restructuring or being settled in installments, to Baht 1,023 million (2020: Baht 1,023 million), on which the subsidiary already fully set up allowance for expected credit losses.

In addition during the year 2009, the subsidiary company had filed lawsuits with the Civil Court and the Bankruptcy Court, seeking to have the seven customers settled their total outstanding debts of Baht 978 million to the subsidiary company. The seven debtors were under absolute receivership by the Central Bankruptcy Court and these were being carried out in accordance with the process laid down under bankruptcy laws. The Civil Court dismissed the lawsuits of seven debtors so that the subsidiary company could receive settlement in the bankruptcy cases.

The share purchase agreement of shares in IT Absolute Co., Ltd., on 3 February 2012, stated that if the company received any repayment or benefit subsequent to share transfer date (all together called “repayment”) arising from obligation before or at share transfer date, Samart Broadband Services Co., Ltd., another subsidiary company (buyer) shall order the company to transfer the repayment made by the previous shareholder (a bank) at the rate of 99.7888 percent as formula which was described in the agreement.

- d) As at 31 December 2021, the Company has trade account receivable and accrued income from a project work of Baht 140.3 million and Baht 170.1 million, respectively. The management of the Company set up an allowance for expected credit losses for trade account receivable and accrued income of Baht 12.0 million and Baht 14.6 million, respectively, in the Company’s books of account for the year ended 31 December 2021. This project work is under responsibility of the STSL Consortium (“the consortium”), comprising the Company and two private limited companies which entered into an agreement with a state enterprise to install and develop the core business information system amounting to Baht 579 million. Under the agreement, the consortium must deliver and install the system within 730 days from the agreement date. Subsequently, both parties agreed to extend the agreement period for 7 months as a result of the COVID-19 pandemic whereby the agreement expired on 22 August 2021. Subsequently, on 24 August 2021, the state enterprise notified of termination of the agreement with the consortium and demanded forfeiture of collateral which was a letter of guarantee issued by a bank. On 25 August 2021, the consortium sent a letter refusing the termination of the agreement as it considered that the termination by the state enterprise was unfair, exercising the rights unlawfully and against the terms of the agreement. The consortium also demanded a full payment for the work that has been performed.

The management and the legal advisor of the Company are of the opinion that the termination of the agreement is unfair and unreasonable grounds provided. The delay arose from factors beyond control, which was not the fault of the consortium.

Subsequently on 28 October 2021, the state enterprise seized the letter of guarantee issued by a bank on behalf of the Company in the amount of Baht 20 million. Therefore, the Company recorded loss from project termination in the account of Baht 20 million for the year ended 31 December 2021 which is adequate at this state. On 7 December 2021, the Company filed a lawsuit with the Civil Court to demand the state enterprise pay for work that has been completed and damages for the termination of the agreement. At present, the case is under consideration by the Civil Court.

- e) Other than those mentioned in a) - d), as at 31 December 2021, allowance for doubtful debt had not been set aside in full amount for the outstanding balances of the Group' accounts receivable - unrelated parties that were aged more than 12 months past due totaling Baht 404 million (2020: Baht 372 million) and separate financial statements totaling Baht 0.1 million (2020: Baht 1.6 million). This is because such accounts receivable are government units and private companies that obtained government projects, who have no uncollectable experience and the process of payment approval for such receivables normally take a long time. The management of the Group believe that the allowance for expected credit losses is adequate and reflects time value of money according to the schedules of expected debt collection.
- f) As at 31 December 2021, allowance for expected credit losses had not been set aside for the outstanding balances of the Group's trade accounts receivables - related parties that were aged more than 12 months past due totaling Baht 136 million (2020: Baht 171 million and separate financial statements: nil). This is because the management of the Group believe that they can collect payment from such receivables in full. Based on the Group's collection experience, there was no bad debt from the related party receivables. The management of the Group believe that the allowance for expected credit losses is adequate and reflects time value of money according to the schedules of expected debt collection.

9. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Finance lease receivables (contractual value)	355,330	338,665
Less: Receipts	(226,971)	(210,884)
Finance lease receivables	128,359	127,781
Less: Unearned interest income	(15,846)	(6,855)
Finance lease receivables - net of unearned interest income	112,513	120,926
Less: Allowance for expected credit losses	(1,498)	-
Finance lease receivables - net of allowance for expected credit losses (Note 6)	111,015	120,926
Less: Current portion of finance lease receivables	(32,320)	(78,561)
Finance lease receivables - net of current portion	78,695	42,365

Samart Comtech Co., Ltd., a subsidiary company as "Lessor", has entered into a hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd., a related company as "Lessee". The agreement has contractual value of Baht 339 million, carries interest at 7.5 percent per annum and is valid for a revised period of 5 years expiring within 2022 and payable on a monthly basis. Subsequently, on 7 November 2021, the subsidiary company entered into a memorandum of amendment to finance lease agreement with lessee, in order to extend the payment period under the agreement by 4 years expiring within 2025 which the contractual value is Baht 355 million as newly agreeable.

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

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	69,269	73,809	(36,835)	(59,055)	32,434	14,754
Work in process	135,530	135,571	(43,490)	(43,474)	92,040	92,097
Supplies	6,732	2,751	(280)	(284)	6,452	2,467
Goods in transit	-	1,549	-	-	-	1,549
Total	211,531	213,680	(80,605)	(102,813)	130,926	110,867

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2021	2020	2021	2020	2021	2020
Finished goods	37,419	52,129	(31,285)	(47,985)	6,134	4,144
Work in process	44,964	108,852	(18,424)	(18,408)	26,540	90,444
Supplies	3,864	1,323	-	-	3,864	1,323
Goods in transit	-	130	-	-	-	130
Total	86,247	162,434	(49,709)	(66,393)	36,538	96,041

During the current year, the Group reversed the write-down of cost of inventories by Baht 22.2 million (separate financial statements: Baht 16.7 million), and reduced the amount of inventories recognised as expenses during the year (2020: Baht 11.2 million (separate financial statements: Baht 14.5 million) because such inventories have been sold during the year.

11. Withholding tax deducted at sources

The balance of withholding tax deducted at sources as at 31 December 2021 and 2020, aged on years, are summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Before 2011	2,437	2,437	-	-
2012	-	1	-	-
2017	-	611	-	-
2018	-	1,260	-	-
2019	4,266	83,307	-	15,426
2020	91,281	115,545	13,764	13,764
2021	79,791	-	15,250	-
Total	177,775	203,161	29,014	29,190
Less: Allowance for diminution in value of withholding tax deducted at sources	(2,437)	(2,437)	-	-
Total withholding tax deducted at sources - net	175,338	200,724	29,014	29,190

The Group regards 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 2021, the Group received such refund of the withholding tax of 2017 - 2020 approximately Baht 105 million (2020: the Group received refund of the withholding tax of 2013 - 2018 approximately Baht 171 million) (separate financial statements: the Company received refund of the withholding tax of 2019 approximately Baht 15 million (2020: the Company received such refund of the withholding tax of 2018 approximately Baht 18 million)).

As at 31 December 2021, the subsidiaries set up allowance for diminution in value of withholding tax deducted at sources totaling approximately Baht 2 million (2020: Baht 2 million). The management of the subsidiaries believe that the allowance for diminution in value of withholding tax deducted at sources is adequate.

12. Other financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Financial assets at fair value through profit or loss				
Listed equity investments (Note 12.1)	56,110	34,977	56,110	34,977
Financial assets at amortised cost				
Retention receivables	61,364	60,994	-	-
Deposits	25,462	24,611	7,534	6,611
Total other financial assets	142,936	120,582	63,644	41,588
Current	56,110	34,977	56,110	34,977
Non-current	86,826	85,605	7,534	6,611
	142,936	120,582	63,644	41,588

12.1 Movements in the listed equity investments at fair value through profit or loss as at 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2021	2020
Balance at beginning of year	34,977	24,104
Gain on change in value	21,133	10,873
Balance at end of year	56,110	34,977

13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Advance to supplier	67,698	110,056	7,152	1,139
Deferred project cost	106,934	83,148	78,772	32,581
Prepaid expense	31,247	21,028	612	580
Retention receivable	5,413	76,212	-	-
Input tax refundable	75,595	63,170	18,486	32,728
Undue input tax	8,609	2,920	6,566	4,673
Others	812	2,970	176	2,040
Total other current assets	296,308	359,504	111,764	73,741

During the current year, the Group reclassified retention receivable of Baht 76.2 million from other current assets to other non-current assets. The retention belongs to Samart Comtech Co., Ltd., a subsidiary, and is derived from an information systems development agreement made with a government agency. In March and April 2021, the subsidiary requested 687 days extension of the schedule for delivery of the work from the government agency, from May 2021 to March 2023, as described in Note 28.6.1 to the financial statements.

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Samart Communication Services Co., Ltd.	500	500	100	100	500,000	500,000	-	-
Posnet Co., Ltd.	72	72	100	100	72,000	72,000	-	-
Thai Trade Net Co., Ltd.	53	53	100	100	53,000	53,000	-	-
Samart Broadband Services Co., Ltd.	13.81	13.81	100	100	13,812	13,812	-	-
Samart Comtech Co., Ltd.	225	225	100	100	900,700	900,700	-	-
Smarterware Co., Ltd.	10	10	100	100	9,999	9,999	-	14,999
Samart Infonet Co., Ltd.	62	62	100	100	18,000	18,000	-	-
Samart eD Tech Co., Ltd.	5	5	100	100	5,000	5,000	-	15,000
Portalnet Co., Ltd.	2,100	2,100	100	100	208,000	208,000	63,000	92,400
Total investments in subsidiaries					1,780,511	1,780,511	63,000	122,399

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

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020
	(Percent)	(Percent)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Net Services (Thailand) Co., Ltd. (Subsidiary company of Samart Comtech Co., Ltd.)	40	40	(29)	(28)	(1)	-
SLA Asia Co., Ltd. (Subsidiary company of Samart Communication Services Co., Ltd.)	-	10	-	1	-	-

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

Summarised information about financial position

(Unit: Million Baht)

	Net Services (Thailand) Co., Ltd.	
	2021	2020
Current assets	26	29
Current liabilities	94	96
Non-current liabilities	10	10

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Net Services (Thailand) Co., Ltd.	
	2021	2020
Revenue	36	44
Loss	(3)	-

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December	
	Net Services (Thailand) Co., Ltd.	
	2021	2020
Cash flow used in operating activities	0.4	(3)
Net increase (decrease) in cash and cash equivalents	0.4	(3)

14.4 Liquidation of a subsidiary of Samart Communication Services Co., Ltd.

On 19 July 2021, the Extraordinary General Meeting of shareholders of SLA Asia Co., Ltd., a subsidiary of Samart Communication Services Co., Ltd., passed a resolution to dissolve the company. The subsidiary company filed the application for deregistration with the Ministry of Commerce on 19 July 2021 and its liquidation was registered with the Ministry of Commerce on 29 July 2021.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis					
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	Total
Cost / Revalued amount:							
31 December 2019	84,286	97,495	14,080,908	301,119	96,209	147,670	14,807,687
Transfer to right-of-use assets	-	-	-	-	(32,080)	-	(32,080)
Additions	-	301	440,466	6,622	2,175	40,373	489,937
Disposals and write-off	-	-	(59)	(454)	(5,140)	-	(5,653)
Transfer in/Transfer out	-	-	128,379	-	-	(125,631)	2,748
31 December 2020	84,286	97,796	14,649,694	307,287	61,164	62,412	15,262,639
Additions	-	342	215,227	1,551	-	393,098	610,218
Disposals and write-off	-	-	(4,993,846)	(102)	(14,515)	-	(5,008,463)
Transfer in/Transfer out	-	-	54,790	-	-	(54,790)	-
31 December 2021	84,286	98,138	9,925,865	308,736	46,649	400,720	10,864,394
Accumulated depreciation:							
31 December 2019	-	75,279	10,506,826	215,577	73,397	-	10,871,079
Accumulated depreciation on transfer to right-of-use assets	-	-	-	-	(15,133)	-	(15,133)
Depreciation for the year	-	4,409	820,578	25,101	3,645	-	853,733
Accumulated depreciation on disposals	-	-	(25)	(370)	(5,140)	-	(5,535)
31 December 2020	-	79,688	11,327,379	240,308	56,769	-	11,704,144
Depreciation for the year	-	4,407	247,742	21,635	2,404	-	276,188
Accumulated depreciation on disposals	-	-	(2,377,904)	(88)	(14,515)	-	(2,392,507)
31 December 2021	-	84,095	9,197,217	261,855	44,658	-	9,587,825
Allowance for impairment loss:							
31 December 2019	-	-	2,674,507	-	-	12,922	2,687,429
Increase during the year	-	-	120,471	-	-	-	120,471
31 December 2020	-	-	2,794,978	-	-	12,922	2,807,900
Decrease during the year	-	-	(2,615,941)	-	-	-	(2,615,941)
31 December 2021	-	-	179,037	-	-	12,922	191,959
Net book value:							
31 December 2020	84,286	18,108	527,337	66,979	4,395	49,490	750,595
31 December 2021	84,286	14,043	549,611	46,881	1,991	387,798	1,084,610
Depreciation for the year							
2020 (Baht 829 million included in cost of services, and the balance in selling and administrative expenses)							853,733
2021 (Baht 256 million included in cost of services, and the balance in selling and administrative expenses)							276,188

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis	Cost basis					
		Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation
Cost / Revalued amount:							
31 December 2019	75,200	54,411	1,192,805	22,661	30,894	125,631	1,501,602
Transfer to right-of-use assets	-	-	-	-	(18,183)	-	(18,183)
Additions	-	34	298,653	385	-	33,858	332,930
Disposals and write-off	-	-	(45)	(70)	(3,860)	-	(3,975)
Transfer in (out)	-	-	125,631	-	-	(125,631)	-
31 December 2020	75,200	54,445	1,617,044	22,976	8,851	33,858	1,812,374
Additions	-	-	49,395	109	-	60,098	109,602
Disposals and write-off	-	-	-	(32)	(4,689)	-	(4,721)
Transfer in (out)	-	-	33,858	-	-	(33,858)	-
31 December 2021	75,200	54,445	1,700,297	23,053	4,162	60,098	1,917,255
Accumulated depreciation:							
31 December 2019	-	54,334	1,186,366	20,969	20,393	-	1,282,062
Accumulated depreciation on transfer to right-of-use assets	-	-	-	-	(8,484)	-	(8,484)
Depreciation for the year	-	67	36,641	606	477	-	37,791
Accumulated depreciation on disposals and write-off	-	-	(14)	(51)	(3,860)	-	(3,925)
31 December 2020	-	54,401	1,222,993	21,524	8,526	-	1,307,444
Depreciation for the year	-	21	104,815	594	100	-	105,530
Accumulated depreciation on disposals and write-off	-	-	-	(17)	(4,689)	-	(4,706)
31 December 2021	-	54,422	1,327,808	22,101	3,937	-	1,408,268
Net book value:							
31 December 2020	75,200	44	394,051	1,452	325	33,858	504,930
31 December 2021	75,200	23	372,489	952	225	60,098	508,987
Depreciation for the year							
2020 (Baht 37 million included in cost of services, and the balance in selling and administrative expenses)							37,791
2021 (Baht 105 million included in cost of services, and the balance in selling and administrative expenses)							105,530

15.1 The Group arranged for an independent professional valuer to appraise the value of certain assets in 2019 for land. The basis of the land was revalued using the market approach.

Had the land been carried in the financial statements based on historical cost, their net book values as of 31 December 2021 and 2020 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	Land	32,045	32,045	26,661

15.2 As at 31 December 2021, certain equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounting to approximately Baht 9,593 million (2020: Baht 13,583 million) (separate financial statements: Baht 1,248 million (2020: Baht 1,227 million)).

15.3 During the year 2020, the Group has an impairment loss for equipment of Baht 121 million (2021: nil) (separate financial statements: nil) to reduce the carrying amount of the assets to their recoverable amounts. The Group has determined the recoverable amounts of its assets based on value in use using cash flow projections from financial estimation approved by management.

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

(Unit: Percent per annum)

	2020
Pre-tax discount rate	8%
Growth rate	0%

15.4 During the year 2021, Portalnet Co., Ltd., a subsidiary company reversed allowance for impairment loss on equipment which had been fully set aside of Baht 2,616 million because the subsidiary sold such equipment during the year.

16. Intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
	Computer software
Cost	
31 December 2019	376,462
Addition	67,352
Disposals	(15)
31 December 2020	443,799
Addition	2,326
31 December 2021	446,125
Accumulated amortisation	
31 December 2019	236,052
Amortisation	77,495
Accumulated amortisation on disposals	(10)
31 December 2020	313,537
Amortisation	37,759
31 December 2021	351,296
Allowance for impairment loss	
31 December 2019	-
Increase during the year	31,218
31 December 2020	31,218
31 December 2021	31,218
Net book value	
31 December 2020	99,044
31 December 2021	63,611
Amortisation for the year	
2020 (Baht 52 million included in cost of services, and the balance in selling and administrative expenses)	77,495
2021 (Baht 13 million included in cost of services, and the balance in selling and administrative expenses)	37,759

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost	
31 December 2019	72,443
Addition	947
31 December 2020	73,390
Addition	890
31 December 2021	74,280
Accumulated amortisation	
31 December 2019	56,035
Amortisation	16,266
31 December 2020	72,301
Amortisation	266
31 December 2021	72,567
Net book value	
31 December 2020	1,089
31 December 2021	1,713
Amortisation for the year	
2020 (Amortisation for the year included in selling and administrative expenses)	16,266
2021 (Baht 0.2 million included in cost of services, and the balance in selling and administrative expenses)	266

During the year 2020, the Group recognised an impairment loss for intangible assets of Baht 31 million (2021: nil) (separate financial statements: nil) to reduce the carrying amount of the assets to their recoverable amounts. The Group had determined the recoverable amounts of its assets based on value in use using cash flow projections from financial estimation approved by management.

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

(Unit: Percent per annum)

	2020
Pre-tax discount rate	8%
Growth rate	0%

17. Goodwill

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

The Company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a 6 years period of Portalnet Co., Ltd., which some of them are based on the contract period.

Key assumptions used in value in use calculations summarise as follows:

(Unit: Percent per annum)

	2021	2020
Terminal growth rate	0%	0%
Discount rate (WACC)	11%	11%

The management has determined the growth rate based on past performance, the combine growth rate of the market and the country's gross domestic product, applying conservative principles and assuming a constant income between 1 and 6 years and a discount rate, which is the rate before income tax, which relates to the specific risk in that operating segment.

As at 31 December 2021 and 2020, the management has considered and believed that no impairment was required for goodwill.

18. Short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020	2021	2020
Short-term loans from banks	MMR	MMR	1,594,706	1,368,548	176,206	444,548
Trust receipts	MMR	MMR	166,165	94,262	50,971	50,971
Total			1,760,871	1,462,810	227,177	495,519

Short-term loans from financial institutions of the Group are secured by cross-guarantee by the Group, transfer and assign of right over collection of any contract/project as specified in loan agreements.

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

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payable - related parties (Note 6)	109,143	54,154	88,162	62,436
Trade accounts payable - unrelated parties	341,847	473,467	35,386	90,901
Other payables - related parties (Note 6)	11,818	13,851	5,617	11,569
Other payables - unrelated parties	15,542	15,406	1,495	1,329
Accrued expenses	118,884	116,491	14,097	12,023
Interest payables	504	200	18	75
Total trade and other payables	597,738	673,569	144,775	178,333

20. Leases

20.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 10 years.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Buildings improvement	Telecommunication and tooling equipment	Motor vehicles	Total
1 January 2020	140,166	116,173	29,829	286,168
Additions (decrease)	(7,248)	(10,408)	14,635	(3,021)
Depreciation for the year	(25,752)	(40,222)	(10,463)	(76,437)
1 January 2021	107,166	65,543	34,001	206,710
Additions	(1,597)	16,229	5,586	20,218
Depreciation for the year	(21,272)	(39,811)	(10,542)	(71,625)
31 December 2021	84,297	41,961	29,045	155,303

(Unit: Thousand Baht)

	Separate financial statements			
	Buildings improvement	Telecommunication and tooling equipment	Motor vehicles	Total
1 January 2020	23,603	116,173	9,699	149,475
Additions (decrease)	-	(10,408)	3,132	(7,276)
Depreciation for the year	(3,663)	(40,222)	(4,011)	(47,896)
1 January 2021	19,940	65,543	8,820	94,303
Additions	6,625	16,229	-	22,854
Depreciation for the year	(2,383)	(39,811)	(3,227)	(45,421)
31 December 2021	24,182	41,961	5,593	71,736

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	187,830	246,903	83,055	109,027
Less: Deferred interest expenses	(20,423)	(27,497)	(8,052)	(8,929)
Total	167,407	219,406	75,003	100,098
Less: Portion due within one year	(61,574)	(69,627)	(34,522)	(46,310)
Lease liabilities - net of current portion	105,833	149,779	40,481	53,788

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	219,406	20,095	100,098	10,517
Additions	20,218	266,201	22,853	132,501
Accretion of interest	8,787	11,164	4,379	5,449
Repayments	(81,004)	(78,054)	(52,327)	(48,369)
Balance at end of year	167,407	219,406	75,003	100,098

A maturity analysis of lease payments is disclosed in Note 41 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	71,625	76,437	45,421	47,896
Interest expense on lease liabilities	8,787	11,164	4,379	5,449
Expense relating to leases of low-value assets	47	79	-	-
Expense relating to short-term leases	979	-	-	-

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 90 million (2020: Baht 89 million) (the Company only: Baht 57 million, 2020: Baht 54 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

20.2 Group as a lessor

The Group has entered into operating leases for equipment of the lease term is approximately 5 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Within 1 year	228,840	184,104	220,440	184,104
Over 1 and up to 5 years	705,700	671,329	673,500	671,329
Total	934,540	855,433	893,940	855,433

21. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	Maintenance warranties		Maintenance warranties	
1 January 2020	88,896		23,038	
Increase during the year	14,501		3,786	
Utilised	(13,518)		-	
Reversal	(5,435)		(4,364)	
31 December 2020	84,444		22,460	
Increase during the year	33,252		8,310	
Utilised	(13,518)		(3,691)	
Reversal	(1,151)		(925)	
31 December 2021	103,027		26,154	
2020				
Current	53,795		19,278	
Non-current	30,649		3,182	
	84,444		22,460	
2021				
Current	60,370		20,200	
Non-current	42,657		5,954	
	103,027		26,154	

Maintenance warranties

The Group recognised a provision for expected warranty claims on products and equipment during the last two years, based on past experience of the level of repairs. The Group expect most of these costs to be incurred in the next financial year and all to have been incurred within two years of the reporting date. In calculating the provision for warranties, the Group applied assumptions, based on current contract work levels and current information available about repairs of products and equipment with three months to three years warranty periods, for all types of contract work.

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Value added tax payable	308	575	-	-
Withholding Tax deduct at source	7,425	7,572	1,987	2,619
Undue output VAT	39,645	42,517	17,562	10,379
Others	19,698	23,781	5,036	4,738
Total other current liabilities	67,076	74,445	24,585	17,736

23. 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	
	2021	2020	2021	2020
Provision for long-term employee benefits at beginning of year	167,557	169,446	41,983	41,875
Included in profit or loss:				
Current service cost	12,566	12,991	3,023	3,149
Interest cost	1,978	2,562	341	540
Increase (decrease) from employee transfer during the year	(208)	52	1,551	540
Gain on settlement	(1,523)	(4,883)	-	(1,241)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	(27,452)	4,314	(4,066)	1,050
Experience adjustments	17,863	(9,009)	5,280	(730)
Benefits paid during the year	-	(7,916)	-	(3,200)
Provision for long-term employee benefits at end of year	170,781	167,557	48,112	41,983

As at 31 December 2021, the Group expects to pay long-term employee benefits during the next year amounting to Baht 4.5 million (separate financial statements: Baht 3.2 million) (2020: nil).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 8 - 18 years (separate financial statements: 8 years) (2020: 10 - 20 years (separate financial statements: 10 years)).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	1.35 - 2.76	0.81 - 1.81	1.35	0.81
Salary increase rate	3.5 - 4.5	3.5 - 6.0	3.5 - 4.5	3.5 - 6.0
Turnover rate	2 - 24	2 - 24	2 - 24	2 - 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 2021 and 2020 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%	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	(15)	(17)	17	20	(3)	(3)	3	3
Salary increase rate	15	17	(14)	(15)	3	2	(2)	(2)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2021	2020	2021	2020	2021	2020	2021	2020
Turnover rate	(15)	(18)	18	22	(2)	(2)	3	3

24. Surplus on revaluation of land

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	41,792	41,792	38,831	38,831
Balance at end of year	41,792	41,792	38,831	38,831

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

25. Share capital

On 27 April 2021, the ordinary general meeting of shareholders of the Company approved a resolution to increase in registered share capital and propose the warrant issuance, with the warrants to be issued to the existing shareholders proportionate to their respective shareholdings (Right Offering). The resolutions were as follows:

- 1) Approve the reduction of the Company's registered capital by cancelling 120 million authorised but unissued shares amounted to Baht 120 million from the current registered capital of Baht 738 million to be the new registered share capital of Baht 618 million, comprising ordinary shares of 120 million shares with a par value of Baht 1 per share, as well as the amendment to Clause 4 of the Memorandum of Association so as to reflect the reduction of the Company's registered capital.
- 2) Approve the issue and offering of warrants representing the right to purchase the newly issued ordinary shares (SAMTEL-W1) to the existing shareholders proportionate to their respective shareholdings (Right Offering) in the amount of not exceeding 103 million units, without any cost at the ratio of 6 existing issued shares to 1 warrant. The warrants have a period of 3 years from the first issuance date. The exercise ratio is 1 warrant:1 share, with an exercise price of Baht 12 each, which may be adjusted pursuant to the conditions for the adjustment of the rights.
- 3) Approve the increase of the Company's registered capital for an additional amount of not exceeding Baht 103 million from the existing amount of Baht 618 million to be the new registered capital of Baht 721 million, by issuing not exceeding 103 million new ordinary shares at the par value of Baht 1 each, as well as the amendment to Clause 4 of the Memorandum of Association so as to reflect the increase of the Company's registered capital.
- 4) Approve the allocation of newly issued shares in the amount of not exceeding 103 million shares with a par value of Baht 1 each in order to accommodate the exercises of the warrants No. 1 (SAMTEL-W1) to the existing shareholders proportionate to their respective shareholdings (Right Offering).

The Company registered the change in its registered share capital with the Ministry of Commerce on 14 May 2021.

Reconciliation of share capital

	Consolidated / Separate financial statements	
	(Number of shares)	(Thousand Baht)
<u>Registered share capital</u>		
As at 1 January 2021	738,000,000	738,000
Decrease from approval of the Ordinary General Meeting of the Company's shareholders on 27 April 2021	(120,000,000)	(120,000)
Increase from approval of the Ordinary General Meeting of the Company's shareholders on 27 April 2021	103,000,000	103,000
As at 31 December 2021	721,000,000	721,000

26. Warrants

On 27 April 2021, the Ordinary General Meeting of the Company's shareholders approved the allotment of up to 103,000,000 warrants (SAMTEL-W1) to the Company's existing shareholders proportionate to their respective shareholdings. Details of the warrants are summarised below.

Number of warrants issued	:	103,000,000 units
Number of warrants subscribed	:	102,988,131 units
Offering price	:	Baht 0 per unit
Offering method	:	6 existing ordinary shares to one unit of the SAMTEL-W1 warrants
Exercise ratio and price	:	1 warrant per 1 newly issued ordinary share at a price of Baht 12 per share
Date of issuance	:	18 May 2021
Term of the warrant	:	3 years from the issuance date of warrants
Expiry date	:	17 May 2024
Exercise dates	:	On the last business day of May and November whereby the first and last exercise dates are 30 November 2021 and 17 May 2024, respectively.
Exercised warrant	:	None
Outstanding warrants as at 31 December 2021	:	102,988,131 units

27. Statutory reserve

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

28. Revenues from sales and the contract work

28.1 Service and rental income

Service and rental income for the years ended 31 December 2021 and 2020 summarised as followings:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Type-two telecom license without its own network	57,333	73,556	57,333	73,556
Type-one internet license	111,556	104,781	-	-
Other service income	1,269,853	1,948,973	401,884	334,587
Equipment rental income	228,418	65,087	202,181	65,087
Total service and rental income	1,667,160	2,192,397	661,398	473,230

28.2 Contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Contract assets				
Accrued income	2,360,523	2,348,288	338,372	460,116
Retention receivable	221,035	144,029	-	-
Total contract assets	2,581,558	2,492,317	338,372	460,116
Less: Allowance for impairment loss	(16,059)	(1,875)	(14,555)	-
Total contract assets, net	2,565,499	2,490,442	323,817	460,116
Contract liabilities				
Unearned revenue	(6,563)	(24,853)	(4,002)	(4,398)
Total contract liabilities	(6,563)	(24,853)	(4,002)	(4,398)

During the current year, the Group recorded provision for expected credit losses on contract assets by Baht 16.0 million (2020: Baht 0.2 million) (separate financial statements: Baht 14.6 million (2020: nil)).

28.3 Revenue recognised in relation to contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Revenue recognised that was included in contract liabilities at the beginning of the year	24,191	12,523	-	-

28.4 Revenue to be recognised for the remaining performance obligations

As at 31 December 2021, revenue aggregating to Baht 6,056 million (2020: Baht 6,110 million) is expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of contracts with customers (separate financial statements: Baht 2,078 million (2020: Baht 1,703 million)). The Group expects to satisfy the performance obligations within 5 years.

28.5 Cost to be incurred to completion of work under customer contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	248,878	241,108	156,827	133,854
Addition	72,578	100,172	57,937	47,327
Transfer to cost	(122,792)	(92,402)	(63,685)	(24,354)
Ending balance ending of year	198,664	248,878	151,079	156,827

28.6 Estimation of penalty from project delay

28.6.1 On 9 May 2018, Samart Comtech Co., Ltd., a subsidiary company, entered into an agreement with a government agency to develop information systems. The subsidiary is obliged to install and deliver hardware and application software within 1,095 days from the agreement date (8 May 2021). If the subsidiary fails to deliver the works within the specified deadlines, the government agency, as the contract counterparty, will charge a delay penalty, calculated from the day after each delivery deadline until the works have been delivered properly. Subsequently, on 8 April 2021, the subsidiary received a letter notifying of penalty charge from the government agency amounting to Baht 9 million. The government agency settled the penalty against the third payment payable amount to the subsidiary.

The subsidiary's management and legal counsel view that the subsidiary is not obliged to pay the penalty to the government agency as the delay was not the subsidiary's fault. In addition, the management believes that the negotiation with the government agency will be successful. The subsidiary delivered the work for the delivery period of 2 and 3 within the specified timeframe (within 5 March 2019 and 13 June 2019 respectively). However, the government agency reviewed the delivery period 2 work and notified the subsidiary of the work acceptance in September 2019, which was behind the deadline of the delivery period 3 in June 2019. As a result, the subsidiary had to develop and install additional work system. The subsidiary delivered the said additional work in December 2019. The government agency accepted all works of delivery period 3 in February 2021. In April 2021, the subsidiary filed an appeal against the government agency to provide clarification and request a waiver of penalty and an extension of work delivery period for additional 687 days due to the delay for work acceptance and the COVID-19 pandemic, from May 2021 to March 2023. However, for the year ended 31 December 2021, the subsidiary company estimated the potential deductions from contractual value due to delays in delivery or contractual penalty of Baht 29 million.

28.6.2 On 15 January 2021, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement with a learning foundation to procure education equipment. The subsidiary is obliged to install and deliver the education equipment within 150 days from the agreement date until 14 June 2021. If the subsidiary fails to deliver the work within the specified deadlines, the learning foundation, as the contract counterparty, will charge a delay penalty, calculated from the day after each delivery deadline until the day the work has been delivered properly. Subsequently, the subsidiary received an approval from the learning foundation for an extension of the delivery deadlines of Part 1 and Part 2 works to 30 June 2021 and 30 October 2021, respectively. The subsidiary company delivered Part 1 and Part 2 works, which are already passing the acceptance by the learning foundation. However, for the year ended 31 December 2021, the subsidiary company estimated the potential deductions from contractual value due to delays in delivery or contractual penalty of Baht 10 million.

29. Other income

Other income for the years ended 31 December 2021 and 2020 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Gain on exchange rate	-	-	39	324
Gain on liquidation of a subsidiary	616	-	-	-
Dividend income from subsidiaries (Note 14.1)	-	-	63,000	122,399
Management fee income (Note 6)	-	-	74,400	61,200
Gain on change in value of listed equity investments (Note 12.1)	21,133	10,873	21,133	10,873
Gain on reversal of accrued project cost	22,791	39,758	-	-
Other	22,700	27,877	19,811	32,553
Total other income	67,240	78,508	178,383	227,349

30. Finance income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest income on bank deposits	664	973	168	223
Interest income on loans to related parties	-	-	42,673	43,426
Interest income on lease	6,585	11,227	-	-
Total	7,249	12,200	42,841	43,649

31. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest expense on:				
Bank loans and trust receipts	39,443	60,734	8,103	21,908
Loans from related parties	-	-	29,210	26,140
Liabilities under lease agreements	8,787	11,164	4,379	5,449
Total interest expenses	48,230	71,898	41,692	53,497
Bank charges	677	2,053	260	1,628
Total finance cost	48,907	73,951	41,952	55,125

32. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Raw materials, equipment and cost of project used	2,023,866	2,558,516	189,421	345,621
Salaries, wages and other employee benefits	756,717	832,872	134,239	131,345
Depreciation and amortisation	385,572	1,007,665	151,218	101,953
Decrease in changes in inventories of finished goods and work in progress	4,581	11,700	78,598	11,392
Advertising and marketing expense	5,743	11,617	4,666	5,532

In addition, the Group has expenses that are other expenses by nature, but which are not included in the above: such as training expenses and other expenses.

33. Income tax

Income tax expenses (income) for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge	1,634	2,159	-	-
Adjustment of corporate income tax expense from prior year	-	142	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	16,455	(78,357)	9,623	4,505
Income tax (income) expenses reported in the income statement	18,089	(76,056)	9,623	4,505

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax relating to actuarial loss on defined benefit plan	1,805	938	(243)	(64)
Income tax (income) expenses charged to other comprehensive income	1,805	938	(243)	(64)

Reconciliation between income tax expenses (income) and the product of accounting profit (loss) multiplied by the applicable tax rates for the years ended 31 December 2021 and 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting profit (loss) before tax	78,413	(363,562)	108,426	147,773
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	15,683	(72,712)	21,685	29,554
Adjustment of corporate income tax expense from prior year	-	142	-	-
Effects of:				
Utilisation of tax loss carry forward	(800)	(1,064)	-	-
Income not subject to tax	(1,348)	(52)	(12,795)	(24,532)
Non-deductible expenses	2,053	3,852	750	827
Additional expense deductions allowed	(363)	(1,196)	(17)	(177)
Others	1,869	-	-	-
Total	1,411	1,540	(12,062)	(23,882)
Deferred tax assets not recognised	2,408	8,242	-	-
Decrease in deferred tax assets not recognised	(1,413)	(13,268)	-	(1,167)
Income tax (income) expenses reported in profit or loss	18,089	(76,056)	9,623	4,505

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses of trade receivables and accrued income	33,027	21,815	6,236	1,277
Allowance for diminution in value of inventories	18,705	20,562	9,942	13,278
Allowance for non-financial assets impairment	35,228	56,535	2,425	2,425
Profit in outstanding inventories	793	5,658	-	-
Profit in outstanding equipments and intangible assets	22,615	22,344	-	-
Deferred cost	2,479	356	-	-
Accumulated depreciation - equipment	73,446	108,844	5,002	5,853
Assets under finance lease agreements	1,867	1,601	-	-
Right-of-use assets	847	1,200	774	1,183
Allowance for expected credit losses of non-current financial assets	677	837	132	151
Provision for long-term employee benefits	27,654	25,283	8,026	7,043
Accrued vacation leave	886	878	156	144
Actuarial loss	5,758	7,584	1,596	1,353
Unrealised loss from revaluation of listed equity investments	11,459	15,686	11,459	15,686
Unused tax loss	172,945	137,431	14,116	20,851
Total	408,386	426,614	59,864	69,244

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax liabilities				
Other receivables - unrelated parties	17,564	17,564	-	-
Revaluation surplus on land	10,448	10,448	9,708	9,708
Actuarial gain	33	1	-	-
Total	28,045	28,013	9,708	9,708
Deferred tax-net	380,341	398,601	50,156	59,536

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets	380,341	398,601	50,156	59,536
Deferred tax - net	380,341	398,601	50,156	59,536

As at 31 December 2021, the subsidiary company has deductible temporary differences and unused tax losses totaling Baht 184 million (2020: Baht 210 million), on which deferred tax assets have not been recognised as the subsidiary company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
31 December 2022	18,123	33,170	-	-
31 December 2023	39,501	19,230	-	-
31 December 2024	72,718	42,162	-	-
31 December 2025	40,623	75,479	-	-
31 December 2026	12,564	40,036	-	-
	183,529	210,077	-	-

34. Promotional privileges

Subsidiary has been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the subsidiary are as follows:

Details	Smarterware Co., Ltd.
1. Certificate No.	59-1099-1-00-2-0
2. Promotional privileges for	Software
3. The significant privileges are:	For a period of 5 years until 30 March 2023
3.1 Exemption from corporate income tax on net income from promoted operations commencing as from the date of first earning operating income. Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.	Granted
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Ended on 24 February 2019
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	31 March 2018
4. Date of first earning operating income	

Revenues of Smarterware Co., Ltd. for the year are software development services which could be divided between BOI promoted activities and Non-BOI promoted activities.

(Unit: Thousand Baht)

	2021	2020
BOI promoted	-	5,194
Non-BOI promoted	51,726	40,090
Total service income	51,726	45,284

35. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The Company did not present diluted earnings per share because the exercise price of warrants is higher than the average market price of the Company's ordinary shares for the period. As a result, such warrants shall not have dilutive impact an earnings per share (2020: nil).

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 Group is organised into business groups based on products and services and have three reportable segments as follows:

1. Network Infrastructure Solutions

Provide advanced solutions for telecommunications and data communication networks from consultation, survey, design, installation and implementation and system management services, as well as professional maintenance services for wired and wireless networks, including core networks, access networks, network equipment and end devices and various communications services via both high-speed networks and satellite communications.

2. Enhanced Technology Solutions

Provide solutions for information technology systems, including advanced systems customisation for customers requiring accuracy and high stability. The solutions range from consultation, engineering design and software development to installation, project management, management, and maintenance services.

3. Business application

Provide advanced software application services that enhance the capability and efficiency of the operations of corporate clients and the efficiency of service provision by clients in the public sector.

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Group financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

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

Inter-segment revenues are eliminated on consolidation.

36.1 The results of operations separated by business segment

The following tables present revenue and profit information regarding the Groups' operating segments for the years ended 31 December 2021 and 2020, respectively.

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from sales, contract work and services										
- Related parties	372	369	543	179	28	66	(621)	(560)	322	54
- Third parties	1,127	1,379	2,013	2,590	1,119	1,408	-	-	4,259	5,377
Total revenues from sales, contract work, services and rental	1,499	1,748	2,556	2,769	1,147	1,474	(621)	(560)	4,581	5,431
Cost of sales, contract work, services and rental	(1,271)	(1,470)	(2,397)	(3,017)	(934)	(1,254)	599	669	(4,003)	(5,072)
Gross profit (loss)	228	278	159	(248)	213	220	(22)	109	578	359
Other income									67	79
Selling and distribution expenses									(139)	(162)
Administrative expenses									(353)	(386)
Other expense									(4)	(154)
Finance income									7	12
Finance cost									(49)	(74)
Impairment loss on financial assets									(29)	(38)
Income tax income									(18)	76
Non-controlling interests of the subsidiaries									1	-
Profit (loss) for the year									61	(288)

36.2 Assets separate by business segment are as follows:

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets										
Trade accounts receivable	621	620	1,087	960	770	774	(1,186)	(1,084)	1,292	1,270
Accrued income	580	403	1,453	1,709	444	401	(131)	(165)	2,346	2,348
Inventories	32	26	72	4	31	85	(4)	(4)	131	111
Property, plant and equipment	999	589	82	141	49	44	(45)	(23)	1,085	751
Others									2,290	2,492
Total assets									7,144	6,972
Total liabilities	4,178	3,026	4,387	4,508	612	967	(5,404)	(4,833)	3,773	3,668
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	375	323	14	(870)	(22)	(72)	25	223	392	(396)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sales	251	256	44	188
Revenue from contract work	2,663	2,982	190	220
Services income (excluding the revenue from Type-two telecom license)	1,408	2,055	402	335
Total revenue from contracts with customers	4,322	5,293	636	743
Revenue from Type-two telecom license	57	73	57	73
Rental income	202	65	202	65
Total revenues	4,581	5,431	895	881
Timing of revenue recognition:				
Revenue recognised at a point in time	251	256	44	188
Revenue recognised over time	4,071	5,037	592	555
Total revenues from contracts with customers	4,322	5,293	636	743

Geographic information

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

Major customers

For the year 2021, the Group has revenue from three major customers in amount of Baht 737 million arising from sales by enhanced technology solutions segments, Baht 671 million from sales by business application segments, and Baht 345 million from sales network solutions segments (2020: 1,321 million arising from sales by enhanced technology solutions segments, Baht 1,004 million from sales by business application segments, and Baht 34 million from sales network solutions segments).

37. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary and their employees contributed to the fund monthly at the rate of 3 percent to 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2021 amounting to approximately Baht 33 million (2020: Baht 33 million) (separate financial statements: Baht 6 million (2020: Baht 6 million)) were recognised as expenses.

38. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2020				
Final dividend on 2019 income	Board of Director Meeting on 9 April 2020 and Annual General Meeting of the shareholders on 14 July 2020			
Less: Interim dividend paid in 2019		321.4	0.52	11 September 2019
Total dividends paid for the year 2020		(123.6)	(0.20)	5 May 2020
		197.8	0.32	

For the year ended 31 December 2021, there is no announcement of dividend payment.

39. Commitments and contingent liabilities

The Group has commitments and contingent liabilities other than those disclosed in other notes as follows:

39.1 Commitments

- 39.1.1 Samart Infonet Co., Ltd., a subsidiary company, entered into a contract with True International Gateway Co. Ltd. related to the provision of services to an international internet exchange center. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.1 million per month (2020: Baht 0.1 million per month).
- 39.1.2 Posnet Co., Ltd., a subsidiary company, entered into two agreements with a private limited company to provide system maintenance services. During the year 2015, that company charged a penalty and compensatory damages totaling of Baht 8 million to the subsidiary under these two agreements, for breaches of the conditions stipulated therein. Subsequently, the subsidiary has negotiated and received details of the penalties and compensatory damages from such company which the penalties and compensatory damages were changed to be Baht 4 million. In December 2020, the subsidiary company entered into an agreement develop e-coupon system totaling Baht 1.6 million as compensation. Both parties agree not to claim money or damages or take any action civil and criminal whether directly or indirectly. Deliverables of the project were completed and the counterparty has acknowledged receipt in May 2021.

- 39.1.3 Samart Comtech Co., Ltd., a subsidiary company, entered into purchase and equipment installation agreements with many local companies for the development of the Land Information System (Phase 2). As at 31 December 2021, the subsidiary is obligated to pay for equipment and service fee totaling approximately Baht 207 million (31 December 2020: Baht 467 million).
- 39.1.4 Samart Comtech Co., Ltd., a subsidiary company, entered into purchase and equipment installation agreements for Digital Trunked Radio System (DTRS). As at 31 December 2021, the subsidiary is obligated pay for equipment and service fees totaling approximately Baht 145 million (31 December 2020: Baht 24 million).
- 39.1.5 Portalnet Co., Ltd., a subsidiary company, entered into purchase, equipment installation and maintenance agreements with many companies for the installation and maintenance for computer software applications for core business operation with Provincial Electricity Authority. As at 31 December 2021, the subsidiary is obligated to pay for equipment and service fee amounting to Baht 105 million, EUR 1.3 million and USD 0.2 million or equivalent to Baht 163 million (31 December 2020: Baht 107 million, EUR 2 million and USD 0.4 million or equivalent to Baht 181 million).
- 39.1.6 Portalnet Co., Ltd., a subsidiary company entered into contracts to use computer software application services with a company. The subsidiary is obligated to comply with the conditions stipulated in the contracts and subsidiary company has future minimum lease payments as follows.

(Unit: Million Baht)

	Consolidated financial statements	
	2021	2020
Payable:		
In up to 1 year	238	227
In over 1 and up to 5 years	512	738

- 39.1.7 As at 31 December 2021, The Company has outstanding commitment totaling approximately Baht 56 million (2020: Baht 56 million) in respect of the uncalled portion of their investments in its subsidiaries.
- 39.1.8 The Group entered into the service agreements with various companies between 1 and 4 years. The Company and its subsidiary companies have to pay a monthly facility service fee at the rate stipulated in the agreements.

39.2 Bank guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Group, in respect of certain performance bonds as required in the ordinary course of business for the Group. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Performance guarantees	2,088	2,932	529	612
Guarantee electricity use, among others	204	141	124	75
	2,292	3,073	653	687

39.3 Related party guarantees

As at 31 December 2021, the Company was guarantor of credit facilities and rental of equipment of its subsidiary companies from banks and a leasing company amounting to Baht 6,592 million (2020: Baht 6,592 million).

Generally, the guarantees are effective for as long as the underlying obligations have not been discharged by the Group. Guarantee fees are charged by the Group.

40. Fair value hierarchy

The Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at 31 December 2021		
	Level 1	Level 2	Total
Assets measured at fair value			
Financial assets measured at FVTPL			
Listed equity investments	56	-	56
Land	-	84	84

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2021		
	Level 1	Level 2	Total
Assets measured at fair value			
Financial assets measured at FVTPL			
Listed equity investments	56	-	56
Land	-	75	75

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at 31 December 2020		
	Level 1	Level 2	Total
Assets measured at fair value			
Financial assets measured at FVTPL			
Listed equity investments	35	-	35
Land	-	84	84

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2020		
	Level 1	Level 2	Total
Assets measured at fair value			
Financial assets measured at FVTPL			
Listed equity investments	35	-	35
Land	-	75	75

41. Financial instruments

Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, accrued income, short-term loans to, investments and short-term loans from. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, accrued income, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables and contract assets

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the majority of sales and services are supplied to credit worthy customers such as stated enterprises, government agencies and the banking sector.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. For trade receivables from projects that have different credit risk characteristics, expected credit losses are assessed on individual basis. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Market risk

There are two types of market risk comprises interest rate risk and currency risk. The Group enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods and services.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within 1 year. As at 31 December 2021 and 2020, the Group had no outstanding forward contract.

From the analysis of foreign currency sensitivity, the Group's exposure of foreign currency changes is not material.

Interest rate risk

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

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements									
	Fixed interest rates				Floating		Non-interest		Total	
	Within 1 year		1 - 5 years		interest rate		bearing			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Financial Assets										
Cash and cash equivalents	-	-	-	-	395	578	67	47	462	625
Trade and other receivables	-	-	-	-	-	-	1,383	1,363	1,383	1,363
Finance lease receivables	32	79	79	42	-	-	-	-	111	121
Other current financial assets	-	-	-	-	-	-	56	35	56	35
Other non-current financial assets	-	-	-	-	-	-	87	86	87	86
	32	79	79	42	395	578	1,593	1,531	2,099	2,230
Financial liabilities										
Loans from banks	-	-	-	-	1,595	1,369	-	-	1,595	1,369
Trust receipts	-	-	-	-	166	94	-	-	166	94
Trade and other payables	-	-	-	-	-	-	598	674	598	674
Liabilities under lease agreements	62	70	106	150	-	-	-	-	168	220
	62	70	106	150	1,761	1,463	598	674	2,527	2,357

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		Non-interest		Total	
	Within 1 year		1 - 5 years		interest rate		bearing			
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Financial Assets										
Cash and cash equivalents	-	-	-	-	132	148	2	4	134	152
Trade and other receivables	-	-	-	-	-	-	259	324	259	324
Short-term loans to related parties	-	-	-	-	1,747	1,577	-	-	1,747	1,577
Other current financial assets	-	-	-	-	-	-	56	35	56	35
Other non-current financial assets	-	-	-	-	-	-	8	7	8	7
	-	-	-	-	1,879	1,725	325	370	2,204	2,095
Financial liabilities										
Loans from banks	-	-	-	-	176	445	-	-	176	445
Trust receipts	-	-	-	-	51	51	-	-	51	51
Trade and other payables	-	-	-	-	-	-	145	178	145	178
Short-term loans from related parties	-	-	-	-	2,087	1,892	-	-	2,087	1,892
Liabilities under lease agreements	35	46	40	54	-	-	-	-	75	100
	35	46	40	54	2,314	2,388	145	178	2,534	2,666

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

From the analysis of interest rate sensitivity, the Group's exposure of interest rate changes is not material.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through setting aside cash reserves and obtaining adequate cash flow from banks to support operations. The Group has credit facilities and issues debentures to sufficiently support the implementation of the current project and its growth. In this regard, the risk concerning debt repayment is considered low.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows.

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Short-term loans from banks	-	1,767,983	-	-	1,767,983
Trade and other payables	-	597,738	-	-	597,738
Lease liabilities	-	68,171	91,919	27,740	187,830
Total	-	2,433,892	91,919	27,740	2,553,551

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Short-term loans from banks	-	1,462,810	-	-	1,462,810
Trade and other payables	-	673,569	-	-	673,569
Lease liabilities	-	78,268	140,409	28,226	246,903
Total	-	2,214,647	140,409	28,226	2,383,282

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Short-term loans from financial institutions	-	227,943	-	-	227,943
Trade and other payables	-	144,775	-	-	144,775
Short-term loan from related parties	2,086,500	-	-	-	2,086,500
Lease liabilities	-	37,495	35,694	9,866	83,055
Total	2,086,500	410,213	35,694	9,866	2,542,273

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Short-term loans from financial institutions	-	495,519	-	-	495,519
Trade and other payables	-	178,333	-	-	178,333
Short-term loan from related parties	1,891,500	-	-	-	1,891,500
Lease liabilities	-	50,113	51,853	7,061	109,027
Total	1,891,500	723,965	51,853	7,061	2,674,379

41.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to market interest rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

42. Capital management

The primary objective of the Group 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 2021, the Group's debt-to-equity ratio was 1.1:1 (2020: 1.1:1) and the Company's was 1.3:1 (2020: 1.4:1).

43. Reclassification

Certain amounts in the prior year's statement of financial position as at 31 December 2020, presented as comparative information, have been reclassified to conform to the current year's classification, but with no effect to previously report loss or shareholders' equity. The reclassifications were as follows:

(Unit: Thousand Baht)

	As previously report	Reclassified	As reclassified
Statement of financial position			
Other current financial assets	111,189	(76,212)	34,977
Other current assets	283,292	76,212	359,504
Property, plant and equipment	719,377	31,218	750,595
Intangible assets	130,262	(31,218)	99,044
Other non-current financial assets	90,553	(4,949)	85,604
Other non-current assets	155,011	4,949	159,960

44. Subsequent event after reporting date

On 24 February 2022, the meeting of the Company's Board of Directors passed the resolution to propose to the Annual General Meeting of the shareholders for approval of the dividend payment, in respect of profit for the year 2021, of Baht 0.05 per share, or a total of Baht 31 million.

45. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.

Report of the Board of Directors' Responsibility on the Company's Financial Statements

The Board of Directors of the Company takes responsibility for the Consolidated Financial Statements of the Company and its Subsidiaries and financial information included in the Annual Registration Statement / Annual Report (Form 56-1 One Report). They consider financial information are consistent with strategies and core policies. The Financial Statements were prepared in accordance with the generally accepted accounting standards in Thailand employing appropriate accounting policy and continual practice under careful considerations and best estimations as well as disclosing sufficient information in the Notes to Financial Statements.

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

The Board of Directors appoints the Audit Committee consisting of three Independent Committees with qualification according to SET/SEC regulations and notification for being the audit committee's member to responsible for the quality of financial statements and internal control system. The Audit Committee's opinion regarding the mentioned issues appears in the Audit Committee's Report as an integral part of the Annual Registration Statement / Annual Report (Form 56-1 One Report).

The consolidated financial statements of the Company have been audited by EY Office Limited with full support from the Board of Directors in order to have the auditor to audit and provide their opinion in accordance with the accounting standard and such opinion has been disclosed in the Company Annual Report.

In the Board of Directors' opinion, the internal control system of the Company is generally satisfactory and can reasonably assure the reliability of the Financial Statements of the Company and its Subsidiaries as of December 31, 2021, which was accurate and complied to the accounting standard and related law and regulations.



(General Sumpun Boonyanun)
Chairman



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

Attachments which is disclosed in the Company's website

Attachment 1	Details of Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary
Attachment 2	Details of the Directors of Subsidiaries
Attachment 3	Details of the Heads of the Internal Audit and Compliance Units
Attachment 4	Assets for business undertaking and details of asset appraisal
Attachment 5	Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees



Please find more details of the Company's information from the attachment which are on website www.samtel.com *

- * In case this Annual Registration Statement / Annual Report (Form 56-1 One Report) references information disclosed on the Company's website, the disclosed information shall be deemed to be part of Annual Registration Statement / Annual Report (Form 56-1 One Report). The Board of Directors certifies the correctness and completeness of disclosed information and annual information disclosure in the Annual Registration Statement / Annual Report (Form 56-1 One Report).



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