

ANNUAL REPORT

2018



Maybank
Kim Eng

CONTENT

	Pages
CHAIRMAN’S STATEMENT	2
POLICY AND BUSINESS OVERVIEW	4
BUSINESS OPERATION	7
RISK FACTORS	10
CORPORATE INFORMATION	15
SHAREHOLDER STRUCTURE	18
DIVIDEND PAYMENT POLICY	20
COMMITTEES AND MANAGEMENT STRUCTURE	21
GOOD CORPORATE GOVERNANCE	43
CORPORATE RESPONSIBILITIES	66
AUDIT COMMITTEE’S REPORT	83
INTERNAL CONTROL AND RISK MANAGEMENT	87
CONNECTED TRANSACTION	88
FINANCIAL INFORMATION	94
MANAGEMENT DISCUSSION AND ANALYSIS	95
REPORT REGARDING THE RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORT	103
AUDITORS’ REPORT	104

“The investor can find more information of the Company from Annual Report (Form56-1) at www.sec.or.th or the Company’s website.”

Message from the Chairman

The SET Index in 2018 was very volatile. Although the country's economic growth was higher than that of the previous year, the SET Index, SET trading volume and value as well as share prices of listed firms significantly declined. Competition in the securities brokerage business was intense. Securities brokerage firms have competed with one another in capturing employees and clients. Technological developments have pushed many businesses including securities brokerage ones to continuously improve and develop their operations.

As such, total trading value of the Company in 2018 was THB 1,521.36 billion, an increase of THB 26.25 billion or 1.75% from that of the previous year which was THB 1,495.10 million. Proportion of revenue from Internet trading which has a trading commission rate lower than that of conventional trading decreased, and this had an adverse impact on our securities brokerage business. The Company's net profit in 2018 totaled THB 391.29 million, a decrease of 38.73% from that of the previous year which was THB 638.63 million.

2018 is the year that we lost our market leader position in the securities brokerage business which we could maintain for 16 consecutive years. Nevertheless, excluding proprietary trading volume which we had no policy to engage in this kind of trading activity, we were still no.1 in the securities brokerage business.

The Board of Directors still employed and emphasized good corporate governance principles and practices in running our business for value creation and business sustainability. In 2018, the Board of Directors participated more in formulation of business strategies for enhancing our competitive advantages. The Board of Directors also monitored and played supportive roles in improving and developing the following areas:

Risk Management: Reviewing and evaluating various risk factors which arise due to changes in business environment and regulatory changes for formulation of proper risk mitigation strategies.

Internal Control: Continuous improvement of internal operating & working procedures and urging all employees to be more in compliance with applicable regulations while the Compliance Department and the Internal Audit Department, with support from management and the Audit Committee, played important roles in achieving this mission.

Technology: Investment in new equipment to replace obsolete ones with the aim to achieve more efficient services and internal management as well as to create and maintain risk ring-fencing systems.


Responsibilities for Stakeholders: The Company always focuses on clients as well as takes into consideration rights and interests of its shareholders, employees and the overall business society and environments. In 2018, the Company still emphasized sharpening investment knowledge of clients as well as investors and continuous improvement of its service provisions. Key activities in 2018 are as follows:

- Donation of used calendars to the Blind Foundation of Thailand under the Royal Patronage with the aim to prepare teaching and education supporting media and materials for the blind throughout the country;
- Obtaining runner-up award from the Association of Public Relation of Thailand for its “Chakri House: the Prestige of Siam” 2018 calendar;
- Paper Ranger Internal Activity
- Project of “Old Mobile Phones Go and New Lives Come” with the aim to persuade mobile phone donations by employees for recycling. All revenues from this were donated for charity purposes.
- Maybank Global CR Day 2018 held at Toey Ngam Beach, Sattahip, Chon Buri
- Project of “Donation of Aluminum Cans for Recycling”. They are used for preparing teaching materials and media for the blind.

In the Year 2018, the Company obtained 4 prestigious awards as follows:

- Renewable Energy Deal of the Year 2018 by Asset Triple A Asia Infrastructure Awards.
- Best Broker in Southeast Asia of the Year 2007-2018 for Maybank Kim Eng by Alpha Southeast Asia Awards 2018.
- Best Retail Broker for Thailand 2018 by Alpha Southeast Asia Awards 2018.
- Best Institutional Broker for Thailand 2018 by Alpha Southeast Asia Awards 2018.

Our success comes from our continuous commitment to improve and develop our services. Last but not least, we would like to thank all of our clients who continue to support us. On behalf of the Board of Directors, I would like to thank all financial institutions that continue to provide necessary credit supports, all trading partners and all executives and employees who dedicated themselves to work for the best of our company.



Mr. Yuth Vorachattarn

Chairman

Policy & Business Overview

- **Vision, Objective, Business Strategy**

- **Vision:**
To be a Regional Powerhouse with quality of human resources research and technologies.
- **Mission:**
Maybank Kim Eng Securities (Thailand) Public Company Limited offers a wide variety of the highest standard services to customers. Our goal is to become a regional financial services leader. We aim to benefit clients with the high quality and extensive scope and scale of our services, supported by our high-tech, real-time trading platforms and dedicated service-oriented staff.

- **Business Strategy:**

- **Staff Value:** we believe that the significant factor for our business is human resource. The Company has its policy to take a good care to our staff not only in the fringe benefit under the Securities and Exchange Commission's rules, but also supporting our staff in academic and research in equity instrument and the others financial instrument for exploring new good opportunities for our clients.
- **Technology Development:** the Company has realized the more increasing important of internet trading and has continued to focus on the development of Internet Trading technology to provide customers both retail and institution with more confidence in their investment, convenience, ease of use, speed and accuracy in order executions. MKET Radars Application which allows investors to screen stocks by themselves. It allows the investors to set notification mode to notify them when conditions meet. They can analyse portfolios in real-time, while the app delivering analysis and portfolio models via smartphone. The trader can execute trade order instantly.

Moreover, the Company plans to develop continuously a mobile application called MKET Trade, which integrates investment ideas and investment behavior of individual customers to meet each client's investment needs.

- **Research Development:**

Our research team is working tirelessly to continue our research development. On a daily basis, the updated information, hot news focusing on investment and in-depth report on each sector are directly served to investors. Programmes can be viewed through Facebook LIVE: Maybank Kim Eng Thailand at three periods of time:

- ATO (At The Open) at 8.30 am
- ATM (At The Market) at 2.00 pm
- ATC (At The Close) at 5.00 pm

During the LIVE period, the investors can ask questions and our research team get immediate responses which result in the rapid increasing audience's view continuously. In addition, LINE official service is another channel for investors to get investment information and research analysis when they add LINE ID @maybankfriends with our LINE official.

Our research team initiated "Portfolio Model" received overwhelming response from the client. This investment model helps the investors to consider the investment options in three new styles.

- Trading Style is ideal for investors who are keen on risk diversify and invest with discipline.

- Momentum Style is ideal for investors who does not have time to follow the stock movement. The stock selection is based on statistics.
- Income Style is ideal for investors focused on dividend, take less risk and long term investing.
- **Knowledge to Investor Program:** the Company has set up Maybank Academy which contains of various training courses for new beginning investors to step up to professional investors. The Company has continuously arranged seminars for our clients and investors to delivery knowledge to clients such as Value Investor investment, new internet trading platform, basic factor and technique analysis, investment in derivatives and Block Trade, etc. This is not only providing the knowledge to our clients and investors but also finding the new way to expand our customer base.
- Developing the Investment Banking to be ready and leader in term of financial service to cover client's need in the scope of capital market, hybrid, underwriting, merger and acquisition, privatization in order to provide the proper financial services to each client, including public offering to provide the investment opportunities to the securities clients.
- Issuing new product Future contract to support to every clients sector such as issuing the derivative warrant, study and plan to issue Structure Note, etc.
- New product of Micro Margin has launched to help small income retail investors can trade for their future.
- The first international branch at Phuket branch has launched to provide services to increasing foreign investors.
- Currently, the Company has total 42 branches nationwide, divided into 25 branches in Bangkok and 17 branches in provinces.

In addition, the Company has biannually reviewed the policy, vision and strategies. However, the objective of the Company remains the existing policy, vision and strategy.

• Significant Change and Evolution

Maybank Kim Eng Securities (Thailand) Public Company Limited (the “**Company**”) named previously “Kim Eng Securities (Thailand) Public Company Limited” formerly changed from “Nithipat Securities Company Limited” incorporated on April 3, 1996 with its first capital THB1,000 million. The separation of the business from capital business and securities business of Nithipat Capital and Securities Public Company Limited, Nithipat Finance Public Company Limited hold the 99.99% sold shares of Nitipat Capital and Securities Company Limited. On August 14, 1996 had gained the transferred of assets and liabilities related to securities business including the Stock Exchange of Thailand's membership No. 42 from Nithipat Capital and Securities Public Company Limited which had been agreed from Securities and Exchange Commission of Thailand (SEC) and started to operate securities business onward.

Economic crisis in 1997, closing of 56 Financial Institutions following to government announcement on August 8, 1997 concerning to closing the business of Nithipat Finance Public Company Limited who was the parent Company of our Company. However, the company was still had its operation under the supervision of Financial Sector Restructuring Authority (FRA) before changing the major shareholders. Kim Eng Holdings Company Limited who was incorporated in Singapore and hold major shares in securities firms under Security of Exchange market in Asia and had its network across countries and finally, become listed company in Security of Exchange in Singapore, won bidding to buy Nithipat Securities Company Limited (Nithipat) from FRA and became a shareholders and management of the Company.

On January 1, 2002 the Company had signed in the Transferred Asset Agreement for acquiring the assets from Yuanta Securities (Thailand) Company Limited which had been merged with Yuanta Securities (Thailand) Company Limited.

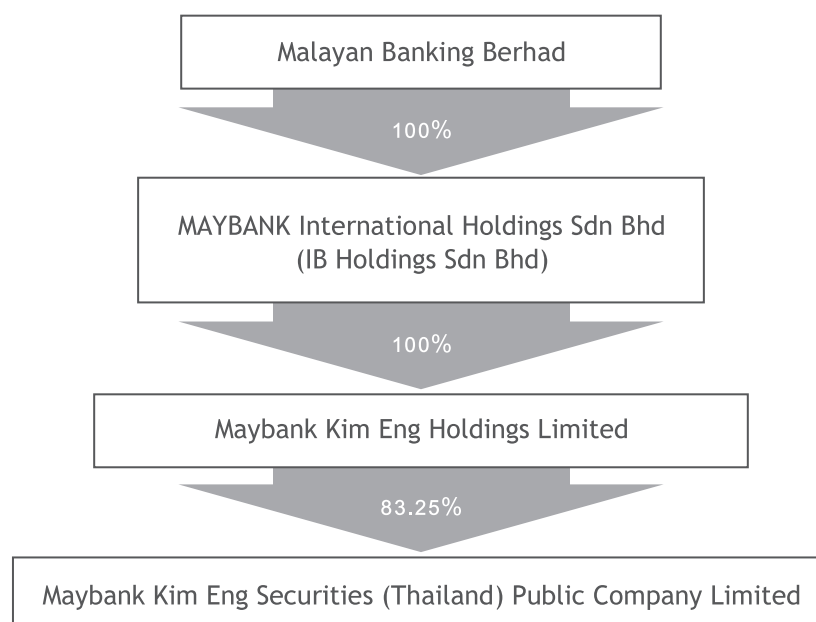
On October 17, 2002, the Company had converted itself into Public Company Limited, in the same time had changed its name to Kim Eng Securities (Thailand) Public Company Limited. The company had listed its shares on the Security Exchange of Thailand and our ordinary shares had been traded on the Stock Exchange of Thailand on December 3, 2003 onwards.

In 2007, the Company obtained the permission from Ministry of Finance (MoF) to set up the Asset Management Company and also launched the Exchange trade Fund (ETF) with refer to SET 50 index which was the first fund of Thailand under the name “TDEX”. On May 18, 2007, KEST Guardian Asset Management Company Limited was incorporated (after known as Kim Eng Asset Management Company Limited and Maybank Kim Eng Asset Management Company Limited, respectively). However, the Company sold the shares to Maybank Asset Management Group Berhad on March 21, 2013 and in August 2016, Maybank Asset Management Group Berhad sold the shares out, hence currently Maybank Group has no asset management business in Thailand.

In 2011, Maybank IB Holdings Sdn Bhd (currently known as Maybank International Holdings Sdn Bhd) had bought 100% ordinary shares of Kim Eng Holdings Company Limited (currently, Maybank Kim Eng Holdings Company Limited) which was then the major shareholders of the Company proposing to buy ordinary shares of the Company in amount of 27.99% (excluding treasury stock) and restructure the shareholder structure. Maybank Kim Eng Holdings Company Limited became our major shareholders holding 83.25% of shares.

- **Relation of Group Business of Major Shareholder**

Our securities business is a part of business in MALAYAN BANKING BERHAD which is a finance institution in Malaysia holding the Company’s shares through Maybank Kim Eng Holdings in Singapore at the ration of 83.25% of the total shares and having its shareholding structure as of the latest book closing date of the Company on August 16, 2018 as follows:



MALAYAN BANKING BERHAD has its professional management team. MALAYAN BANKING BERHAD had appointed its management to be Directors of the Company.

- **Revenue Structure**

Revenue structure of the company as per the Financial Statements for the years 2016 - 2018 is as follow.

Revenue	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	2,408.45	65.65	1,839.95	56.42	1,571.00	56.32
Futures brokerage fee and others	173.68	4.73	137.95	4.23	183.60	6.58
Fee and service income	80.90	2.21	273.23	8.38	75.49	2.71
Gains (losses) on investments	30.59	0.83	8.96	0.28	(132.99)	(4.77)
Gains on derivatives	40.19	1.10	102.10	3.13	172.80	6.20
Interest and dividends	220.95	6.02	229.91	7.05	221.04	7.92
Interest on margin loans	659.91	17.99	596.26	18.28	640.51	22.96
Other income	53.90	1.47	72.72	2.23	57.92	2.08
Total	3,668.57	100.00	3,261.08	100.00	2,789.37	100.00

Market and Business Conditions

- **Brokerage Business**

The overall securities business outlook in 2018 does not look very good. This is due mainly to pressure from external factors, especially the trade war between the United States and China, which has been prolonged throughout 2018. The issue is affecting the global trade sentiment; including various manufacturing sectors around the world which are facing signs of slowing down. As a result, the global asset markets are forced to decline dramatically.

The Thai stock market index (SET Index) in 2018 closed at 1563.88 points, down 189 points or -10.8%. The SET has reached its highest spot at 1852.51 points in February and swung sideways downward to hit the bottom at 1546.62 points in December. The market was pressured by the trade war issue that resulted in the global economy slowing down, including a sharp drop in global crude oil prices at the end of the year from an around USD85/bbl to USD50/bbl. This has added pressure on the energy and petrochemical sector, whose market cap representing over 20% of the total market cap, to sharply plunge as well. By the end of the year, the total market value of the SET (Market Capitalisation) decreased to THB15.97t from THB17.58t in 2017.

In terms of net trading volume in the Thai stock market in 2018, classified by investor type, it was found that domestic institutional investors were the most net buyers with a net buy of THB 181,549 million, followed by a net buy of THB 120,800 million by retail investors. Foreign investors were the highest net sellers with the total net sales of THB 287,696 million and the Proprietary Trading account net sales of THB 14,653 million.

- **The Business of Debt Issuance and Trading**

In 2018, the company had issued the bill of exchange (BE) in order to expand its business and support the demand of Margin Loan whole year, the total value of issuance was THB 21,301 million under the condition of exchange term not exceeding 270 days.

- **Financial Advisory and Securities Underwriting Business**

Fund-raising activities via IPO in 2018 declined when compared with those in 2017 both in terms of number of IPO issues and amount of fund raising. In 2017, total number of newly listed companies was 46 whereas there were 23 newly listed ones in 2018. Out of 23 newly listed companies in 2018 which include REITs and IFFs, 12 of which are listed in the SET and the remaining are listed in the MAI. Total amount of fund raising via IPO in 2018 was THB 81,572.53 million while that in 2017 was THB 106,279.61 million, a decline by 23.25% compared with the year earlier. As of 31 December 2018, total number of listed companies was 704, with number of SET and MAI listed companies of 545 and 159 respectively.

In 2018, the Company acted as the financial advisor and lead underwriter for IPO of CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (CMC), with total amount of fund raising of THB 750 million. The Company also acted the co-underwriter for IPOs of Chememan Public Company Limited (CMAN) and Thai Enger Holding Public Company Limited (TIGER), with our respective underwriting amounts of THB 97 and 5.47 million.

The Company acted as the financial advisor, tender offer preparer and tender offer agent for Frasers Assets Pte. and Supalai Property Management Co., Ltd., a subsidiary of Supalai Public Company Limited, in acquiring ordinary shares of Ticon Industrial Connection Public Company Limited (with total transaction size of THB 24,262.43 million) and of M.K. Real Estate Development Public Company Limited (with total transaction size of THB 4,067.24 million) respectively in observance of SEC regulations concerning business takeover. We also acted as the financial advisor for JMT Network Services Public Company Limited in investing in Phoenix Insurance (Thailand) Public Company Limited, with total transaction size of THB 400 million.

The Company also acted as the independent financial advisor for Thai Oil Public Company Limited (TOP) for its investment in a clean fuel project with the transaction size of THB 160,279 million and for Central Pattana Public Company Limited (CPN) for its transaction with a related party with the transaction size of THB 1,200 million.

The Company's revenue from the financial advisory and underwriting businesses in 2018 totaled THB 62.67 million, a decrease of 75.94% from that of THB 260.42 million in 2017.

- **The Derivatives Agent Business**

The Company was granted by the Ministry of Finance a license to operate business as a derivatives agent in accordance with the Derivatives Act B.E. 2546 (2003). As a derivatives agent, the Company has serviced individual clients and institutional clients since the launch of Thailand Futures Exchange (TFEX) on 28 April 2006. Currently, TFEX offers 8 exchanged-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Gold D, Interest Rate Futures, USD Futures, Sector Index Futures and Rubber Futures.

For the Year 2018, the total volume on TFEX was 104,422,200 contracts. The average daily volume of SET50 Index Futures was 173,649 contracts, an increase of 60.98% compared with that of 2017 for 107,873 contracts per day. For SET50 Index Options, the average daily volume was 5,561 contracts, an increase of 25.45% compared with that of 2017 for 4,433 contracts per day. For Single Stock Futures, the average daily volume was 225,847 contracts, an increase of 16.06% compared with that of 2017 for 194,593 contracts per day. For Gold Futures, the average daily volume was 17,781 contracts, an increase of 17.52% compared with that of 2017 for 15,130 contracts per day. For USD Futures, the average daily volume was 2,799 contracts per day, an increase of 96.83% compared with that of 2017 for 1,422 contracts per day. Overall, investors in the derivatives market compose of domestic individual investors that accounted for 50.20% of total volume, domestic institutional investors that accounted for 36.40% of total volume and foreign investors that accounted for 13.40% of total volume.

For 2018, the Company ranked No. 12 for derivatives trading in term of market shares that accounted for 3.42% of the total volume in the derivatives market. The total volume for derivatives traded via the Company was 7,144,615 contracts. The majority of the company's volume is from operating derivatives agent business on behalf of the clients.

The Company has long emphasized expanding its investor base in the derivatives market. It has continuously provided a variety of training courses related to derivatives instruments to its clients and general investors. This is because the Company has always been aware that its long-term success in the derivatives business depends upon investors' knowledge and understanding in derivatives trading strategies, return & risk related to derivatives investment and their abilities to apply derivatives instruments for investing and hedging purposes. The Company aims to grow concurrently with continuous expansion in the number of investors and client bases. Relating to derivatives investment strategies, the Company continues to produce and publicize daily derivatives research papers for technical analysis three times a day before morning session, before afternoon session and before night session. The recommendations of derivatives investment strategies are broadcasted in visual and audio forms via KELIVE TV which the clients can access via the Internet and the clients can watch a morning live program on every business day or can access a recorded program later.

- **Derivative Warrant (DW)**

The Company has a credit rating "AA+" by Fitch Ratings (Thailand) and is one of the first brokerage houses issuing Derivative Warrant (DW) in Thailand via direct listing method since 2010. In 2018, the Company had issued 30 DWs which earned good responses from investors.

The Company places importance on expanding Derivative Warrants investors' base by developing its website <http://www.maybank-ke.co.th/dw42/>. The clients are able to research the data regarding DW42 price guideline and DW information from this website where the price guideline can create confidence to clients that the Company has a system to monitor DW42 price correctly to meet the conditions announced by the Company.

Risk Factors

1. Fluctuations in the conditions of international and domestic economies, money markets

SET's average daily trading value in 2018 was THB 57,674 million, a 15.09% increase from that in 2017 resulting from the lower average brokerage commission rate, a low commission rate of the business in the stock market couple with and the increasingly volatile condition in the securities business causing the Company's securities brokerage revenue was THB 1,754.60 million in 2018, a 11.29% decline from that in 2017, the Company's securities brokerage business was adversely affected by intense business competition whilst the local macro economy as well as the money and capital markets were affected by concerns about possible global economic stagnation and trade war between the US and China, both of which are global economic powerhouses and major trading partners of Thailand. They would of course directly and significantly affect the Thai export and tourism sectors.

Fluctuations in the economy, the money market and the capital market may be caused by a large number of factors that are beyond control of MBKET, including domestic political uncertainties and global economic crisis in the US and Europe. Such factors would negatively affect confidence of both domestic and foreign investors and, as a consequence, may adversely affect the volume of trading on the SET and the MAI, including the amount of funds to be raised and the number of new listings on the SET and the MAI. This could have a material adverse effect on MBKET's business, financial condition and result of operation.

MBKET has mitigated such risk by providing some parts of compensation made to marketing officers and securities traders that vary with trading volume on the SET to control its fixed operating costs, expanding its brokerage client base to include both individual and institutional clients and generating revenue from a variety of financial advisory services including securities offering, M&A, business takeovers, project feasibility studies, business valuation and securities underwriting. MBKET also engages in other businesses to generate additional sources of revenue such as asset management, private fund management, securities borrowing & lending (SBL) and the derivatives business.

2. Risk due to Intense Competition in the Securities Business

Securities business has been a quite highly competitive business, especially in the area of securities brokerage that has long been the Company's major source of revenue. The Stock Exchange of Thailand (SET) has changed the brokerage fee structure, specifying a minimum brokerage fee at the rate of 0.25 % of total trading value for the period between January 14, 2002 and January 13, 2007. Later on December 25, 2006, the SET extended the period in which a minimum brokerage fee is still applied for another 5 years. The period is classified into 1) For the first 3 years (January 1, 2007 to December 31, 2009) in which a minimum brokerage fee of 0.25 % is still applied and 2) For the next 2 years (January 1, 2010 to December 31, 2011) in which the brokerage fee is determined on a sliding scale basis. In other words, for the period between January 1, 2010 and December 31, 2011, the higher the trading value, the lower the applied rate of the brokerage fee. For year 2012, calculation for the brokerage fee is deliberated. Thus, from the Year 2010 on, the securities brokerage business will be a highly competitive business in terms of securities brokerage fee. To cope with the increasing level of competition in the securities brokerage business, the Company has put extra efforts in improving every area of its service quality, especially Internet trading service. This is because the brokerage fee applied to Internet trading has still been lower than that applied to traditional trading service (Internet trading brokerage fee is 60 % of that applied to traditional trading service). Internet trading has thus drawn strong interest from a lot of securities investors. The Company has long focused on providing high-quality services with the aim to maintain and expanding the existing client base. The Company has done so by increasing the quality of research publications, improving and developing skills and capabilities of staff in providing services and recommendations to clients. The Company has continuously upgraded its information system to respond to and satisfy fast-changing client needs. All of these have enabled the Company to be in a good position and well prepared for liberalization of the securities brokerage fee structure that would be effective on January 1, 2012, and thus intensifying competition in the securities brokerage industry.

Financial advisory and investment banking services and fees have also been competitive in terms of both service quality and advisory fee levels. MBKET has provided a variety of financial advisory services including securities offering, independent financial advisory, fund raising, M & A, business takeovers, business valuations etc., focusing on provisions of high-quality services. The Company has continuously developed and upgraded advisory skills of its IB staff, and this enables it to provide high-quality financial advisory services to clients on a continuous basis.

MBKET was also granted a license to operate its business as a derivatives agent in accordance with the Derivatives Act B.E. 2546. It was selected as a member of Thailand Futures Exchange (TFEX) that was launched on April 28, 2006 and Thailand Clearing House (TCH) to operate its business as a derivatives agent. This has helped to expand the Company's source of revenue.

3. In its securities brokerage business, the Company is highly dependent on a small number of large clients.

The Company's top 10 trading clients accounted for 23.29% of total securities brokerage fee income in the year 2017 and 37.62% in 2018. Had MBKET lost such big trading clients, its securities brokerage fees for 2017 and 2018 would have fallen by 7.01% and 10.34%, respectively. However, one of the Company's top 10 trading clients was the Maybank Kim Eng Holdings Group that is also the major shareholder. Thus, it is quite unlikely that it will lose such a client. As MBKET has long realized concentration risks, it has thus aimed to increase the number of trading accounts in order to expand its client base. For the year ended December 31, 2017 and 2018, the total number of MBKET's client trading accounts was 190,170 and 198,101, respectively. For 2018, 63.83% of the Company's securities brokerage fees were from retail trading business and the remainder 36.17% from local and foreign institutions. Another source of the Company's operating revenue was from Investment Banking business (financial advisory and securities underwriting businesses) that generated total revenue of THB 62.67 million, an decreasing of 75.94% from the 2017 level. This has helped to generate another source of operating revenue for the Company and allowed it to rely less on securities brokerage business.

4. Clients may default or delay payment for or transfer of securities and collateral for taking position in futures

For the year ending December 31, 2018, the Company's securities brokerage receivables totaled THB 13,769.78 million, consisting of clients' accounts of THB 1,670.29 million, margin loans of THB 11,904.77 million, securities borrowing and lending accounts of THB 126.42 million, there and other receivables of THB 251.94 million, with unearned interest revenue of THB 67.97 million. In addition, the Company had derivatives business receivables amounting THB 0.54 million outstanding. It classified such securities and derivatives brokerage receivables as doubtful debt in the amount of THB 266.41 million, accounting for 1.93% of its total securities and derivatives brokerage receivables. Of the total amount of doubtful debt, THB 255.48 million of which belonged to Nithiphat Securities Co., Ltd., was incurred prior to acquisition of the ordinary shares of that company by Kim Eng Holdings Limited in 1998, and THB 10.93 million of which was incurred after the share acquisition by Maybank Kim Eng Holdings Limited. The Company tries to collect all doubtful debts as fast as possible, and if it cannot do so, it will file a lawsuit against the defaulting receivables.

For the total doubtful debt of THB 266.41 million, THB 13.97 and 252.44 million of which were classified as substandard and doubtful debts. The Company established an allowance for doubtful debt in the total amount of THB 252.44 million, or 100% of the total doubtful debt.

In the derivatives agent business, the Company may face the risk that collateral clients put up may not be sufficient to satisfy their debt obligations with TCH. Thus, MBKET, as a derivatives agent, is obligated to follow and collect more collateral from clients to satisfy debts incurred as a result of loss from holding a position in futures. Nevertheless, MBKET has implemented many policies aimed to mitigate default risk as a result of securities and derivatives trading. It has done so by focusing on selecting high-quality clients and specifying trading limits for securities and

derivatives that well correspond to securities collateral amount, clients' financial status, their abilities to repay debts, liquidity conditions and investment experience. MBKET has regularly reviewed and closely monitored the receivables' status.

5. Risk Associated with Margin Account under the Credit Balance System

In extending margin loans to securities trading clients, the Company may face the risk that margin clients may default their repayments, especially in the case that value of securities put as collateral falls below their outstanding margin amount. Normally, such repayment default will not occur under the credit balance system as margin clients are required to maintain their maintenance margin in accordance with conditions as prescribed by the Company and relevant regulators. If the proportion of collateral to outstanding margin amount falls below the prescribed ratio, the procedures related to call margin and force sell will apply respectively. Nevertheless, some adverse abnormal situation may occur, thus leading to a sharp decline in the value of securities put as collateral, such that the system of maintenance margin cannot cope with it. To manage this risk, the Company formulates and applies clear and stringent policies in selecting securities allowed to be traded under the margin system as well as prescribing initial margin for such securities. The Company does not allow its clients to trade risky/speculative securities under the margin system. The Company also prescribes ceiling margin amounts for each client in trading particular securities.

Margin loans amounts as of December 31, 2016, 2017 and 2018 were THB 10,579.46 million, 11,586.01 million, and 11,904.77 million respectively. Margin loans amount outstanding may vary each year, depending upon trading activities on the SET. For the period that margin loans amount outstanding sharply increases, the Company realizes the potential risk associated with margin account. The Company complies with policies/measures in dealing with this risk as described in the previous paragraph stringently. In the past, the Company never faced serious damage due to extending margin loans.

6. Any failure in computer systems may disrupt the Company's securities brokerage business operations

To operate its securities brokerage business, the Company relies heavily on its computer systems. Business impact analysis has been carried out to identify critical business functions, which in turn will determine critical IT systems that have to be carefully taken care of.

Resiliency and stability have been implemented for identified critical IT systems in many ways as follows:-

- Data backup of critical IT systems has been performed on a daily basis.
- High Availability (HA) is established for key IT components.
- Disaster Recovery (DR) capability has been prepared where required backup servers and software components are prepared and running at a different data center site. DR test to make sure the recovery is within expected duration are carried out at least twice annually.
- Data network redundancy has also been implemented between data centers and between branches to reduce impact if there is problem with one particular network provider.

7. As an underwriter, the Company is required to subscribe for unsubscribed securities that may expose it to large losses

In relation to investment banking business in which the Company acts as an underwriter, it assumes an underwriting risk that may require it to purchase any unsubscribed securities for its own account. This may be due to inappropriate pricing and fluctuations in both money and capital

markets. If, in the future, the Company is required to purchase underwritten securities for its own account, it may result in significant losses that could have a material adverse effect on its financial condition, particularly the net capital ratio, and its results on operations.

To mitigate this risk, prior to participating as an underwriter for any securities, the Company conducts a study and analysis of the business potential of issuers as well as client interest, and the Company will act as underwriter for securities only with minimal risk of securities under subscription. In case the Company acts as underwriter for securities at significant amounts, approval for securities underwriting from the Underwriting Committee needs to be obtained prior to the Company's acting as underwriter. In acting as underwriter and/or financial advisor, the Company has put emphasis on selecting clients. Prior to accepting any new clients, the Company will conduct a preliminary assessment and due diligence on the business potential as well as financial performance of the clients. The Company's IB staff are well accustomed to relevant applicable law and regulations, and this enables them to provide high-quality and accurate services to clients.

8. The Company's business may be affected by an error or the misconduct of an employee that is difficult to check and prevent

The Company's business is highly dependent upon its reputation and the trust of its clients. Employees are regularly in direct contact with clients and have knowledge of, or access to, the clients' assets or information. Accordingly, when an employee does not carry out his or her duties in accordance with a client's orders or acts beyond his or her authority or does not act in compliance with the Company's rules and regulations including its compliance manual or commits misconduct in managing client's assets or uses the client's information without permission or other actions that may harm client interests, the Company's reputation and the trust of other clients may be adversely affected. The Company may also become liable for the losses incurred by the clients in question.

In addition, certain actions may be made in breach of relevant laws or regulations and may result in the Company becoming liable to pay fines, losing its license or being subject to litigation, all of which may have a materially adverse effect on the Company's financial condition and result of operations. To deal with this risk, the Company has regularly monitored working activities of employees and will punish any employee who violates these Company's rules. Also, the Company established clear working rules, actions and procedures that its employees have to follow. In the Year 2018, there were no cases where the Company's staff failed to comply with or violated applicable rules and regulations that may cause detrimental effects to the Company's operation.

9. The Company operates its businesses under stringent laws and regulations, including regulations that impose liability on its operations that could have an adverse effect on its results of operations and financial condition

The securities business is strictly controlled by laws and regulations from government authorities, the Office of the SEC and the SET. As a result, any establishment or change of government policy or of the supervisory roles of the relevant regulatory bodies may affect the Company's goals, competitiveness and business and could have a materially adverse effect on the business, financial condition and result of operations of the Company. Moreover, the Company may incur liabilities resulting from the operation of its business, such as from mistakes arising from the performance of its duties as financial advisor or underwriter or from its failure to comply with steps in accepting securities purchase or sales orders from clients. The Company cannot ensure that if the Company became liable, it would not face serious liability or a possible business license risk, either of which could have serious a material effect on its business and its reputation.

To mitigate this risk, the Company's Internal Audit Department has closely monitored changes in laws and regulations relevant to the Company's businesses, and will closely control and check operations of each department in the Company to ensure they are in conformance with

applicable laws and regulations. It will inform of changes in relevant regulations to all involved departments.

In the Year 2018, the Company received THB 1,050,000 monetary penalty from SET from the event that the Company did not supervise and take action to ensure that the customer has the securities in possession before the sale of securities.

10. The Company is highly dependent on staff

The Company relies on experienced, knowledgeable and skilled employees in its business operations. At present, in a highly competitive business, with a limited number of experienced and skilled staff, there is intense competition to recruit appropriate qualified staff. Should the Company be unable to retain these staff, the Company's business continuity may be affected to the detriment of its financial condition and result of operations.

To counter this risk, the Company has provided its staff with good employee welfare, and long put emphasis on providing training courses for employees with the aim of enhancing employee skills. In addition, the Company has allocated warrants for staff in order to attract a very qualified workforce to continue working for the Company over the long term.

11. The Company's operations are under the control of the major shareholder

As at August 16, 2018, Maybank Kim Eng Holdings Limited, the Company's major shareholder, held an 83.25% equity stake in the Company's total paid-up shares. Thus, Maybank Kim Eng Holdings Limited remains able to control shareholders' resolutions in relation to key matters that are required by laws or articles of association of the Company to be passed by a majority vote of shareholders attending the meetings and entitled to vote, except for matters that are required by laws or articles of association of the Company to be passed by a three-fourths vote of shareholders. Therefore, other shareholders may not obtain sufficient votes to balance those of Maybank Kim Eng Holdings Limited. Nevertheless, the Company has appointed three independent directors that account for 67% of the Company's Board of Directors. They are responsible for monitoring and providing advice on the Company's operations to ensure it has operated transparently and accurately.

Moreover, as a subsidiary of Kim Eng Holdings that has long been well known for its securities business with subsidiaries in Asia, Europe and the United States, MBKET has been widely accepted by retail and institutional trading clients for its expertise and experience in the securities business.

Nevertheless, in the Year 2011, there was a major change in the shareholding structure of Kim Eng Holdings Limited. Maybank IB Holdings Sdn Bhd (currently known as "Maybank International Holdings Sdn Bhd") which has been a part of Malayan Banking Berhad from Malaysia conducted a tender offer for a 100% stake in Kim Eng Holdings Limited. Such change, however, had no effect on management policy and all staff of the Company.

12. The Effect from the emergency situations

The Company, however, has put emphasis on managing any casualties that might occur with its branches and clients. The Company developed and implemented plans related to safety standards. It also purchased casualty insurance that could cover any casualties resulted from many disasters with the amount of THB 980 million.

In addition, the Company has set Business Continuity Plan (BCP) and alternate site to support continuous operation, in case there is any crisis situation that may affect normal process. Currently, the Company has set up an alternate site at Bang Khae branch where we provide computer equipment, programming system and minimum resources that may be needed for immediate use and conduct testing with various scenarios on an annual basis.

The Board of Directors

1. Mr. Yuth Vorachattarn
2. Dr. Areepong Bhoocha-oom⁽¹⁾
3. Ms. Sopawadee Lertmanaschai
4. Mr. Lee Siang Chin⁽²⁾
5. Mr. Hans Johan Patrik Sandin⁽³⁾
6. Mr. Montree Sornpaisarn
7. Dato' John Chong Eng Chuan⁽⁴⁾
8. Mrs. Hamidah Binti Moris⁽⁵⁾
9. Mr. Koh Swee Ong⁽⁶⁾

Remark:

- ⁽¹⁾ SEC's approval on 22 Oct 2018
- ⁽²⁾ Resigned wef. 4 May 2018
- ⁽³⁾ SEC's approval on 14 May 2018
- ⁽⁴⁾ Resigned wef. 1 Dec 2018
- ⁽⁵⁾ SEC's approval on 27 Nov 2018, and holds directorship wef. 1 Dec 2018
- ⁽⁶⁾ SEC's approval on 5 Apr 2018 and resigned wef. 16 Oct 2018

Corporate Secretary

Ms. Nubthong Wanawattanawong

Head Office

999/9 The Offices at Central World,
Fl.20th-21st Rama I Rd., Patumwan,
Pathumwan,
Bangkok 10330
Tel: 0-2658-6300
Fax: 0-2658-6301

Company Registration No.

Bor Mor Jor 0107545000314

Homepage/website

www.maybank-ke.co.th

Auditor

EY Office Limited

1. Ms. Nonglak Pumnoi
Certified Public Accountant,
Registration No.4172
2. Ms. Somjai Khunapasut
Certified Public Accountant,
Registration No.4499
3. Ms. Wanwilai Phetsangn
Certified Public Accountant,
Registration No.5315

33rd Floor, Lake Rajada
Office Complex 193/136-137
New Rajadapisek Rd.,
Klongtoey, Bangkok 10110
Thailand

Tel: 66 (0) 2264 9090

Fax: 66 (0) 2264 0789 - 90

Email:EY.Thailand@th.ey.com

Securities Registration

Thailand Securities Depository (Thailand) Co., Ltd.

93 The Stock Exchange of
Thailand Building,
Rachadapisek Rd., Din-Daeng,
Bangkok 10400
Tel: 0-2009-9379

Company Offices

- Bangkok and Vicinities

Head Office

999/9 The Offices at Central
World, 20th-21st Fl., Rama I Rd.,
Pathumwan, Pathumwan,
Bangkok 10330
Tel: 0-2658-6300
Fax: 0-2658-6301

Seacon Square Branch

55 Seacon Square Tower
G Fl., Room 1005,
Srinakarin Rd.,
Nongbon, Pravej,
Bangkok 10260
Tel: 0-2320-3600
Fax: 0-2320-3610

Yada Branch

56 Yada Tower 5th Fl.,
Silom Rd., Suriyawong,
Bangrak, Bangkok 10500
Tel: 0-2632-8341
Fax: 0-2632-8395

Thapra Branch

99 The Mall Thapra
Office Tower 12 Fl.,
Rachadapisek-Thapra Rd.,
Bukkaloe, Thonburi,
Bangkok 10600
Tel: 0-2876-6500
Fax: 0-2876-6531

Thaniya Branch

52 Thaniya Plaza Tower
20th Fl., Silom Rd.,
Suriyawong, Bangrak,
Bangkok 10500
Tel: 0-2231-2700
Fax: 0-2231-2130

Bangkae Branch

275 The Mall Bangkae Tower
8th Fl., Petchkasaem Rd.,
North Bangkae, Bangkae,
Bangkok 10160
Tel: 0-2804-4235
Fax: 0-2804-4251

Pratunam Branch

553 The Palladium Building
14th Fl., Ratchaprarop Rd.,
Makkasan, Ratchathewi,
Bangkok 10400
Tel: 0-2250-6192
Fax: 0-2250-6199

Pinklao Branch

7/129 Central Pinklao Tower
3rd Fl. Room 302,
Baromratchonni Rd.,
Arunamarin, Bangkok Noi,
Bangkok 10700
Tel: 0-2884-9847
Fax: 0-2884-6920

Phahurad Branch

125, 125/1-6, 125/19-25
The Old Siam Plaza 3rd Fl.
Pahurad Rd., Wangburapirom,
Pranakorn, Bangkok 10200
Tel: 0-2225-0242
Fax: 0-2225-0523

Fortune Branch

5 Fortune Town Building,
Basement Fl.,
Rachadapisak Rd.,
Dindaeng, Bangkok 10400
Tel: 0-2641-0977
Fax: 0-2641-0966

Fashion Island Branch

587,589, Fashion Island
Shopping Center BF Fl.,
Ramintra Rd.,
Khan Na Yao, Bangkok 10230
Tel: 0-2947-5800-5
Fax: 0-2519-5040

Ngamwongwan Branch

30/39-50 The Mall
Ngamwongwan Office Tower
14th Fl., Ngamwongwan Rd.,
Bang Khen, Nonthaburi 11000
Tel: 0-2550-0577
Fax: 0-2550-0566

Future Park Rangsit Branch
94 Future Park Rangsit Tower,
Room 091-092 GF Fl.,
Phaholyothin Rd., Prachatipat,
Pathumthani 12130

Team 1;
Tel: 0-2958-0592
Fax: 0-2958-0420

Team 2;
Tel: 0-2958-0992
Fax: 0-2958-0590

Watcharapon Branch
78/13 Soi Watcharapon 2,
Ta-Rang, Bangkok,
Bangkok 10220
Tel: 0-2363-6736
Fax: 0-2363-6735

Yaowaraj Branch*
215 Grand China Tower
4th Fl., Yaowaraj Rd.,
Samphantawong,
Bangkok 10100
Tel: 0-2622-9412
Fax: 0-2622-9383
*closing down wef. 1 Aug 2018

Sri Nakarin Branch
425, Big C Sri Nakarin,
Srinakarin Rd., Samrong-Nua,
Mueang, Samutprakarn 10270
Tel: 0-2758-7556
Fax: 0-2758-7551

Silom Branch
62 Thaniya Building 4th Fl.,
Silom Rd, Suriyawong, Bangrak,
Bangkok 10500
Tel: 0-2231-2700
Fax: 0-2231-2130

Sathon Branch
92/10 Sathonthani Tower 2
7th Fl. North Sathon Rd.,
Silom, Bangrak, Bangkok 10500
Tel: 0-2636-7550-5
Fax: 0-2636-7565

Asoke Branch*
159 Sermmmit Tower 25th Fl.,
Soi Sukumvit 21, Asoke Rd.,
North Khlong Toei, Watthana,
Bangkok 10110
Tel: 0-2665-7000
Fax: 0-2665-7050
*closing down wef. 1 Jun 2018

The Emporium Branch
622 The Emporium Tower
14th Fl., Sukhumvit Rd.,
Klong Tun,
Khlong Toei, Bangkok
10110
Tel: 0-2664-9800
Fax: 0-2664-9811

The Nine Branch
999/3 The Nine Neighborhood
Center, 3rd Fl., Rama9 Rd.,
Suanluang, Bangkok 10250
Tel: 0-2716-7816
Fax: 0-2716-7815

Bangkapi Branch
3105 N-Mark Plaza 3rd Fl.
Ladpraw Rd. Klongchun,
Bangkapi, Bangkok 10240
Tel: 02-378-1144
Fax: 02-378-1323

Chaengwattana Branch
99/9 Central Plaza
Chaengwattana Office
Tower, 14th Fl., Unit1401
Chaengwattana Rd.,
Bangtarad, Pakkret,
Nonthaburi 11120
Tel: 0-2835-3283
Fax: 0-2835-3280

Thanya Park Branch
735/5 Thanya Shopping
Park, E Building, 2nd Fl.,
Srinakarin Rd., Suanlaung,
Prakhanong, Bangkok 10260
Tel: 0-2108-6300
Fax: 0-2108-6301

All Seasons Place Branch*
87/2 CRC Tower, 3Fl.,
Room 311, Wireless Rd.,
Lumpini, Phatumwan,
Bangkok 10330
Tel: 0-2658-0084
Fax: 0-2658-0094
*closing down wef. 1 Feb 2019

Lad Prao Branch
1693 Central Lat Phrao Tower
11th Fl. Phaholyothin Rd.,
Lat Phrao, Chatuchak,
Bangkok 10900
Tel: 0-2541-1411
Fax: 0-2541-1108

Thonglor Branch*
154 Anekvanich Building,
3rd Fl., Room C,
Sukhumvit Rd. 55,
Thong Lor, Klongton-Nua,
Wattana, Bangkok 10110
Tel: 0-2714-9222
Fax: 0-2726-3901
*closing down wef. 1 Dec 2018

Zen World Branch*
4, 4/5 ZEN World Tower,
15th Fl., Room 1501
Ratchadamri Rd.,
Pathumwan, Bangkok 10330
Tel: 0-2658-6300
Fax: 0-2632-8395
*closing down wef. 1 Feb 2019

Ramkhamhaeng
The Paseo Town Branch*
7/2-7 Ramkhamhaeng Road,
Saphan Sung, Bangkok
10240
Tel: 0-2111-3185
Fax: 0-2111-3184
*closing down wef. 1 Aug 2018

Ratchapruek Branch
555/9 The Crystal
Ratchapruek, Ratchapruek
Rd., Nonthaburi, 11130
Tel: 0-2050-4530
Fax: 0-2050-4539

• Other Provinces

Chonburi Branch
55/20 Moo 1, Soi Lungsong,
Behind Central Plaza
Chon Buri, Samed, Mueang,
Chon Buri 20000
Tel: 038-053-950
Fax: 038-053-966

Chanthaburi Branch
351/8, Tha Chalaep Rd.,
Talad, Mueang,
Chanthaburi 22000
Tel: 039-332-111
Fax: 039-332-444

Chiangmai 1 Branch
244 Chiang Mai Golf Driving
Range Building, 2nd-3rd Fl.
Wowlai Rd. Haiya, Mueang
Chiangmai 50100
Tel: 053-284-000
Fax: 053-284-019

Chiangmai 2 Branch

201/3 Mahidol Rd.,
Haiya, Mueang,
Chiangmai 50100
Tel: 053-284-138-47
Fax: 053-202-695

Nakhon Ratchasima Branch

1242/2 The Mall Department Store,
7th Fl., Room 3A, Mittrapap Rd.,
Nai-Mueang, Mueang, Nakhon
Ratchasima 30000
Tel: 044-288-455
Fax: 044-288-466

Phuket Branch

1, 1/1 Thungkhar Rd., Talad Yai,
Mueang, Phuket 83000
Tel: 076- 355-730
Fax: 076-355-730 Ext. 119

Yala Branch

18 Song Phee Nong Rd.,
Sateng, Mueang, Yala 95000
Tel: 073-255-494-6
Fax: 073-255-498

Rayong Branch

180/1-2 Samaphan Building,
2nd Fl., Sukumvit Rd.,
Cherng Nern, Mueang,
Rayong 21000
Tel: 038-862-022-9
Fax: 038-862-043

Rayong 2 Branch

351-351/1, TSK PARK, 1st Fl.,
Sukumvit Rd., Nuarn Pra, Mueang,
Rayong 21000
Tel: 038-807-459
Fax: 038-807-841

Lampang Branch

319 Central Plaza 3rd Fl.,
Highway Lampang-Ngao Rd.,
Suan Dok, Mueang, Lampang 52100
Tel: 054-811-817
Fax: 054-811-816

Surin Branch

137/5-6 Sirirat Rd.,
Nai Mueang, Mueang,
Surin 32000
Tel: 044-531-600-3
Fax: 044-519-378

Samut Sakhon Branch

322/91 Ekkachai Rd.,
Mahachai, Mueang,
Samut Sakhon 74000
Tel: 034-837-190
Fax: 034-837-610

Surat Thani Branch

216/3 Moo 4 Chonkasem Rd.,
Makhamtea, Mueang,
Surat Thani 84000
Tel: 077-205-460
Fax: 077-205-475

Hat Yai Branch

1, 3, 5 Soi Juti Uthit 3,
Juti Anusorn Rd. Hat Yai,
Songkhla 90110
Tel: 074-346-400-5
Fax: 074-239-509

Ubon Ratchathani Branch

311 Moo 7 Central Plaza
Ubonrachathani, Room G3,
G Fl., Chaengsanit, Jae Ramae,
Muang, Ubonratchathani 34000
Tel: 045-288-455
Fax: 045-288-466

Aranyaprathet Branch*

The Tesco Lotus
Aranyaprathet 2nd Fl.,
559 Moo 1, Banmainongsai
Aranyaprathet, Sa Kaeo
Tel: 037-541-731
Fax: 037-541-740

closing down on 15 Jan 2018

Khonkean Branch

163/1-2, Klang Muang Rd.,
Opposite Municipality Market
1, Muang, Khon Kaen 40000
Tel: 043-225-355
Fax: 043-225-356

Nakorn Sawan Branch

1/15-16 Suchada Rd.,
Pak Nam Pho, Mueang,
Nakorn Sawan 60000
Tel: 056-314-150
Fax: 056-314-151

Shareholder Structure

1. Share Capital of the Company

As at December 31, 2018, the Company had a total registered share capital of Baht 2,861,250,000 with total paid-up capital of Baht 2,854,072,500, comprising of 570,814,500 ordinary shares at par value of Baht 5 each.

2. Shareholders

The Company's major shareholder is Maybank Kim Eng Holdings Limited which holds 83.25% of the Company's total paid-up capital. The details on the Company's shareholders as at August 16, 2018 which is the latest book closing date are as follows:

No.	Name	No. of Shares Held	%
1.	MAYBANK KIM ENG HOLDINGS LIMITED	475,182,790	83.25%
2.	THAI NVDR CO.,LTD	3,487,402	0.61%
3.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	1,828,400	0.32%
4.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,440,800	0.25%
5.	EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES	1,062,400	0.19%
6.	MR. CHUWIT JITSKUL	1,048,000	0.18%
7.	Mrs. SUKANYA SRIPRATYAANA	759,000	0.13%
8.	Mr. PITAK SUPSIRISAWAD	752,000	0.13%
9.	Mr. MANA SAHASANTISUK	650,000	0.11%
10.	Ms. RUENPETCH SETTAPIYANON	610,000	0.11%
11.	Mr. SOMSAK KITIMAHAKHUN	600,000	0.11%
12.	CAPITAL LINK CREDIT FONCIER LIMITED	600,000	0.11%
13.	Mr. RUENGKIAT CHANTARAVEERAWAT	545,700	0.10%
14.	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	537,700	0.09%
11.	OTHERS	81,710,308	14.31%
	Total	570,814,500	100.00%

As at December 31, 2018, Maybank Kim Eng Holdings Limited is a wholly-owned subsidiary of Maybank International Holdings Sdn Bhd (formerly known as Maybank IB Holdings Sdn Bhd).

Maybank International Holdings Sdn. Bhd (formerly known as Maybank IB Holdings Sdn Bhd) is a company incorporated in Malaysia and is a wholly-owned subsidiary of Malayan Banking Berhad.

As at December 31, 2018, Malayan Banking Berhad has 10,000,000,000 registered shares and paid up 9,319,029,914 common shares. Its top-10 major shareholders as at 31 December 2018 are as follows:

No.	Name	No. of Shares Held	%
1.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA	3,704,560,181	33.53
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD	1,330,710,976	12.04
3	PERMODALAN NASIONAL BERHAD	832,323,172	7.53
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	422,914,179	3.83
5.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA	272,951,106	2.47
6.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 2 - WAWASAN	257,727,272	2.33
7.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 3	121,220,526	1.10
8.	CARTABAN NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLTOD67)	107,824,265	0.98
9.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA 2	103,579,545	0.94
10.	CARTABAN NOMINEES (TEMPATAN) SDN BHD B/O: PAMB FOR PRULINK EQUITY FUND	90,093,348	0.82
Total top 10 major shareholders		7,243,904,570	65.58

Remark: AmanaRaya Trustees Berhad holds the legal title to the Malayan Banking Berhad share as trustee for several unit trust funds. Investors in those unit trust funds are general Malaysian investors.

Dividend Payment Policy

The Company has the policy of dividend payment at the rate not less than 40% of its net profit after deduction of all reserves as specified by the Company. Dividend payment made each year depends on the Company's investment plan, necessity and situation in the future. The Board of Directors may propose the final dividend payment during its board meeting and present to shareholders during a shareholders' meeting for approval. The Board of Directors is authorized to approve the interim dividend payment, but need to inform the shareholders at the next shareholders' meeting.

Committees and Management Structure

The Company's Board structure is comprised of the Board of Directors, the Executive Committee, the Audit Committee and the Risk Management Committee. All of the Company's directors and management are qualified in accordance with Section 68 of the Public Limited Companies Act B.E.2535 and relevant of SEC's notification. The Company's management structure consists of the following sub-committees:

1. The Board of Directors

As at December 31, 2018, the Company's Board of Directors comprised of 6 directors as follows:

	Name	Title
1.	Mr. Yuth Vorachattarn	Chairman and Member of the Audit Committee
2.	Ms. Sopawadee Lertmanaschai	Independent Director and Chairman of the Audit Committee
3.	Mr. Lee Siang Chin*	Independent Director and Member of the Audit Committee
4.	Mr. Hans Johan Patrik Sandin*	Independent Director and Member of Audit Committee
5.	Dr. Areepong Bhoocha-oom*	Independent Director and Member of Audit Committee
6.	Mr. Montree Sornpaisarn	Executive Director
7.	Dato' John Chong Eng Chuan*	Executive Director
8.	Mr. Koh Swee Ong*	Director
9.	Mrs. Hamidah Binti Moris*	Executive Director

3. resigned wef. 4 May 2018

4. SEC's approval wef. 14 May 2018

5. SEC's approval wef. 22 Oct 2018

7. resigned wef. 1 Dec 2018

8. SEC's approval wef. 5 Apr 2018 and resigned wef. 16 Oct 2018

9. SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

The Board of Directors has appointed Company Secretary whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No. 5) B.E. 2559, an amendment of the Securities and Exchange Act B.E. 2535.

Ms. Nubthong Wanawattanawong has been appointed as Company Secretary of the Company.

Authorized Directors who can sign on behalf of the Company

The Authorized directors who can sign on behalf of the Company are Mr. Montree Sornpaisarn and Mrs. Hamidah Binti Moris, jointly sign with the Company's seal affixed.

Scope of Power and Duties of the Board of Directors

1. To manage the Company's operations to ensure compliance with the objectives and articles of association of the Company and resolutions of the Company's meeting of shareholders with honesty and due care for the interests of the Company.
2. To set goals, guidelines, policies, operating plans and budget of the Company, control and supervise the administration of the Executive Committee to ensure the management has performed competently and in compliance with the policies

prescribed in an efficient manner. Exceptions to this are transactions such as increase/decrease of capital, issuance of debentures, selling or transferring the business of the Company in whole or in major part, buying or taking control of other companies, amending the memorandum of association or articles of association, and giving benefits to directors. In such matters, the Board of Directors needs to obtain approval from a shareholders meeting prior to carrying out such transactions.

3. The Board of Directors may, as deemed appropriate, elect some directors and management as members of the Executive Committees, provided that they shall have power and duties to conduct the Company's business as delegated and authorized by the Board of Directors. The Board of Directors shall elect one member of the Executive Committee as Chairman of the Executive Committee.

In the year 2018, the Board of Directors held 8 meetings. In line with the Company's best practice, there must be at least two-thirds of the Board of Directors' members attending each session to form a quorum.

Details of the Board of Directors' Meetings

	Name	No. of Meeting	No. of Attendance
1.	Mr. Yuth Vorachattarn	8	8
2.	Ms. Sopawadee Lertmanaschai	8	8
3.	Mr. Lee Siang Chin	4	3 (2 meetings via con-call)
4.	Mr. Montree Sornpaisarn	8	8
5.	Dato' John Chong Eng Chuan	7	7 (5 meetings via con-call)
6.	Mr. Koh Swee Ong	3	3
7.	Mr. Hans Johan Patrik Sandin	4	4 (2 meetings via con-call)
8.	Dr. Areepong Bhoocha-oom	2	2
9.	Mrs. Hamidah Binti Moris	1	1

For the Year ended December 31, 2018, each director attended at least 75% of Board meeting held in financial year which comply with the requirement of the Company's Policy.

The Company has adopted a policy regarding the minimum quorum required at the time the Board of Directors cast their votes. That is to say, there shall be not less than two-third of the total members of the Board of Directors. In addition, the attendance requirement for each member shall be at least 75% of the total meetings for the whole year in accordance with the Company's policy.

Duties and Responsibilities of the Chairman

To ensure the clear division of duties of the Company's policy formulation and operation, and the role of the Board to lead and monitor the management's performance, the Company stipulates that the Chairman and the Chief Executive Officer must not be the same person. The Chairman's duties and responsibilities including the following:

1. Call Board meeting, chair Board meetings and shareholders' meeting as well as meeting agenda in collaboration with the Chief Executive Officer.
2. Attend Board meetings and shareholders' meetings, ensure efficient meetings in compliance with the Company's Article of Association, while encouraging directors to express their independent views with adequate information provided.
3. Encourage the Board to work to their utmost ability, based on their duties and responsibilities, under corporate governance.
4. Supervise and follow up the work of the Board and the committees to ensure that the Company's objectives are reached.
5. Cast a decisive vote in Board meetings in case of equal votes of both sides.

Detail of Job Description of Chief Executive Officer

1. Formulate business plan and objectives of the organization as well as working procedures to ensure they correspond to rules, regulations and policies of the Company and relevant regulatory agencies and propose them for consideration and approval by the Board.
2. Prepare annual business budget for consideration and approval by the Board.
3. Manage the Company in accordance with business plan and objectives under annual business budget as approved by the Board as well as monitor performance of tasks as assigned by the Board.
4. Supervise subordinates to ensure they perform their tasks and duties in accordance with specified objectives and plans.
5. Coordinate in formulation of solutions to problems that may occur in the Company's operation.
6. Prepare HR and training plans to ensure they conform to business plans and policies of the Company.
7. Perform other tasks as assigned by the Board.

Scope of Duties and Responsibilities of the Corporate Secretary

1. Prepare and maintain the following documents:
 - a. Directors' Registry;
 - b. Notices for the Board of Directors' Meetings, Minutes of the Board of Directors' Meetings and Annual Report of the Board of Directors; and
 - c. Notices for the Shareholders' Meetings and Minutes of the Shareholders' Meetings.
2. Maintain the Report on Stake Holdings of Directors and Management.
3. Carry out other tasks as assigned by the Board of Directors.

2. The Executive Committee (EXCO)

As at December 31, 2018, the Company's Executive Committee is comprised of 11 members as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chairman of the Executive Committee
2.	Ms. Sudthida Chirapatsakul	Member of the Executive Committee
3.	Mr. Mohamad Yasin Abdullah	Member of the Executive Committee
4.	Mr. Malique Sidique	Member of the Executive Committee
5.	Mr. Koh Swee Ong	Member of the Executive Committee
6.	Mr. Vichet Pornsinsiruk	Member of the Executive Committee
7.	Mr. Peerasit Chiwabhong	Member of the Executive Committee
8.	Mr. Prasert Tantayawit	Member of the Executive Committee
9.	Mr. Chuchart Suratepin	Member of the Executive Committee
10.	Mr. Prateep Chongcharoensuk	Member of the Executive Committee
11.	Ms. Kritsayagul Kongchai	Member of the Executive Committee

Scope of Power and Duties of the Executive Committee (EXCO)

The EXCO shall function as the highest management approving authority of Thailand's Management Committees. Its key functions, activities and authorities shall include but not be limited to the following:

1. To provide the strategic direction of critical projects and future business growth;
2. To review and endorse planning and resource allocation activities in support of critical initiatives including investment commitments and procurement activities;
3. To review and endorse business plans / proposals of the respective business units;
4. To approve the development and launch of new products and / or services;
5. All financial matters of Thailand, within its authority, including capital management;
6. To consider and / or participate in business partnerships, joint ventures, mergers and acquisitions for Thailand;
7. Procurement activities for purchases of assets, services, resources etc., in excess of delegated country and/or individual authorities;
8. Divestment of assets and investments in excess of delegated country and/or individual authorities;
9. Internal restructuring, dissolution and/or amalgamation activities of both the business and operational functions of Thailand;

10. Human resource related matters including the recruitment, removal, reassignment, etc. of senior management and office bearers in excess of delegated country and/or individual authorities;
11. To participate in setting and reviewing significant key performance indicators in order to monitor the quality and performance of Thailand's businesses and operations;
12. Remuneration and compensation packages for senior staff and office bearers in excess of delegated country and/or individual authorities;
13. Maybank Kim Eng Group related matters, impacting Thailand;
14. Deliberate and monitor the resolution progress and / or closure of both supervisory concerns and internal audit / review findings;
15. Organization of public relations and / or marketing campaigns in excess of delegated country and / or individual authorities;
16. Oversight of country's management committees and Terms of Reference; and
17. Any other matters as instructed by the Board.

The EXCO does not have the power to approve any transactions or matters where there is a conflict of interest with the Company or its subsidiary (if any). Disclosure of transactions with conflict of interest must be made to the Board of Directors for consideration.

Scope of Power and Duties of the EXCO is in accordance with guidelines for granting power by the Board of Directors that was authorized by the Board of Directors' meeting no. 2/2012 held on May 3, 2012.

Any matters that are beyond the scope as specified above will not be under the EXCO's responsibility unless so authorized by the Board of Directors on a case-to-case basis.

For the Year ended December 31, 2018, the EXCO held 16 meetings, and in each meeting, at least two-thirds of the Executive Committee members attended the meeting.

3. Audit Committee

The Audit Committee comprises of 4 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Audit Committee
2.	Mr. Yuth Vorachattarn	Member of the Audit Committee
3.	Mr. Lee Siang Chin*	Member of the Audit Committee
4.	Mr. Hans Johan Patrik Sandin*	Member of the Audit Committee
5.	Dr. Areepong Bhoocha-oom*	Member of the Audit Committee

3. resigned wef. 4 May 2018

4. SEC's approval wef. 14 May 2018

5. SEC's approval wef. 22 Oct 2018

Scope of Duties and Responsibilities of the Audit Committee

1. Review the Company's financial reports to ensure their accuracy and sufficient disclosure of information by coordinating with external auditors and management responsible for preparing quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audit by the external auditors while auditing of the Company is proceeding;
2. Review adequacy and effectiveness of internal control system and internal audit function, consider independence of internal audit function and approve nomination, transfer and relinquishment of position of head of internal audit function or other functions related to internal audit;
3. Review the Company's compliance with the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand or other laws relating to securities businesses;
4. Consider and advise on appointment of the external auditor of the Company, including the audit fee by considering the credibility, the adequacy of existing resources, the firm's performance and experience of its professional staff. The Audit Committee has to participate in meeting with the external auditor without management participation at least once a year;
5. Consider connected transactions or other transactions with potential conflict of interest to ensure they are conducted properly in accordance with relevant SET rules for the best interest of the Company;
6. Conduct any other matters assigned by the Board of Directors and agreed by the Audit Committee such as reviewing the Company's financial and risk management policies, reviewing compliance with the Code of Conduct by the management and reviewing all important reports in conjunction with the management to be disclosed to the public as required by law (e.g. management report and management, discussion and analysis (MD&A)); and
7. Report activities of the Audit Committee in the Company's annual report signed by the Chairman of the Audit committee. Such reports should include the following information:
 - Opinion on accuracy, completeness and reliability of the Company's process of reporting and disclosing financial information;
 - Opinion on sufficiency of the Company's internal control system;
 - Supporting reasons whether or not the Company's external auditors should be re-appointed;
 - Opinion on the Company's compliance with the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand or other laws relating to its businesses; and
 - Other reports deemed appropriate to be disclosed to shareholders and general investors as assigned by the Board of Directors.

In 2018, the Audit Committee held nine (9) meetings details as follows:

Meeting		Ms. Sopawadee Lertmanaschai	Mr. Yuth Vorachattarn	Mr. Lee Siang Chin	Mr. Hans Johan Patrik Sandin	Dr. Areepong Bhoocha-oom	Auditor
No.	Date of Meeting						
1/2018	31 Jan 2018	●	●	●			● (Auditing 2017 Financial Statements)
2/2018	13 Feb 2018	●	●	●			-
3/2018	28 Feb 2018	●	●	●			-
4/2018	22 Mar 2018						-
5/2018	30 Apr 2018	●	●	●			● (Reviewing Q1/18 Financial Statements)
6/2018	21 Jun 2018	●	●		●		-
7/2018	1 Aug 2018	●	●		●		● (Reviewing Q2/18 Financial Statements)
8/2018	20 Sep 2018	●	●		●		-
9/2018	7 Nov 2018	●	●		●	●	● (Reviewing Q3/18 Financial Statements)

4. The Nominating Committee

The Nominating Committee was set up in accordance with the resolution of the Board of Directors' meeting No.2/2006 held on February 21, 2006. The Nominating Committee is comprised of 4 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Nominating Committee and Independent Director
2.	Mr. Yuth Vorachattarn	Member of the Nominating Committee and Independent Director
3.	Dr. Areepong Bhoocha-oom*	Member of the Nominating Committee and Independent Director
4.	Dato' John Chong Eng Chuan*	Member of the Nominating Committee
5.	Mr. Montree Sornpaisarn	Member of the Nominating Committee
6.	Mrs. Hamidah Binti Moris*	Member of the Nominating Committee

3. SEC's approval wef. 22 Oct 2018

4. resigned wef. 1 Dec 2018

6. SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

Scope of Duties and Responsibilities of the Nominating Committee

1. To nominate qualified candidates as new directors or CEO; and
2. To determine the procedures and criteria for nomination of Company's directors or CEO and ensure the procedures are made on a transparent basis.

In 2018, the Nominating Committee held 5 meetings, with details as follows:

Name	No.1/2018 31 Jan 2018	No.2/2018 13 Feb 2018	No.3/2018 4 May 2018	No.5/2018 2 Oct 2018	No.6/2018 9 Nov 2018
Ms. Sopawadee Lertmanaschai	●	●	●	●	●
Mr. Yuth Vorachattarn	●	●	●	●	●
Dr. Areepong Bhoocha-oom*					●
Dato' John Chong Eng Chuan**	●	●	●	●	●
Mr. Montree Sornpaisarn	●	●	●	●	●
Mrs. Hamidah Binti Moris***					

* SEC's approval wef. 22 Oct 2018

** resigned wef. 1 Dec 2018

*** SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

5. Other Committees

5.1 The Compensation Committee

The Company's Compensation Committee is comprised of the directors as follows:

	Name	Title
1.	Dr. Areepong Bhoocha-oom*	Chairman of the Compensation Committee and Independent Director
2.	Ms. Sopawadee Lertmanaschai	Member of the Compensation Committee and Independent Director
3.	Mr. Yuth Vorachattarn	Member of the Compensation Committee and Independent Director
4.	Dato' John Chong Eng Chuan**	Member of the Compensation Committee
5.	Mr. Montree Sornpaisarn	Member of the Compensation Committee
6.	Mrs. Hamidah Binti Moris***	Member of the Compensation Committee

* SEC's approval wef. 22 Oct 2018

** resigned wef. 1 Dec 2018

*** SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

The Compensation Committee is responsible for formulating the Company's policies with regard to employment and compensation for employment or termination of employment to be granted or awarded to the Company's employees or directors, and determining the level of compensation and other remunerations to be granted to employees and directors.

Scope of Power and Duties of the Compensation Committee

1. To determine and set fair and clear compensation of any kind to be granted or awarded to directors and employees of the Company;
2. To consider granting or awarding compensation of any kind to management as appropriate, including payment of bonus and payment in the form of securities granting; and
3. To conduct any activities deemed necessary and appropriate in conforming with compensation policy regarding form, procedures and details about allocating of securities to employees.

The Chairman of the Compensation Committee would be responsible for providing any information necessary for conducting research in regard to employment to external advisors freely.

The Compensation Committee would be responsible for controlling expenses incurred to employ such independent external advisors as well as considering and reviewing appropriate compensation rate, taking into account all relevant factors.

The Compensation Committee would specify compensation base, increase in compensation and the overall compensation policy. The Compensation Committee will report such matters directly to the Board of Directors and provide opinion on the compensation to be made to senior management.

The Compensation Committee would accept and listen to opinion as provided by the CEO and the COO, and provide recommendations to the Board of Directors for approval.

In the year 2018, the Compensation Committee held 3 meetings, with details as follows:

Name	No.1/2018 31 Jan 2018	No.2/2018 1 Aug 2018	No.3/2018 9 Nov 2018
Dr. Areepong Bhoocha-oom*			●
Ms. Sopawadee Lertmanaschai	●	●	●
Mr. Yuth Vorachattarn	●	●	●
Dato' John Chong Eng Chuan**	●	●	●
Mr. Montree Sornpaisarn	●	●	●
Mrs. Hamidah Binti Moris***			

* SEC's approval wef. 22 Oct 2018

** resigned wef. 1 Dec 2018

*** SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

5.2 The Good Corporate Governance Committee

The Good Corporate Governance Committee was set up in accordance with the resolution of the Board of Directors' meeting No.6/2007 held on November 18, 2007. The Good Corporate Governance Committee consists of the members as follows:

	Name	Title
1.	Mr. Yuth Vorachattarn	Chairman of the Good Corporate Governance Committee
2.	Dr. Areepong Bhoocha-oom*	Member of the Committee
3.	Ms. Sopawadee Lertmanaschai	Member of the Committee
4.	Mr. Montree Sornpaisarn	Member of the Committee
5.	Dato' John Chong Eng Chuan**	Member of the Committee
6.	Mrs. Hamidah Binti Moris***	Member of the Committee
7.	Ms. Nubthong Wanawattanawong	Secretary of the Committee

* SEC's approval wef. 22 Oct 2018

** resigned wef. 1 Dec 2018

*** SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

Scope of Duties and Responsibilities of the Good Corporate Governance Committee

1. Determine good corporate governance principles and business ethics & professional conducts of directors, executives and employees;
2. Monitor, evaluate the result of conformance with good corporate governance principles and business ethics & professional conduct by of directors, executives and employees and provide any suggestions regarding such matters;
3. Arrange any activities to encourage directors, executives and employees to understand more about good corporate principles and realize the necessity to conform to specified business ethics and professional conduct; and
4. To ensure full and fair disclosure of conformance with good corporate governance principles in the Company's annual report.

In the year 2018, the Good Corporate Governance Committee held 3 meetings, with details as follows:

Name	No.1/2018 31 Jan 2018	No.2/2018 1 Aug 2018	No.3/2018 9 Nov 2018
Dr. Areepong Bhoocha-oom*			●
Ms. Sopawadee Lertmanaschai	●	●	●
Mr. Yuth Vorachattarn	●	●	●
Dato' John Chong Eng Chuan**	●	●	●
Mr. Montree Sornpaisarn	●	●	●
Mrs. Hamidah Binti Moris***			

* SEC's approval wef. 22 Oct 2018

** resigned wef. 1 Dec 2018

*** SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

5.3 The Management Risk Committee

The Company's Management Risk Committee is comprised of 6 members as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chairman of the Management Risk Committee
2.	Ms. Sudthida Chirapatsakul	Member of the Management Risk Committee
3.	Mr. Koh Swee Ong	Member of the Management Risk Committee
4.	Mr. Vichet Pornsinsiruk	Member of the Management Risk Committee
5.	Mr. Prasert Tantayawit	Member of the Management Risk Committee
6.	Mrs. Kritsayagul Kongchai	Member of the Management Risk Committee

Scope of Duties and Responsibilities of the Management Risk Committee

1. To carry out the instructions of the Maybank Group and Maybank Kim Eng Group.
2. To advise senior management on all matters relating to risk management, including regulatory risk compliance, risk governance and capital management.
3. To collaborate with senior management in establishing risk appetite (including risk monitoring and reporting mechanism) for all Maybank KE Thailand's businesses.
4. To independently assess and report to all stakeholders on the risk management activities and performance of Maybank KE Thailand and/or its related businesses.
5. To assess, comment and make necessary recommendations related to all risk initiatives from Maybank Group, which may impact Maybank KE Thailand.
6. To provide risk oversight to all the businesses of Maybank KE Thailand.

7. To assess, approve and recommend to the Group Management Risk Committee (GMRC) for approval of the development and/or launch of new products and/or services within Maybank KE Thailand.
8. To assess, review, monitor, approve and recommend to the KE Board and/or GMRC for approval of the credit and discretionary delegated approval authorities (no financial authorities)

In the year 2018, the Management Risk Committee held 12 meetings.

Management

As of December 31, 2018, the Company has 11 members of management as follows:

	Name	Title
1.	Mr. Montree Sornpaisarn	Chief Executive Officer
2.	Ms. Sudthida Chirapatsakul	Co-Chief Executive Officer, Retail Business Development
3.	Mr. Koh Swee Ong	Chief Operating Officer
4.	Mr. Vichet Pornsinsiruk	Chief Information & Technology Officer
5.	Mr. Sittiporn Sorngarn	Managing Director, Securities Retail Business
6.	Mr. Peerasit Chiwabhong	Managing Director, Local Institutional Sale
7.	Mr. Prasert Tantayawit	Managing Director, Investment Banking
8.	Mrs. Maria Brenda Sanchez Lapiz	Managing Director, Institutional Research
9.	Mr. Thanat Wongchukaew	Managing Director, Securities Retail Business
10.	Mr. Sukit Udomsirikul*	Managing Director, Research Department
11.	Mr. Tanasak Krishnasreni**	Managing Director, Institutional Sale
12.	Ms. Areeya Kanchanabat	Executive Vice President, Head of Finance
13.	Mr. Sarawoot Kittinaraporn	Vice President, Head of Account

* resigned wef. 1 Jul 2018

** resigned wef. 1 Aug 2018

1. Management Compensation

A. Monetary Compensation

Director's Compensation

Director's compensation was determined on a fair and reasonable basis. The Remuneration Committee reviewed director's compensation, taking into account responsibility of each director, the Company's financial condition as well as level of compensation paid relative to those made by other companies in the same industry. Director's compensation consists of meeting allowance and gratuity that were authorized and approved by the shareholders' meeting.

For the year 2018, the Company made compensation to 7 directors in terms of meeting allowances in the total amount of THB 8,216,113.03 Details of director's compensation are as follows:

Unit: THB

	Name	Compensation for the Year 2018
1.	Mr. Yuth Vorachattarn	3,949,992.00
2.	Ms. Sopawadee Lertmanaschai	2,299,992.00
3.	Mr. Lee Siang Chin*	323,262.37
4.	Mr. Hans Johan Patrik Sandin*	626,373.63
5.	Dr. Areepong Bhoocha-oom*	416,129.03
6.	Mr. Montree Sornpaisarn	-
7.	Dato' John Chong Eng Chuan*	550,000.00
8.	Mrs. Hamidah Binti Moris*	50,000.00
9.	Mr. Koh Swee Ong*	-
	Total	8,216,113.03

3. resigned wef. 4 May 2018

4. SEC's approval wef. 14 May 2018

5. SEC's approval wef. 22 Oct 2018

7. resigned wef. 1 Dec 2018

8. SEC's approval wef. 27 Nov 2018 and holds directorship wef. 1 Dec 2018

9. SEC's approval wef. 5 Apr 2018 and resigned wef. 16 Oct 2018

Management's Compensation

For the year 2018 ended December 31, 2018, the Company made compensation to 10 management (under the SEC definition) (excluding Chief Executive Officer, Executive Vice President of Financial Department and Vice President of Accounting Department) in the form of salary and bonus for the total amount of THB 120.80 million and contribution to the provident fund for a total amount of THB 3.27 million.

B. Other Compensation

No other compensation was paid.

2. Corporate Governance

The Board of Directors has a policy to adhere strictly to the Code of Best Practices for Directors of Listed Company as prescribed by the Stock Exchange of Thailand.

The Company applies Principles of Good Corporate Governance throughout the organization. It has also set up good corporate governance culture starting by providing knowledge and understanding of good corporate governance to employees through various means so that the employees will realize the importance of such culture and integrate them in their work practices to ensure transparency and standardization. This will be a basic principle before moving on to further development. The Company's progress in implementing good corporate governance practices will be evaluated periodically.

3. Protection of Usage of Inside Information

The Company has a policy to prohibit management from using inside information regarding its operation result and financial condition yet to be disclosed to the public for securities trading and for their own interests. The Company informed its management of their obligations in regard to disclosure of their holdings of securities of the Company in accordance with Section 59 and penalties as set out in Section 275 of the SEC Act B.E. 2535.

Further to this, the Company has also implemented other preventive measures with regard to usage of inside information including:

1. The Compliance Department will closely check and monitor Investment Banking Department Staffs (IB Staffs) possessing material nonpublic information yet to be disclosed to the public. Names of the clients' firms which possess sensitive information and will be put under the "Watch List". In addition, any IB staffs whom possess material nonpublic information regarding their corporate clients are prohibited from divulging such information to outsiders and trading on such securities (in case corporate clients are listed firms).
2. In case the Company acting as the financial advisor for public offering of shares or for acquiring listed firms, names of client firms will be notified to the Compliance Department, and all IB staff will be prohibited from trading securities of such client firms.
3. The Company has a policy to put a "Chinese Wall" between the Investment Banking Department and other departments. IB staffs are prohibited from divulging non-public information regarding corporate clients to securities marketing officers and securities research staff prior to an appropriate time.
4. In case where the Research Department has prepared research reports based on interviews with listed firms' management, the Compliance Department will add the names of listed firms for which the Research Department has prepared research reports under a "Watch List" to check whether any involved persons is taking advantage of inside information.
5. In case the Research Department has prepared research reports for any listed firms, the Compliance Department will put the names of listed firms for which the Research Department has prepared research reports under "Restricted List", and all the Company's staff will be prohibited from trading such securities three days prior to public dissemination of such reports.

6. The Company's management are required to disclose their holdings of securities of the Company in accordance with Section 59 and penalties as set out in Section 275 of the SEC Act B.E. 2535.
7. Any Company's management or departments who obtain inside information regarding the Company are prohibited from divulging such information to outsiders or non-related persons, and from trading in the Company's securities one month prior to public dissemination of the Company's financial statements.

- Personal Data of the Company's Directors and Management

Board of Directors

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
1. Mr. Yuth Vorachattarn Chairman and Member of the Audit Committee (Independent Director) (SEC's approval and be appointed on Oct. 4, 2002)	70	Master Degree in Economics, (Good Honor) Thammasat University	None	None	Oct.02-present	Chairman and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
		Bachelor Degree in Economics (English Program) Thammasat University			Apr 11 - present	Chairman of the Audit Committee, Taokaenoi Food&Marketing Plc.
		The Thai Institute of Directors Association: DCP #0 Chairman 2000 Year 2003			May 16 - present	Chairman Grand Prix International Plc.
		Corporate Governance Asia Year 2005			May 16 - present	Chairman Sahathai Terminal Co., Ltd.
		Chartered Director Class Year 2008			Jul 03 - Apr 14	Chairman Siam Panich Leasing Plc.
		University Governance Program Year 2010			Jul 04 - Jun 15	Chairman Preecha Group Plc.
		Financial Institutions Governance Program Year 2013			Jul 01 - Mar 02	Managing Director Bangkok Metropolitan Bank

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
2. Dr. Areepong Bhoocha-oom Vice Chairman, Independent Director, the Chairman of the Compensation Committee and a member of the Audit Committee (SEC's approval on Oct 22, 2018)	61	Ph.D. in Finance University of Mississippi, USA Master of Finance Marshall University, USA Bachelor of International Management Boston University, USA The Thai Institute of Directors Association DCP 3/2000	None	None	Oct 18 - Present	Vice President, Independent Director and member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Present	Director, Office of the Council of State
					Oct 15 - Sep 17 Jun 14 - May 15	Ministry of Energy, Permanent Secretary
					Jul 15 - Sep 15	Ministry of Tourism & Sport, Permanent Secretary
					May 15 - July 15 Oct 13 - Jun 14	Office of the Public Sector Development Commission, Secretary General
3. Ms. Sopawadee Lertmanaschai The Chairman of Audit Committee and Independent Director (SEC's approval and be appointed on Oct. 5, 2015)	65	Master of Science (Accounting), Thammasat University Bachelor of Law, Thammasat University Bachelor of Science (Accounting), Thammasat University	None	None	Oct 10 - Oct 13	Ministry of Finance, Permanent Secretary
					Oct 15 - Present	Independent Director and the Chairman of Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Mar 14 - Present	Independent Director and Audit Committee Intouch Holdings Plc.

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
		The Wharton Advanced Management Program, University of Pennsylvania, USA The Thai Institute of Directors Association : DCP2/2000 The Thai Institute of Directors Association : ACP27/2009 The Thai Institute of Directors Association : SFE6/2010			Apr 18 - Present	Independent Director and Audit Committee Central Plaza Hotel Plc.
					Dec 17 - Present	Director General Hospital Product Plc.
					May 17- Present	Director Orthopeasia Co., Ltd.
					May 18 - Present	Chairman and Independent Director KTBST REIT Management Co., Ltd.
					Apr 14 - Present	Advisor to Chairman of the Board and Investment Director Dhipaya Insurance Plc.
					Aug 14 - Nov 18	Director The Government Pharmaceutical Organization
					Jun 15 - Nov 18	Qualified Director National Savings Fund
					May 15 - Mar 18	Director Metropolitan Electricity Authority
					Aug 13 - Sep 16	Commissioner, The Securities and Exchange Commission
					Jan 10 - Dec 13	Secretary General Government Pension Fund

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
4. Mr. Lee Siang Chin* A member of Audit Committee and Independent Director (SEC's approval on Jul. 27, 2016 and holds directorship wef. August 1, 2016) *resigned wef. 4 May 2018	70	Malaysian Institute of Certified Public Accountants Institute of Chartered Accountants in England & Wales The Thai Institute of Directors Association: CGI #19/2017	None	None	Aug 16 - present Dec 13 - Present Jan 10 - Mar 17 Jan 10 - present Jan. 08 - present	Member of Audit Committee and Independent Director Maybank Kim Eng Securities (Thailand) Plc. Independent Director Maybank Investment Bank Berhad Independent Director Hilong Holding Ltd (Listed on Hong Kong Stock Exchange) Independent Director Star Media Group Berhad Independent Director Value Patners Group Ltd (Listed on Hong Kong Stock Exchange)

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
5. Mr. Hans Johan Patrik Sandin Independent Director, a member of the Audit Committee (SEC approval on 14 May 2018)	52	Master of Philosophy (Economics) University of Cambridge Bachelor of Commerce (Economics) University of Cape Town Bachelor of Business Science (Finance) University of Cape Town	None	None	May 18 - Present 2014 - Present Nov 98 - Apr 14 Apr 10 - Oct 13	A member of the Audit Committee, Independent Director, Maybank Kim Eng Securities (Thailand) Plc. Independent Director, Maybank Investment Bank Berhad Head, Strategic Hedging Advisory, Investment Banking Asia Pacific, BNP Paribas Head of Fixed Income Distribution & Origination, Asia Pacific (ex-Japan), BNP Paribas
6. Mr. Montree Sornpaisarn Chief Executive Officer and Authorized Director (SEC's approval and be appointed on Oct. 19, 2001)	54	Chartered Financial Analyst (CFA) MBA (Finance), Thammasat University Bachelor Degree in Engineering, Chulalongkorn University The Thai Institute of Directors Association: DAP #21/2004 The Thai Institute of Directors Association: CGI #6/2015	None	None	Oct 01 - present Mar 08 - Jun 11 Apr 07 - Apr 11 May 05 - Jan 10	Executive Director and Chief Executive Officer Maybank Kim Eng Securities (Thailand) Plc. Director and Member of Audit Committee, WAVE Entertainment Plc. Director, Thailand Listed Companies Association Executive Director, Association of Securities Companies

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
					Feb 00 - Sep 01	Managing Director (Investment Banking), Vickers Ballas (Thailand) Ltd.
					Sep 98 - Jan 00	SVP, Investment Banking, SG Asia Finance and Securities Plc.
7. Dato' John Chong Eng Chuan* Director and Authorized Director (SEC's approval and be appointed on Mar. 3, 2014) *resigned wef. 1 Dec 2018	51	Bachelor Degree in Economic University of Queensland, Australia The Thai Institute of Directors Association: CGI #13/2016	None	None	Mar. 14 - Nov 18	Executive Director Maybank Kim Eng Securities (Thailand) Plc.
					Feb. 14 - Present	Chief Executive Officer Maybank Investment Bank Berhad
8. Mr. Koh Swee Ong* Director (SEC's approval and holds directorship wef. 5 Apr 2018) *resigned wef. 16 Oct 2018	50	Master of Business Administration Charles Sturt University	None	None	Mar 17 - Present	Chief Operating Officer Maybank Kim Eng Securities (Thailand) Plc.
					Apr 18 - Oct 18	Director Maybank Kim Eng Securities (Thailand) Plc.
					Apr 13 - Mar 17	Regional Head, Operations Maybank Investment Bank Berhad

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2018* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences	
					Period	Position and Company
9. Mrs. Hamidah Binti Moris Authorised Director (SEC's approval on 27 Nov 2018 and holds directorship wef. 1 Dec 2018)	57	Master of Political Science University of Essex, UK Bachelor of Mathematics & Politics University of Essex, UK	None	None	Dec 18 - Present Oct 18 - Present May 16 - Sep 18	Executive Director Maybank Kim Eng Securities (Thailand) Plc. Chief Executive Officer Maybank Kim Eng Group Chief Operating Officer Maybank Kim Eng Group

*Determined based on the no. of shares outstanding after taking into account the no. of repurchase shares.

**Change in no. of shares outstanding during the year does not include new shares from exercising share warrants.

The Board of Directors of Maybank Kim Eng Securities (Thailand) Plc. has long put emphasis on good corporate governance. The Board of Directors believes that good corporate governance would help to prevent potential serious damages caused by the lack of a good internal control system. Good corporate governance also plays an important role in enhancing management efficiency and improving the utilization of resources. This will lead to sustainable growth for the Company and create value for all shareholders and stakeholders.

To be in compliance with good corporate governance as mentioned, the Company has established the CG Policy. The Policy has been approved by the Board of Directors and communicated to all employees throughout the Company. There is also a channel which the Company can provide information regarding good corporate governance to all employees via Company's Intranet.

For the Year 2018, Company was rated the evaluation point of corporate governance with "4-Star" in this regard, Company was given "excellent score" for Shareholder Right, Equitable Treatment of Shareholders and Disclosure and Transparency, "very good score" for the Roles of Shareholders and Responsibilities of Board of Directors.

The company will update and disclose information as suggestion according to the corporate governance principle, details of the Company's compliance with good corporate governance practices are as follows:

Section 1 Shareholders' Rights

The Board of Directors formulated a written corporate governance policy comprising policies on protecting the shareholders' rights and encouraging shareholders to utilize their rights, including basic rights and extra rights, such as the rights to: receive profit contribution in the form of dividends; obtain accurate, adequate and transparent information for making investment decisions; vote on major issues related to the Company; express opinions in the shareholders' meeting; participate in making decisions regarding major changes in the Company; and electing directors. For the Year 2018, the Company fulfilled the rights of shareholders as follows:

1. Right to Receive Dividends

For the Year 2017, the Company made dividend payment at the rate of Baht 1.10 per share, or a payout ratio of 96% of net profit of Year 2017 in which exceeds the specified dividend payout policy of at least 40% of the Company's earnings after deducting all required legal reserves. For the Year 2018, the Company had made an interim dividend payment at the rate of Baht 0.40 per share, or a half year payout ratio of 87% of half-year net profit of Year 2018.

2. Right to Attend the Shareholders' Meeting

- 2.1 The Company allowed its shareholders to propose meeting agendas at least 3 months prior to the date of the shareholders' meeting via the Company's website since November 9, 2017 to January 22, 2018.
- 2.2 The Company allowed its shareholders to submit questions approximately 1 month prior to the date of the shareholders' meeting via its website since February 19, 2018 to March 23, 2018.
- 2.3 The Company notified shareholders of the resolutions from the meetings of the Board of Directors regarding date, time, place and meeting agendas 48 days prior to the date of general shareholders' meeting via the SET ELCID system.

- 2.4 The Company informed its shareholders via the SET ELCID System that it posted notice of its shareholders' meeting on its website 34 days prior to the date of each meeting for thorough consideration. In addition, the clarifications and reasons of each agenda will be stated in the notice of shareholders' meeting.
- 2.5 The Company posted notice of the shareholders' meeting, including relevant information such as date, time, place, and meeting agendas, via its website 34 days prior to the date of meeting as the place for shareholders' meeting has been prepared for the shareholders' convenience of transport. In 2018, the Company arranged the place at Anoma Hotel, Rachadamri Road, Bangkok.
- 2.6 The Company requested Thailand Securities Depository Co., Ltd. (TSD), acting as the Company's securities registrar, to mail notices of general shareholders' meetings to all shareholders 25 days prior to the date of each meeting and relevant documents are prepared both Thai and English versions to be enclosed with the Thai version of notice of shareholders' meeting.
- 2.7 The Company continually updated information on its website for access by its shareholders.
- 2.8 The Board of Directors facilitated the shareholders' rights to attend the shareholders' meeting by prohibiting any acts that may limit or restrict shareholders' access to Company information or the general shareholders' meeting. No immediate changes in information provided during the meeting are to be made or ad-hoc meeting agendas proposed. Shareholders who arrive late will be allowed to attend the shareholders' meeting.
- 2.9 The chair of the meeting allowed shareholders convenient and adequate time to explain the process of voting and a mean to indicate the result before the meeting will be conducted including offer the opportunities to the shareholders to raise their issues or question. Moreover, there will be the record of questions and answers and the result of voting for each agenda. In addition, the meeting allowed shareholders to express their opinion on each agenda item and ask questions at the shareholders' meeting. However, there will be no amendment of information or any change of agenda to the meeting. The Company disclosed minutes of the meeting for the shareholders' review via its website. Details of the meeting could also be accessed via video posted on the Company's website.
- 2.10 Prior to proceeding on the meeting agenda, the chair of the meeting briefed the meeting process and voting method of each agenda to the shareholders so that they can properly and correctly execute their rights and to ensure that the meeting process is in order and efficient.
- 2.11 The Board of Directors supports the adoption of technology for the meeting. Consequently, the meeting is conduct rapidly, accurately, and precisely, for example Barcode scanner is used for the registration for shareholders.
- 2.12 In the shareholders' meeting, the chairman of each sub-committee, namely the Chair of the Audit Committee, the Chair of the Nomination Committee, the Chair of the Remuneration Committee and the Chair of the Good Corporate Governance Committee, attends the meeting. Shareholders are allowed to ask questions on relevant issues. The Company had disclosed the minutes of the meeting for the shareholders' review via its website. Details of the meeting can also be accessed via video posted on the Company's website.

- 2.13 In the shareholders' meeting, the chair of the meeting set an arrangement to have examiners for vote counting procedure, which comprises of shareholders' representative to witness the vote counting procedure in each agenda and disclose the result in the shareholders' meeting minutes.

3. Right to Consider the Director's Earnings and the Election of Directors

In 2018, the Company granted right for shareholders to evaluate the rate of earning payment for all Directors with a thorough policy and methodology for consideration, which include a variety of earnings such as fixed salary, pension payment, committee meeting allowance, and any other types of benefit, etc.

For the Election of Directors, the Company proposed all Directors' names to the shareholders for voting one by one so that they can make the right decision. The voting result is announced and reported in the shareholders' meeting minutes for shareholders' acknowledgement.

4. Right to Receive Information and News about the Company.

The Company has long emphasized on disseminating information and news about the Company to its shareholders so that they would know the progress and activities related to the business of the Company for their consideration. The Company disseminated information and news about its operation via the ELCID System and its website. The Company disseminated accurate, quick, fair, reliable and timely information to all stakeholders.

In addition, the Company allowed its shareholders to submit questions approximately 1 month prior to the date of the shareholders' meeting via its website as well as establishing a forum called Opportunity Day for shareholders and investors to receive any information and news about the Company. Further, the Company has Investor Relation unit to provide service and news about the Company to all investors.

5. The structure of Company's shareholding

The details of the structure of the Company's shareholding can be seen in the topic: "The structure of shareholding" in which the Company has no any crossing shareholding.

6. Anti-Corruption Policy

The Board of Directors has stipulated the Anti-Corruption Policy with an aim to counter all types of corruption including the banning of bribery for the business interests. The Company has a process to evaluate the potential risk of corruption that may arise from the operation of its business as well as a guideline set for monitoring and control to prevent and pursue the risk of fraud and potential corruption risk. The Company's Internal Audit Department will serve to monitor and evaluate an effectiveness of the implementation of Anti-Corruption Policy as well as to report the evaluation result to the Board of Directors. In addition, the Company has already conducted training for employees at all levels to ensure their awareness and understanding toward the policy.

7. Compliant-Filing and Access to Information

The Company provides a channel for the stakeholders to place queries or file a complaint by appointing the department which independent in its operation to examine the adequacy and appropriateness of the facts in order to ensure that the complaints are handled with transparent and fair manner and to protect the informant or petitioner with fairness. (Please refer to the Company's Whistle Blowing Policy which is provided separately from this policy.)

Channels for whistle blowing and complaints filing

The stakeholders can file a complaint against an action of direct or indirect fraudulent or corruption via channel as stated in this policy. The informant must provide the detail of complaint or trace and evidence or any support information as well as the name, address and contact number and submit all the details via following channels;

1. Maybank's Integrity Hotline Channels:
 - 1-800-38-8833 (A toll-free number in Malaysia)
 - 603-20268112 (For a call from outside Malaysia)
2. E-mail:
whistleblowing@maybank.com.my
3. P.O. BOX:
P.O. Box 11635, 50752 Kuala Lumpur, Malaysia

All stakeholders, including shareholders, clients, competitors, creditors, government agencies, community and employees of the Company have the right to file a complaint or report against an action of fraudulent or corruption via the provided channels. The information will be kept with the highest confidentiality.

In addition to the above channels, the stakeholders can also contact or file a complaint directly to the Board of Directors in written and submit the letter to the Company via mail box or Company's website.

Section 2 Fair and Equal Treatment to Shareholders

In the Year 2018, the Company emphasized on the equal treatment of all shareholders with no discrimination against any shareholders. The Company followed the SEC & the SET guidelines of good corporate governance practices. The Company's general shareholders' meeting year 2018 was held on April 2, 2018 and the details are as follows:

Before the Meeting

1. The Company requested Thailand Securities Depository Co., Ltd. (TSD), acting as the Company's securities registrar, to mail notices of general shareholders' meetings to all shareholders 25 days prior to the date of each meeting and relevant documents are prepared both Thai and English versions to be enclosed with the Thai and English version of notice of shareholders' meeting.
2. The Board of Directors formulated a policy allowing minority shareholders who hold no more than 2% of total paid-up shares to propose additional meeting agenda items and names of persons to be elected as the Company's directors, which is better than SET guidelines that allow only shareholders with a 5% stake to do so, via its website 3 months prior to the date of the general shareholders' meeting. For 2018, the Company allowed minority shareholders to propose additional meeting agenda items and names of persons to be elected as Company directors via the Company website during the period from November 9, 2017 to January 14, 2018 (3 months prior to the AGM).
3. In the event that minority shareholders propose additional meeting agenda items; the Board of Directors will include such agenda(s) items in the shareholders' meeting when it deems that such agenda(s) will benefit most shareholders. However, for the 2018 AGM, no minority shareholders had proposed any additional meeting agenda items.

4. In cases where the minority shareholders propose the name of a person to be nominated as a director, the Nomination Committee will consider the qualifications of the proposed person in accordance with the specified guidelines. In the Year 2017, none of the minority shareholders had proposed the name of a person to be nominated as a director.
5. The Board of Directors allowed shareholders to submit questions in advance via the Company's website prior to the date of the shareholders' meeting. For the Year 2018, shareholders were allowed to submit questions from February 19, 2018 to March 23, 2018. Nevertheless, no questions were submitted by shareholders.
6. In cases where the shareholders cannot attend the meeting, the Company allows them to appoint a person or an independent director to vote on their behalf as a proxy. For the 2018 AGM, 103 shareholders delegated authority to proxies to attend and vote on their behalf.
7. The Company notified resolutions of the BOD meetings regarding date, time, place and meeting agendas 60 days prior to the date of the general shareholders' meeting via the SET ELCID system on 31 January 2018.
8. The Company informed its shareholders via the SET ELCID System that it has posted the notice of the shareholders' meeting on its website 33 days prior to the date of the meeting on 27 February 2018 for their thorough consideration.
9. The Company publicized the shareholders' meeting information, including the date, time, place, and meeting agenda via its website 33 days prior to the date of the general shareholders' meeting.
10. The Company asked Thailand Securities Depository (Thailand) Co., Ltd. (TSD), acting as the Company's securities registrar, to mail the notice of the shareholders' meeting to the shareholders 25 days prior to the date of the general shareholders' meeting.
11. The Company posted a newspaper advertisement for at least three consecutive days prior to the date of the shareholders' meeting to inform shareholders of the meeting.

On the Date of the Meeting

1. The Company facilitates the meeting registration by using a computerized system to aid the registration process.
2. The Company holds the shareholders' meeting on the date, at the time and in the place that is convenient for shareholders to attend specified in the notice of the shareholders' meeting. There will be no short notice in relation to changes in the meeting place to avoid shareholders not being able to attend the meeting.
3. The meeting chairman clarifies the quorum, explains the voting (one share per one vote), vote-counting and balloting procedures and clearly discloses voting results on each agenda item.
4. There shall be no ad-hoc meeting on agenda items to be proposed by shareholders, who are the Company's executives.
5. The chair of the meeting will convene the meeting in accordance with the order as specified in the notice of the shareholders' meeting.
6. The chair of the meeting will allow shareholders to ask questions or express their views in a reasonable and adequate way.

7. The chair of the meeting will urge the use of balloting cards in each meeting agenda item for transparency in vote-counting results.
8. Each shareholder is allowed to exercise his/her rights in electing directors on an individual basis.

After the Meeting

1. The Company's Secretary will be responsible for preparing the minutes of the shareholders' meeting with opinions of and questions from shareholders. The minutes of shareholders' meeting would be reviewed for accuracy by the Company's executives and the Chairman.
2. The Company will publicize the minutes of the shareholders' meeting in both paper and video formats via its website 7 days after the date of the meeting, so that shareholders who did not attend the meeting, can check and acknowledge details of the meeting on an equal basis.

Preventive Policy regarding Use of Confidential Information

1. The Company has long realized that the use of confidential information by insiders may be unfair to shareholders. Thus, the Company formulated a formal policy and asked for cooperation from its directors, management and employees that may be exposed to the Company's non-public financial information not to trade the Company's securities 30 days prior to public dissemination of the Company's quarterly financial performance. The Company has adopted a policy governing the Use of Confidential Information by directors, managements, and employees who must strictly follow. Directors, managements, and employees must not use confidential information of the Company or partner of the Company to buy, to sell or a solicitation to buy or sell, or a third party offer to purchase or sell securities of the Company or business partners for its own sake or other persons. In the Year 2018, no directors, management and employees who may be exposed to the Company's non-public financial information violated the Company's securities trading policy.
2. Directors and management are required to prepare disclosure reports of their securities holdings and changes in such holdings to the Office of the SEC in accordance with Section 59 of the Securities and Exchange Act. Directors and management are also required to submit such disclosure reports to the Board of Directors relating to trading of the Company's shares at least 1 day in advance of the trading date. In the Year 2018, all directors and management were in full compliance with such reporting requirements.
3. Any directors and management with any potential conflict of interest with the Company are required to disclose such conflicts to the Board of Directors immediately. No directors or management with potential conflict of interest are allowed to attend the meeting approving the transaction which the Company will enter into with its interested persons. In the Year 2018, none of the directors and management had any potential conflict of interest with the Company.
4. The Company has a policy in which Audit Committee will consider any connected transactions or conflict of interest in order to ensure that such transactions reasonably occur to the best benefit of the Company and must be approved by the Board of Directors. The company has complied with the rule of SET including disclosure of the connected transactions, fair and at arms' length, and the significant transaction that require approval from shareholder. The connected transactions for year 2018 the details on topic "connected transactions".

Section 3 Rights and Roles of Stakeholders

1. The Company shall treat all stakeholders including shareholders, employees, clients, competitors, business partners, creditors, the society and the environment fairly in accordance with applicable laws and mutual agreements they have with the Company, taking into account their basic legal rights.
- **Shareholders:** The Company put emphasis on generating profitability to provide good investment returns to all shareholders. The Company's dividend payment policy is to pay out at least 40% of net profit. The Company has encouraged shareholders to exercise their legal rights and will treat all shareholders equitably. Shareholders shall have the right to receive accurate and updated information on the Company's operations via its website on a regular basis. In Year 2017, the Company made dividend payment at the rate of Baht 1.10 per share, or a payout ratio of 96% of 2017 net profit. Such payout ratio exceeded its specified dividend payout policy of at least 40% of the Company's earnings after deducting all required legal reserves. For the Year 2018, the Company made an interim dividend payment at the rate of Baht 0.40 per share, or a half year payout ratio of 87% of 2018 half year net profit.
- **Clients:** The Company put emphasis on equal and fair treatment of all clients. The Company has provided high-quality services to its clients, keeping their information confidential, and disseminated sufficient, accurate and timely information to them. The Company has provided a variety of products and services and continued to improve and develop them to satisfy clients' needs. In providing services, the Company takes into account the best interests of clients. The Company's investment consultants urged their clients to trade with care and thoroughness and consider all relevant information carefully and thoroughly prior to making their investment decisions, not emphasizing their trading volume. This helps to prevent them from investing in manipulated stocks. Clients may leave comments, suggestions, and other complaint through the Company's communication channels as follow:

Channels	E-mail	Phone number
Clients Service	clientservice@maybank-ke.co.th	02-658-5050
Corporate Communication	corporatecommunication@maybank-ke.co.th	02-658-6300 #7401-7404
Company's Secretary	cosecthailand@maybank-ke.co.th	02-658-6300 #6660, 5166

- **Competitors:** The Company treated all of its competitors fairly and equally, and strictly complied with mutual agreements and member agreements as applicable under the relevant SEC and SET rules and regulations and ASCO agreements, which the Company has set to its standard practice not to acquire any investment consultants from other brokers in any inappropriate way.

The Company's policy to treat all competitors without breaching confidentiality or revealing trade secrets of competitors, which is defined as follow:

- Abide by the rules of good competition.
- Do not seek confidential information on competitors by means of dishonest or improper.
- Do not harm the reputation of competitors with the accusation.

- **Business partners:** The Company values the importance of the selection of the right business partner. By ensuring that the selection process and practice partners are equally and fairly. The company recognizes the importance of having a partner who has a good reputation in both ethical and professional standards. As well as to promote and support the partners together against corruption, to contribute to the development of joint business to progress even further.
- **Creditors** The Company fully complied by the promises and commitments of the various creditors of the company, both in regard to payment of principal and interest. As well as any other matters agreed with the creditors, including the report on the financial position and financial data of the company with integrity and honesty. The Company is committed to maintaining a sustainable relationship with the creditors and make mutual trust.

In addition, the company has defined a strategy for managing funds for stability and strength to the company's ability to repay its creditors. There is also a liquidity management to repay the debt to the creditor of the company to meets maturity period.

The Company has capital management policy which defines who is responsible for planning, monitoring and control of the status capital suitable to the company's transactions. By having assessment of the appropriate capital adequacy which can accommodate a significant risk that every side, both under normal circumstance and under crisis, including consistent basis capital, net liquidity of the Securities and Exchange Commission.

- **Employees:** Please see the details of “Fair Treatment of Labor under the “Social Responsibility” section.
- **Society and environment:** The Company promotes the efficient use of resources in all processes related to running a business, to reach maximum benefit. Whereby the Company considers the responsibility of executives and employees, which the Company will support the human resource budget, working time and training to participate in the proposed social and environmental development, namely;
 - The production of the annual general shareholders' meeting and the annual report, the Company uses paper which is the standard of environment friendly that reduces emissions of carbon dioxide (CO2).
 - The Company has agreed to reduce energy consumption, such as changing the light bulb in the offices to a LED bulb.

Please see the further details in the “Social Responsibility” section.

- **Intellectual Property:** The Company respects and abide by the laws regarding intellectual property, and has policies and guidelines regarding noninfringement of the intellectual property rights as follows:
 - All employees have a duty to protect and maintain confidentiality with respect to the intellectual property of the Company to prevent data leakage and shall not use the Company intellectual property for personal or third party interest without permission.
 - All employees must respect and honor the intellectual property of others and must not infringe the intellectual property of other whether wholly or partly without the permission of the owner.

In the Year 2018, the Company had no disputes with any group of stakeholders and was in full compliance with its operating policy.

Section 4 Information Disclosure and Transparency

The Company put emphasis on disclosing accurate, sufficient and timely financial data and other necessary information to the public and all stakeholders on a fair and equal basis via various channels. In doing so, the Company did as follows:

1. The long-term goal of the Company

The Company has a target to 3,200 million baht in revenue by the year 2021. The Company has developed an appropriate work plan to supports the opportunities and challenges in the future, as well as fulfilling the needs that are required to have corporate social responsibility in every aspect of the operation.

2. Efficiency of Financial reporting and disclosure of important information Process in accordance with the Rules of Listed Companies

The Board is responsible for ensuring that the preparation of financial reports and disclosure of important information is correct, sufficient and timely in accordance to the standard and guidelines as follows:

- To provide sufficient personnel associated with the preparation and disclosure of information, with the knowledge, skills and experience appropriate to the duties and responsibilities; including Chief Executives in accounting and finance division, accountants, internal audit, Corporate Secretary and investor relations officers.
- Approval of disclosure of information, such as the company's financial report, shall consider the factors as follows:
 - To assess the adequacy of the internal control system.
 - Comments of auditors on financial report and the observations of the Auditors regarding the internal control system.
 - The opinion of the Audit Committee.
- The disclosure of information in accordance with relevant rules such as financial statements, annual information (56-1), annual report (Form 56-2) Management Discussion and Analysis, and quarterly financial statements via the SET ELCID System and its website in both Thai and English languages. The Company continually updates such information.
- Monitor the adequacy of financial liquidity and ability to pay debts.

For the Year 2018, the Company strictly complied with relevant disclosure rules and was not penalized or sanctioned by relevant regulatory bodies due to improper disclosure of information.

3. Quality of Financial Reports

The Board of Directors prepared the Report regarding the Responsibility of the Board of Directors for Financial Reports that was accompanied by the Auditor's Report in the Annual Report. This report is signed by the Chairman, the Chief Executive Officer and

the Chief Operating Officer. The Company has disclosed such information on the Company's website.

4. Policy on trading disclosure

Chief Executive Officer or first 4 level incumbent managements, after the chief executive down, person serves as the equivalent of an executive-level position at all first 4 level positions including Account Manager equivalent or higher including spouses and minor children must report the holding of securities to the office of the Securities and Exchange Commission within 3 working days from the date of the change. In addition, directors must report their ownership of the Company's securities to the Board of Directors at least 1 day prior to date of purchase.

5. Investor Relations

5.1 The Board of Directors has set up an Investor Relations Unit that is under the direct control of the Corporate Communications Department. The Investor Relations Unit is responsible for disseminating accurate, complete and timely data and news regarding the Company's activities to its shareholders, investors, securities analysts and the general public via various forms of media such as brochures, newspaper, radio, television, meetings and the website. The Investor Relations Unit also assists shareholders in case they have difficulty contacting the Company. Investors can contact the Investor Relations Unit at Phone No.0-2658-6300 ext. 5180, 7401 - 7402 or; By E-mail: CorporateCommunication@maybank-ke.co.th

5.2 In the Year 2018, the Company's executives and the Investor Relations Unit provided the Company's information including opened for questions from attendees by having company's executives joined in to clarify via various events including; 4 meetings SET Opportunity Day, which was held by SET having 30 local and foreign institutional investors attended, as well as live telecommunication through SET's website in order for investors to access company's information and met with mass medias 6 times.

Section 5 Responsibilities of the Board of Directors

1. Composition of the Board of Directors

1.1 The Board of Directors has 6 members comprising of:

- 2 executive directors
- 4 non-executive directors (4 of whom are independent directors)

The Company has long realized the importance of the appropriate composition of the Board of Directors, and nominates its directors in such a manner that there is a balance of power between executive and non-executive directors. The composition of the Board of Directors is such that independent directors will work together with directors who represent the major shareholders and executive directors. The number of independent directors accounts for more than one-third of the total no. of directors, thus being in line with the good corporate governance principles as prescribed by the SET. The Chairman is also an independent director. The number of non-executive directors (4 persons) is higher than that of the executive directors (2 persons), so that independent directors can freely express their opinion and make decisions, and the Board of Directors can perform their duties effectively.

The Board of Directors appoints one secretary to the Board of Directors and one company secretary. The names of directors, and duties and responsibilities of the Board of Directors are shown in the topic “the Board of Directors and Management Structure”.

- 1.2 The Board of Directors recognizes the benefits of diversity on the board which is the key factor in increasing the efficiency in making decision of the Board. The diversity of The Board of Directors consists of experts in many fields who possess a variety of knowledge, capability, professional experience, business moral and loyalty. They are willing to dedicate themselves to the good of the Company.
- 1.3 Each independent director has terms of holding office of 3 years each. Each independent director cannot hold more than three terms, or more than 9 years. There is an exception to the rule when it is deemed by the shareholders or the Board of Directors that some directors play important roles in the growth and success of the Company. In such cases, the terms of office of such directors can be extended as appropriate. The Company policy regarding directors’ terms of office is clearly specified in its corporate governance policy.

However, the Company has reviewed the corporate governance policy annually, in which in 2018 there has been a review in order to amend in accordance to practice as well as explain the reasons behind the impractical issues, which the company will use as a guide to deploy appropriate practice.

Incomplete	Reason
Board of directors has determined that independent directors shall hold position 3 years per term and not exceeding 3 terms or 9 years.	For independent directors who has position exceeded 9 years, the Company believe that it is necessary to have directors whose role is very important to the appliance of the Company, as the independent director has extensive knowledge and experience from the position for a long time, which will help the Committee to understand the company's business operations better.

- 1.4 The Board of Directors have specified qualifications of “Independent Directors” that are in line with new rules and stricter than those required by the SEC and the SET. They are as follows:
 - Holding shares of not more than 0.5% of all voting rights of the Company, any companies in the Maybank Group or its associated companies;
 - Not being a member of management, employee, staff member or advisor who receives a regular compensation from the Company, or controlling person of the Company, any company in the Maybank Group and its associated companies, or person with potential conflict of interest for at least one year prior to nomination;
 - Having no business relationship or direct or indirect potential conflict of interest in terms of financial and general management of the Company, any company in the Maybank Group, its associated companies and other persons with potential conflict of interest that may interrupt his independent discretion or opinion on the Company’s operations; and
 - Not being a person who has any legal registered relationship in the form of close relatives, major shareholders or controlling person of the Company, any company in the Maybank Group, its associated companies, persons with

potential conflict of interest, or persons who are nominated to take care of the interest of major shareholders.

- 1.5 No directors of the Company can hold a directorship in more than 5 other listed companies including its affiliates which may be unlisted. In case it is necessary for any director of the Company to hold a directorship in more than 5 other listed companies, he must obtain approval from the Board of Directors beforehand. Details regarding holding directorships of directors are disclosed in the topic “the Board of Directors and Management Structure”. For 2018, no directors of the Company held directorships in more than 5 other listed companies including its affiliates which may be unlisted. There has been a separation of the position between the Chairman and the Chief Executive Officer to create a check and balance mechanism, so that no one has absolute power. The Company has clearly specified roles, powers and duties of each person; the Chairman shall be an independent director and the leader in policy and corporate governance, and the Chief Executive Officer shall be the leader in corporate and business management.
- 1.6 In case of an expiry in terms for holding office of any director, the Company allows minority shareholders to propose name(s) or person(s) to be nominated as a director (s), provided that such person(s) has the qualifications in line with the Company’s rules. When complete information about the person(s) proposed to be the Company’s director(s) is obtained, the Nomination Committee will consider their qualifications prior to proposing at the shareholders’ meeting for nomination. For the Year 2018, no minority shareholders had proposed the name(s) of person(s) to be nominated as the Company’s director(s).
- 1.7 The Company has announced Code of Ethics and Conducts Policy as a guideline for all employees.
- 1.8 The Company has set a policy for position taking at other companies for CEO that it is required an approval from the Board of Directors.

2. The Sub-Committees

For transparency and independence in performing their duties, most members of the sub-committees are independent directors. Independent directors are appointed as the chair of each sub-committee. Details regarding sub-committees are stated under the section titled “the Board of Directors and Management Structure”.

3. Roles, Duties and Responsibilities of the Board of Directors

- 3.1 In the Year 2018, the Board of Directors considered and approved important matters in relation to the Company’s operations such as formulation of its vision, mission, strategy, financial objective, risk, operation plan and budget. The Board of Directors supervised, controlled and monitored the management to ensure they have run the Company in accordance with the specified policy and plan efficiently and effectively to enhance sustainable economic value for the Company, its shareholders and all stakeholders.
- 3.2 The Board of Directors communicated the Company’s strategy, objectives and operating results to directors/executives/staff throughout the organization. The Company held a meeting to communicate its strategy, objectives and operating results to executives and management so that they could communicate the message to the departments under their supervision. The Company also communicated important messages via its Intranet System (Keplanet) and E-mail system.

- 3.3 The Board of Directors also formulated and approved the Company's written policy on corporate governance. In October 2006, the Board of Directors reviewed said policy. Evaluation of the Company's compliance with good corporate governance principles indicated that the Company complied with most of the principles, with details as discussed earlier.
- 3.4 The Board of Directors formulated a written business ethics and professional conduct to be used as reference by directors, executives and staff in managing the Company's business. Compliance with such written business ethics and professional conduct is closely monitored.
- 3.5 The Board of Directors developed and implemented a clear policy regarding conflict of interest. Good corporate governance policy shall be fully adhered to and accurate information shall be disclosed.
- 3.6 The Board of Directors developed and implemented a risk management policy for the entire organization. Risk management team shall monitor relevant risk factors and report to the Board of Directors every month and quarterly, including risk review and assessment at least once a year.
- 3.7 The Board of Directors developed and implemented internal control and audit systems. The Board of Directors assigned and authorized Internal Audit Department and Compliance Department to conduct audits and report results of the audits to the Audit Committee prior to reporting to the Board of Directors.
- 3.8 The Board of Directors has delegated and assigned sub-committees for any specific duties and responsibilities according to terms of reference (TOR). Each TOR identifies name of committee, duty and responsibility, basic element such as meeting frequency, reporting line and committee's self-evaluation as well as disclosing remuneration and compensation. Details of remuneration and compensation made to directors are shown in the topic "the Board of Directors and Management Structure".

4. Approval authority to execute in any transactions

- 4.1 Company has prescribed the approval authority to execute in any transactions of the company in accordance with the credit line which can be divided into tier, in order to prevent for any person shall have the authority to execute in any transactions which is led to create risk for the company, in addition, such authority has given approval from the Board of Directors and shall review upon regular basis.
- 4.2 The Board of directors serves to define the vision and mission of the company, in order for the executives and employees to have same goal and intended to operate in the same direction. In year 2018, the Board of directors has reconsidered and approved the vision, mission, strategy, goals and direction of the company's business, including a review of major policies, with appropriate and consistent business according to the principles of corporate governance, such as policy, governance, etc.
- 4.3 The Board of directors has monitored the company's strategy to bring to the meeting of the Board of Directors on a quarterly basis. The Committee monitors the implementation of management by reporting the results of operations and prospects, particularly on the part of financial goals and plan tasks to follow defined strategies.

5. Nomination of Board of directors

5.1 The criteria and the process for appointing directors and senior executives.

In the case of vacancy of Directors and senior management of the company, The Company has the criteria and process for recruiting directors and senior managements with utter most transparency. The nomination committee is responsible for considering the nomination of Directors and senior management based on the knowledge, skills, qualifications, work experience; regardless of gender and fully devoted to their duties. As well as not prohibited by law, the relevant statutes and principles governing parties (Fit and Proper), which will cause the diversity in the structure of the Board. However, in cases where the Company has a new business operation strategy in addition to the in progress original business, nomination Committee shall recruit people with qualifications and experience that match the new business of the Company. In order for the Board of Directors and/or the shareholders ' meeting to consider and approve (as the case may be), which is in the process of appointing the directors of the Company.

6. Orientation of the new Board of Directors

The Board of Directors have prescribed the reorientation for Board of Directors onboarding to understanding the business and internal policies to help support the operating duties of the directors to fully take position as fast as possible and by having the Company's secretary as the coordinator which will cover topics as follows:

- STANDARD OF BUSINESS CONDUCT
- DIRECTORS' DUTIES AND OBLIGATIONS
- APPOINTMENTS AND RESIGNATIONS OF DIRECTORS
- GOVERNANCE STRUCTURE
- BOARD PROCEEDINGS
- REMUNERATION AND BENEFITS
- SUPPLY OF INFORMATION TO THE BOARD
- TRAINING AND INDUCTION PROGRAMME
- ANNUAL BOARD ASSESSMENT
- CONFLICT OF INTEREST AND RELATED PARTY TRANSACTION
- OTHER KEY POLICIES OF THE MAYBANK GROUP

In the year 2018, the Company has appointed 2 members of Board of Directors namely, Mr. Hans Johan Patrik Sandin on 4 May 2018 and Mr. Areepong Bhoocha-Oom on 2 October 2018. In which 2 directors have attended orientation of the new Board of Directors in accordance to the Board Manual of the Company as well as with the relevant laws, regulations, and policies such as the policy for corporate governance, ethic about anti-corruption, and etc.

7. Meeting of the Board of Directors

7.1 The Company's secretary sets up a meeting of the Board of Directors schedule in order to propose to the Board of Directors in consideration for granting approval, for the whole year in advance and informs each director of the meeting schedule so that they can arrange their time to attend the meetings. Whereby the Board meetings are regularly for at least 3 months, in order to consider the financial statements, policy and operations, including follow-up to the strategy of the

company and the Board must always be available to attend the meeting if there is a special meeting.

- 7.2 The company has a policy of minimum quorum of the committee upon a voting, in which the quorum shall not be less than 2 in 3 of all Directors. In addition, directors are the proportions attendees shall be at least 75 per cent of meetings throughout the year.
- 7.3 In the Year 2018, the Board of Directors' meetings were held eight (8) times. Details of the Board meetings are stated under the topic "the Board of Directors and Management Structure"
- 7.4 The Chairman, the Chief Executive Officer and Company's secretary will codetermine meeting agenda items to be proposed for the Board of Directors' meeting. Each director could propose a meeting agenda item independently. Each director may propose a meeting agenda to the Chairman via the company secretary or may propose a meeting agenda to the Board of Directors prior to the meeting.
- 7.5 Related documents will be sent to all members of the Board of Directors at least 7 days prior to the date of the meeting. For especially important agendas, the relevant documents shall be submitted to directors prior to the meeting in adequate time for their consideration.
- 7.6 The Board of Directors can invite any relevant executive or personnel for inquiry during the meeting. In the Year 2018, it was found that executive directors are the persons who were in charge of the matters and knowledgeable of all relevant information. Thus, the Board of Directors inquired directly from the executive directors in charge of the matter.
- 7.7 After the Board of Directors' meeting, the corporate secretary will arrange the minutes of the meeting and notify the related functions for their further action and report the result of such actions to the Board again for their acknowledgement.
- 7.8 In each meeting, the Chairman allows each director to express his opinion extensively and freely. Thus, each director may express his opinion extensively and listen to others' opinions. Each decision is made based on sound rationale and thorough deliberation. Although the Chairman allows each director to express his opinion in the meeting extensively, each director presents his opinion concisely. Thus, it normally takes no more than 3 hours on average to run the meeting, which the Board of Directors views as sufficient to consider each meeting agenda item thoroughly.
- 7.9 Good corporate governance reports must be approved by the Board of Directors. On October 18, 2007, the Board of Directors' meeting reached a resolution to establish the Corporate Governance Committee that is responsible for formulating good corporate governance principles, monitoring, evaluating and promoting compliance with the Company's good corporate governance principles.

Thus, the Good Corporate Governance Committee regarded the Year 2008 as "KIM ENG's good corporate governance year." The good corporate governance campaign was initiated by various activities to persuade employees to be in compliance with good corporate governance principles.

8. Meeting of the Board of Directors who are Non-Executive Directors

Board of Directors have prescribed that there were only non-Executive Directors meeting without the Executive Directors for reviewing the policy, strategic, vision, and guideline for managing the company. In the Year 2018, the Board of Directors' meetings (Non-Executive Directors) were held one (1) time on 19 December 2018.

9. Self-Evaluation by the Board of Directors

9.1 The Board of Directors conducts self-evaluation once a year. Such self-evaluation will be conducted on an overall basis as well as one to one session. Evaluation in accordance to the Securities Exchange of Thailand will be conducted on the following areas:

- Structure and Qualifications of the Board of Directors;
- Roles, duties and responsibilities of the Board of Directors;
- The Meeting of the Board of Directors;
- Performance of Duties by the Board of Directors;
- Relationship with Management; and
- Self-Development of Directors and Management Development.

The company secretary is responsible for summarizing the results of evaluation before providing them to the Chairman. The Chairman will inform the results to the meeting of the Board of Directors and consult with all of the directors to improve any deficiencies or weaknesses found from the evaluation.

9.2 The process of evaluation are as follows:

1. To evaluate the effectiveness of the operation of the Board of Directors for both the individual at least once a year.
2. The Company Secretary will summarize and present the results of evaluation performance of the Board of Directors to the on the nomination committee board and the remunerations committee board. To consider and evaluate ways to improve the efficiency of operations.
3. Nomination committee and remuneration committee present the result and the trend to improve operational performance the Board of Directors.

9.3 For the Year 2017 Annual Performance, the Board of Directors conducted self-evaluation on November 9, 2018. Each area is evaluated by each director on a "good" to "excellent" level. For evaluation method the Company has specified criteria and process in which the Company ensures that there is improvement in result as well as follows up on the status of prior evaluation. For Year 2018 Annual Performance, the Board of Directors has set the evaluation date in May 2019.

10. Self-Evaluation by Sub-Committees

- 10.1 Various sub-committees such as Audit Committee, Nomination Committee and Remuneration Committee also conduct its self-evaluation once a year. Such self-evaluation will be conducted on an overall basis as well as one to one session, having principles and evaluation guideline to be aligned with the evaluation of the Board of Directors in which the result of the evaluation the performance for the year 2018 has made on November 9, 2018 with the result of good to excellent.
- 10.2 The process of self-evaluation of the committees is as follows:
1. Continue to evaluate the effectiveness of operation of the Board of Directors of both the Board and the individual, at least 1 time per year.
 2. The Corporate Secretary summarize the results of performance evaluation on the operation to the Board nomination and remuneration Committee to evaluate results and guidance on how to improve operational efficiency.
 3. The Nomination Committee and the remuneration Committee present result and the trend to improve operational performance the Board of Directors.

11. Remuneration and Compensation

- 11.1 Directors' remuneration and compensation are determined based on 4 criterias, namely 1) Comparison with the level of remuneration and compensation made to directors of other firms in the securities brokerage business 2) Role and responsibility of each director 3) the Company's overall operating performance and 4) Dividend payments made to shareholders. Director remuneration shall be considered by the Remuneration Committee and proposed to the Board of Directors and meeting of shareholders. Details of remuneration and compensation made to directors are shown in the topic "the Board of Directors and Management Structure".
- 11.2 Compensation and remuneration made to the Chief Executive Officer, is determined based on his duties, responsibilities, performance and the Company's operating performance, to be considered and approved by the Board of Directors. The Board of Directors evaluates the performance of the Chief Executive Officer by comparing the stated operating goals and objectives on an annual basis. During any operating year, the Management will compare the Company's actual operating performance with the stated operating goals and objectives, and present the result of the comparison in each Board of Directors' meeting and prior to preparing operating budgets for the next year. The Board of Directors will evaluate the performance of the Chief Executive Officer on an annual basis. Whereby, in 2018 the result of the evaluation of the performance of directors is "excellent".

12. Corporate Governance Policy and Business Ethics

The Board of Directors has emphasized on good corporate governance. The Good Corporate Governance Committee was established to determine and specify monitoring and evaluation guidelines and to promote implementation of, and compliance with, good corporate governance policies. The good corporate governance policies can be classified into 8 principles as follows:

1. Establish clear leadership role and responsibilities of the board
2. Define objectives that promote sustainable value creation
3. Strengthen board effectiveness
4. Ensure effective CEO and people management
5. Nurture innovation and responsible business
6. Strengthen effective risk management and internal control
7. Ensure disclosure and financial integrity
8. Ensure engagement and communication with shareholders

The Company has disseminated its good corporate governance policies via its website to show its intent to operate under the good corporate governance practices to ensure its operation transparency. Employees are given a written good corporate governance manual and urged to work ethically and be in compliance with good corporate governance policies.

To ensure that all employees understand the rules, regulation, code of business conduct, and do the right thing right. The company had conducted to all employees to do the rules and regulations testing on company's intranet and had evaluated the level of understanding of employees from the testing results to improve the communication to employees to understand and aware of their role in promoting corporate governance. In addition to employees shall do the rules testing as a part of key performance indicators (KPI) and the employees who had joined to work during the year, they shall do the rules testing which is considered to be a part of the performance evaluation. The company also encourages employees to aware the compliance culture which is the key performance indicators (KPI).

In the Year 2018, compliance with good corporate governance policies was evaluated. The results of evaluation indicate that the Company was in compliance with most of the specified guidelines and policies, except in the area of shareholders' meeting. This was because some foreign directors did not attend the shareholders' meeting. However, the Chairman, the Chief Executive Officer, the Chair of the Audit Committee, the Chair of the Remuneration Committee, the Chair of the Nomination Committee and the Chair of the Good Corporate Governance Committee attended the meeting.

Incomplete	Reasons
Shareholder's meeting, all directors shall attend the meeting.	There are two directors who are foreigners. The Company has considered wasteful travel expenses of traveling to a meeting of shareholders. However, the company has the Chairman of Board of Director, the Chairman of the Nominating Committee, the Chairman of the Compensation Committee, the Chairman of the Good Corporate Governance Committee, the Chief Executive Officer, and Top Management had attended the meeting.

13. Internal Control and Audit System

The Company's Board of Directors places importance on efficient and effective internal control system. The standard operation procedure is provided in written. The Operations of the back and the front office are clearly segregated as the Company always adheres that a good internal control will contribute the sustainable and efferent achievement to the business, hence, an effectiveness of internal control system shall be evaluated every year throughout and annual internal control evaluation process.

The Company encourages all departments to develop an effective internal control by clearly developing line of command, approval authority for directors as well as operation staffs. In addition, the standard operation procedure as well as user manual is provided in written and subjected to regular review. In Year 2018, the Company had reviewed and refined significant policy, for instance, Anti-Money Laundering and Counter Financing of Terrorism and Proliferation of Weapon of Mass Destruction Policy and Procedures, Maybank Group IT Policies and Framework, Revised guidelines and practices the punishment to personnel in the capital business and Anti-Fraud Policy. Moreover, the Company has provided training courses for employees in order to develop their knowledge and skills which can help supporting the Company's business expansion and to create effectiveness, transparency of Management and staffs which can be audited.

The Board of Directors appoints Risk Management Department and Management Risk Committee having the duty to prescribe the policy concerning risk management and to handle all relevant risk management functions and propose to the Board of Directors in consideration for granting approval. It is a responsibility of Risk Management Department to report risk management performance and significant issues to the Board of Directors on regular basis as well as to review relating policies, for instance; a policy concerning the risk assessment and adequacy of Net Capital Ratio, Crisis Management Policy as well as procedures relating to the determining of various ratios in order to oversight the business expansion, Monitoring and Assessing the impact that may arising from a significant events.

For the development of Information Technology system, the Company has allocated significant amount of budget for information technology system to ensure that the Board of Directors, Executives, stakeholders, for instance; shareholders or regulators are notified with accurate, complete and reliable information within reasonable time. In addition, the Company also places high importance on the security of information technology system to provide service to an increasing number of the Company's customer.

The Company has established an Internal Audit Department which reports directly to Audit Committee. The Internal Audit Department is responsible for auditing to evaluate an effectiveness of internal control and risk management of each department within the Company following the approved audit plan. For the issues and risk noted from audit process, the Company has accelerated to rectify the operational processes by considering the root cause as well as to develop a measure to prevent the reoccurrence of the issue. Moreover, Internal Audit also monitors each department to comply with laws, regulations and policies in order to ensure that the internal control system is effective and adequate and the information is accurate, reliable and is delivered in a timely manner. In addition, Internal Audit is also monitors and audits to ensure that the Company has a control system on financial report, operation process as reports to be submitted to relevant regulators.

The Company has all along been in compliance with accounting and financial report standards as stipulated by the Federation of Accounting Professions Under the Royal Patronage of His Majesty the King as well as the requirements specified by the Stock Exchange of Thailand, the Securities Exchange and Commission Thailand and other relevant regulators. Moreover, the Company has been operating the business with transparency and

conformed to good corporate governance guidelines and effective internal control, system which is suitable for current business situation.

14. Conflict of Interest

The Board of Directors set up a clear policy and operational guideline regarding consideration and approval of matters that may cause conflict of interest. Directors shall disclose their conflict of interest prior to the meeting, if any. Directors are not allowed to attend or vote in the meeting should there be a conflict of interest. In case there may be any transactions or matters with material conflict of interest, the Board of Directors must assign the Audit Committee to consider and propose their opinion to the Board of Directors. In case the Audit Committee has no expertise in considering and providing their opinion regarding the transaction, the Audit Committee may assign an independent expert or the auditor to provide their opinions in regarding the transaction for final consideration and approval by the Board of Directors or the shareholders' meeting as the case may be. In the year 2018, there was no related transactions.

15. Risk Management Policy

In operating business, the Company may face both internal and external business risks. In order to cope with such risks, the Company has continually developed and implemented risk management systems. The Board of Directors has approved policies and procedures to be used as a guideline which will help developing effective business operations under risk appetite.

Overview of Risk Management

- Risk management at both policy and operating level shall be under the responsibility of Risk Management Committee and other related Committees;
- Operation of the Company is under the organizational structure, with check and balance mechanisms; and
- Risk management policies and guidelines in each area are in written form for reference by management and employees.

The risk management system is developed on the basis of care and continual improvement, taking into account the best interests of shareholders, clients, employees and the society.

Enterprise Wide Risk

The Company has set up Risk Appetite Statement ("RAS") for each operating module to be used as a guideline for annual strategic, operational and business planning. The RAS is agreed by Risk Management Committee and approved by the Company's Board of Directors. The evaluation will cover key risk factors both internal and external that the Company might face. The Key Risk Indicators ("KRI") has been developed for the purpose of risk evaluation according to the RAS. The evaluation result has always been proposed to the Directors in which it can be used as a tool for business management and to mitigate possible risk that might occur in the future.

Credit Risk

- The Company has delegated its authority for the approval of Equity and Derivatives credit line in the level of both an individual and the Board of Directors. A procedure for annual credit line review for all clients as well as a case-by-case credit line review for a particular client has also been prescribed.

- Create a unit that is independent from the Front Office to create check and balance mechanisms;
- The company would more strictly in granting limit for TFEX account due to there is a risk of high leverage from TFEX produce. The client's financial status and collateral maintain in company will be taken into the consideration for granting suitable limit for the client. .
- The Company does not allow margin loan for high-risk share. The Company has established a clear and concise procedure for marginable securities selection and initial margin set up.
- The Company places importance on debt collection following internal policy and regulatory requirements.

Market Risk

Market Risk can be classified into three categories, namely:

1. Price Risk

- This is the risk that the value of the Company's investment portfolio may decline due to decline in the value of debt and equity securities the Company invests in. To deal with this kind of risk, the Company has adopted market risk policy from the Group so-call "**Trading Book Policy Statement**" with the aim to specify clear policies regarding securities investment and market risk management. Such policies have specified roles, duties and responsibilities of directors and management regarding investment management, policies regarding securities investment, investment risk diversification, investment loss limit and etc.
- The Company has also set the risk limit such as Delta, Gramma, VaR, PV01 and Stop loss limit for Risk Management to monitor and control the amount of loss under **Trading Book Limit Policy** where approved by the Board of Director.

2. Interest Rate Risk

- This is the risk caused by a mismatch between the time gap before interest rates can be reset (for floating-rate contracts) and the term of contracts (for fixed-rate contracts). To deal with this risk, the Financial Department shall be responsible for monitoring changes and movements in interest rates, as announced by many financial institutions, and report to the Chief Financial Officer and other involved officers. This will allow the Company to reset its interest rates in line with changes in market interest rates.

3. Exchange Rate Risk

- The Company has clearly prescribed Risk Management policy in concerning with exchange rate risk describing that company does not operate foreign currencies business and has no policy for trading or speculating from the exchange rate. Any transaction relating with foreign currencies, company shall consider being used the financial instrument for hedging of such transactions upon appropriate occurrence.

Liquidity Risk

In regard to management of liquidity risk, it is realized that NCR is an important tool for measuring and monitoring the Company's liquidity risk. NCR is also used in specifying the scope of transactions. Thus, the Risk Management Department is assigned to be responsible for closely monitoring NCR figures as prepared by the Accounting Department. In addition, Company shall assign Chief Financial Officer to be the person who shall responsible for the management of the liquidity risk with due care and shall require to make the report for the purpose of monitoring and reporting to Chief Executive Officer.

In addition, Company has also prescribed credit line range as Company had possessed with other financial institutions, of both accumulated credit line and unutilized credit line, in order to be used for the liquidity management and reserved for the emergency case as well.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The company has focus on operational risk by;

- Implementing the operational risk policy and procedure clearly where including performing Risk & Control Self-Assessment (RCSA) and Key Risk Indicator (KRI) in order to analyze risk and preparing the method of prevention in advance.
- The organizational structure with clear scope of authority and responsibility of each department and check and balance mechanisms and to be consistent with the guidance of regulators are implemented.
- Standard working procedures in written form are developed and implemented, with the independent Audit Unit, under the direct control of the Audit Committee, responsible for auditing tasks.
- Creation and implementation of Business Continuity Management (BCM) and Business Continuity Planning (BCP) where got approval from the BOD and assigned Risk Management to review and conduct the testing annually.
- In addition, to reduce and diversify some of operational risk the Company has insuring against with the reputable insurance company.

Fraud Risk

To encourage employees to maintain honesty in performing duties at all time, the Company emphasizes and places importance on establishing employees' awareness to counter fraud as it is considered as an unacceptable action. Fraud can cause major damage to the Company not only financial damage, but reputation and other possible losses, for instance, the possibility to be terminated on business license. Thus, the Company has developed an Anti-Corruption Policy and operational rule for the purpose to proceed adhere to such policy and rule, and also establish a culture which all employees within organization are aware and help preventing the possible. In establishing anti-fraud culture, collaboration from top management to encourage employees at all levels to counter fraud, protect the company's reputation and resources is required. In addition to the collaboration from top management, training is another important tool to create awareness and knowledge concerning risking management to all employees. The Company also develops Risk Culture by creating employees' acknowledgement and recognition towards an importance of risk in which risk exists, possible to occur, affects and prevent the Company from fulfilling business target.

Meanwhile, company has Anti-Corruption policy and operational rule in all aspects, in this regard, company has given approval and certified from private sector collective action coalition against corruption on 22 January 2016.

16. Development of Directors and Executives

- 16.1 The Company has prepared a succession plan for Director and the Chief Executive Officer on both ad-hoc and permanent basis. On an ad-hoc basis, other executives will act in such capacities on a temporary basis. On a permanent basis, the Nomination Committee will consider and appoint appropriate qualified personnel in advance with sufficient period of time in order to carry on the duty of Director or Executive in the near future. By providing succession plan for the company's management staff which subject to review by the Board of Directors and proposed to the Board of Directors for approval.
- 16.2 The Company encourages and facilitates training to develop potential of Directors, management and staff in departments related to corporate governance. In 2018, training has been conducted by sending directors and management as well as the Company's secretary, Audit Committee's secretary, legal officers and compliance officers to attend a training course regarding corporate governance. The Company urged its directors to attend classes aimed at improving and developing their knowledge and understanding the roles, duties and responsibilities of directors. Please refer to below tabulation for the record of training attended by the Directors.

Course	Date of Attendance	Name of Director/Management/related employees
Board and Cybersecurity Governance (as BOD)	22 May 2018	Mr. Montree Sornpaisarn
Academy for THAIs: Digital Impact in the New Age by AIS Academy	3 October 2018	Ms. Sopawadee Lertmanaschai (Independent Director)
Cyber Security Risk for the Financial Service Industry - Findings & Lessons by FireEye	8 October 2018	Executive Committee
Audit Committee Forum by IOD	12 November 2018	Ms. Sopawadee Lertmanaschai (Independent Director)
Company Secretary Program by IOD	29-30 November 2018	Ms. Warinthorn Limpetchngam
Cyber Treats : Challenges for BOD by SEC	17 December 2018	Mr. Montree Sornpaisarn Mr. Henry Koh Swee Ong Mr. Vichet Pornsinsiriruk

17. Remuneration of Auditor

17.1 Audit Fee

- For the appointment of auditor, audit fee including the independence of auditor shall be given approval from the Audit Committee prior to propose to the Board of Directors and shareholders for approval.
- For the Year 2012, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 1,900,000 Baht.
- For the Year 2013, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,000,000 Baht.
- For the Year 2014, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,100,000 Baht.
- For the Year 2015, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,200,000 Baht.
- For the Year 2016, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,200,000 Baht.
- For the Year 2017, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,500,000 Baht.
- For the Year 2018, Company had paid the remuneration of auditor, namely: auditor, audit office which such auditor attended, person or related business with auditor and audit office which such auditor attended in the amount of 2,600,000 Baht.

17.2 Non-Audit Fee

To ensure independence of external auditors our Company has adopted policies setting maximum limit on the award of non-audit consultancy and advisory works to external auditors.

Corporate Social Responsibility for Sustainability



Overall Corporate Social Responsibility Policy

Maybank Kim Eng Securities (Thailand) Public Company Limited is committed to being a leading financial institution in the region, as well as building a good society for sustainable growth. The Company is well aware that social responsibility is a critical aspect that must be moving forward in parallel with business operation, taking into account the creation of social responsibility values that will bring about maximum benefits to society, community, environment and all parties involved.

Business Background

Maybank Kim Eng Securities (Thailand) Public Company Limited is a full-service financial institution providing investment services, linking investment networks through its affiliates in major cities in Bangkok and other provinces to fully support all investment requirements. The Company also puts the great emphasis on corporate governance (CG), anti-corruption in all forms (Anti-Corruption) and operations with transparency and justice that can be checked (Transparency), and aims to equip investors and the general public with knowledge and understanding on investing and creating wealth for the public through saving money in order for the country's economy to grow sustainably.






Human Resources

The Company believes that the development of personnel to be knowledgeable and able to provide good quality service to customers is essential. Therefore, MKE Academy has been established under the management of the HR department to provide varied fields of training, such as new trading programs, knowledge on investment, training in various activities and etc. This aims at equipping employees with the knowledge that they can apply to the daily life. The Company keeps on continuous development of employees at all levels so that they can provide accurate information and excellent customer service covering its 42 branches nationwide. This is based on the principle of ethics and code of conduct, initiatives on the working environment where employees have a good relationship with each other and work together equitably, with unity. Our employees work with integrity, transparency and verifiable. In addition to the training of employees, the Company has raised the consciousness of social responsibility among all employees at all levels seriously and continuously. With the confidence that the Company will be good, the society must be good. We have encouraged employees to be creative and develop their full potential while promoting social and environmental development in the organization. And this will make us a

learning organization and a happy workplace. We have always cultivated a sense of loyalty to employees, while promoting code of conduct, compliance with official standards and instill corporate culture practices known as TIGER CORE VALUE.

Implementation and the Corporate Social Responsibility Report

The Company has adopted the standards for the development and implementation of CSR in accordance with the Corporate Social Responsibility Guidelines of the Stock Exchange of Thailand, which are generally accepted and internationally accepted. The business relationship with the stakeholders is as follows.

Stakeholders	Policy	Guideline for stakeholders participation
 Shareholders	<ul style="list-style-type: none"> • Create a good performance. • Make profits grow continuously and firmly. • Operate business with prudence, transparency, ethics and integrity. 	<ul style="list-style-type: none"> • Annual General Meeting of Shareholders. • Provide information through “Opportunity Day” event. • Communicate through various channels such as website, email, phone, etc. • Receive feedback and complaints.
 Clients	<ul style="list-style-type: none"> • Service with quality • Service with ethics, transparency and verifiable • The service is fair, not take advantage over the clients. • Keep the customer’s information confidential. 	<ul style="list-style-type: none"> • There are channels to communicate with customers. • Customer Satisfaction Survey • Get feedback and complaints.
 Trading partners Business partners Creditors	<ul style="list-style-type: none"> • Doing business in good faith, not taking advantage over them. • Treat them with prudence, transparency, ethics and verifiability. • Having a fair and transparent process of work and selection. 	<ul style="list-style-type: none"> • There are channels to communicate with customers. • Get feedback and complaints.
 Society and environment	<ul style="list-style-type: none"> • Awareness of care, support and development of social and environmental activities to help create a better society and community, and to create a better environment and conserve natural resources. 	<ul style="list-style-type: none"> • Encourage the community to participate in the activity.
 Employees	<ul style="list-style-type: none"> • Continuously hold staff’s potential development trainings. • Set up a workplace and a good working environment to be safe and appropriate for working. • Provide employee benefits to help employees improve their quality of life. • Comply with the requirements of human rights • Treat employees fairly and equally. 	<ul style="list-style-type: none"> • Set up a workplace and a good working environment to be safe and appropriate for working effectively. • Provide channels for communications • Get feedback and complaints.

The Company has conducted under ethics and code of conduct in year 2018 to assure sustainable growth are provided below:



1. Good Governance

The Company takes a high responsibility on Good Governance. We practice according to the guideline in respect of good Corporate Governance. We believe that with good Governance, will prevent us from any damages which will be occurred from careless and we can manage our resources efficiency and bring reliability to stakeholders. Also giving the Company the sustainability growth, create value to shareholder and provide the benefits to shareholders and execute with fair to stakeholders with reference to information that are provided in “**Corporate Governance**” part.

In addition, for the clear procedure, good attitude building and honest culture for the Board of Directors, Management and staffs, the Company has also established the Code of Conduct as a Company’s policy for everyone to comply.



2. Anti-Corruption

The Company has the Anti-Corruption policy which has been reviewed and approved by the Audit Committee and Board of Directors of the Company, the Company was certified and awarded by Thailand’s Private Sector Collective Action Coalition against Corruption by January 22, 2016.

The Board of Directors has stipulated the Anti-Corruption Policy with an aim to counter all types of corruption including the banning of bribery for the business interests (Zero Tolerance Policy). The Company has a process annually to evaluate the potential risk of corruption that may arise from the operation of its business as well as a guideline set for monitoring and control to prevent and pursue the risk of fraud and potential corruption risk. The Company’s Internal Audit Department will serve to monitor and evaluate an effectiveness of the implementation of Anti-Corruption Policy as well as to report the evaluation result to the Board of Directors. In addition, the Company has already conducted several trainings for employees at all levels to ensure their awareness and understanding of the policy.

In 2018, the Company has communicated and conducted trainings to employees regarding its Anti-Corruption guidelines and related policies, i.e. code of conducts, gift and hospitality policy, conflict of interest policy. All staff is able to reach those policies via the Company’s intranet, including taking the test regarding the rules and operations of the Company via the Company’s intranet. The Company collected those test results and evaluated the level of employees’ knowledge in order to improve its communication to all staff for more understanding as well as encourage the staff’s awareness of their roles on the anti-corruption. Moreover, the Company encourages all staff to be aware on the compliance culture of the Company.



The Company has its procedures in which compliance and guideline on the anti-corruption evaluate following up as follows:

1. The guideline specifies that Management and all staff evaluate their own compliance culture and code of conduct following to guideline regularly.
2. The Company's Internal Audit Department will serve to monitor internal control system, fraud risk management and to give suggestion which audit under the internal audit plan which has been approved by Audit Committee and report the significant evaluation result and suggestion to Audit Committee.
3. Provide the audit procedure, internal control evaluation, risk management covering important operations such as procurement process, contracts process in order to prevent and follow the risk from corruption including give the appropriate suggestion.
4. Provide channels where complaints and information on dishonest practices, whistle blowing, illegal, unethical conduct, or any suggestion regarding to activities or conduct of the anti-corruption or financial statements or internal control system. The Company also has a policy to protect the provider of information or clues and treat the information with strict confidentially, with measures on investigation and punishment under relevant regulations.



3. Providing Capital Market knowledge activities to investors, general public including both government and private sectors

The Company has put the importance of providing knowledge to investors, general public including both government and private sectors in order to implant in concerning with saving and for more understanding in regards to saving money via Capital Market including risk diversification from the investment. Thai society is more likely becoming the cluster of elderly where more people in labor force are now undertaking their senior citizen in the household. Therefore, people at workforce age are obligated to have knowledge in managing their investment and savings. Since most people are not profound in capital market trading, the Company strives to provide education in such instances; for example, the types of saving, investment proportion, or various techniques for maximizing gaining to incorporate with the inflation through trading, etc. Therefore, providing knowledge to general public will emphasize on the knowledge in concerning with the investment in the facet of long term saving for earning a living. Thus, the new investors training has continuously organized.

However, the Company shall not neglect to provide knowledge to investors with professional basis and has already invested in the Exchange in which such knowledge will emphasize in term of saving for the speculation of the profit including the strategic for investment in various products and technical securities analysis, such as, the principle of the use of Elliott Wave for Single Stock Futures trading by Block Trade and Derivatives Warrants, etc.

In 2018, the Company has organised investment education activities for a total of over 360 hours with a total of more than 9,200 people attended.



4. Labour Practice and Human Rights

• Labour practice

The Company has its operation according to the human resource policy and guidelines with respects human rights and abides by labour laws. The Company has supported its staffs to be honest, generous and reliable persons. The Company emphasis their staffs working as ethic, transparency management, concerning to environment and common interest. Build the culture of result-oriented, unity and support and develop the staffs to be expert, give fair wages and suitable fringe benefit, quality of life with good, wealthy and safety, and promote its employees upon to their capacity.

As of December 31, 2018, the Company had a total of 934 employees, divided into 601 staffs as Investment Consultants and 333 operations staff with no temporary ones.

For the year 2018, the Company organised key activities to build good relationship for enhanced employments as follows:

1. Staff party for the staff from head office and Bangkok branches was held on January 12, 2018.
2. Staff party for provincial branch employees was held on September 1, 2018.
3. Training on Inspiring Operational Excellence for Back Office Support team, both employees from the head office, branches in Bangkok and provincial branches was organized on September 1, 2018.
4. Party for the head of relevant departments from the head office and executives from the regional offices took place on September 18, 2018.
5. Team building workshop for the head of all departments, both from the head office, branches in Bangkok and upcountry as well as executives from the regional offices was executed during November 3-4, 2018.
6. Gold medal award ceremony for employees who have a long service in the Maybank Group Long Service Award project in return and honor the intention and dedication to perform their duties for the Company with integrity was on March 23, 2018.

• Employee Benefits and Compensation

In respect of Maybank Kim Eng Securities (Thailand) Public Company Limited, employees are our most valuable asset and our key to success. Therefore, we place a great emphasis on being a caring employer to ensure our employees are happy and proud to be part of Maybank family as well as providing a safe work environment that promotes well-being. Moreover, we promote conscientious remuneration and good healthcare benefits with an extensive family coverage for our employees.

Our company constantly reviews both employee remuneration scheme and employee benefit programs to ascertain that we offer competitive packages in today's business landscape.

Providing such effective and attractive employee benefit packages can boost employee happiness, engagement at work and productivity. We continuously promote employee well-being through internal communications of employee benefit programs on a regular basis either in employee handbook and company intranet as follows:



- Welfare benefits, e.g. employee compensation for death to his/her surviving members of the family, employee compensation in the event of disaster such as flooding, fire incident, etc.
- Employee Loan, e.g. Home Loan, Car Loan
- Employee Fund, e.g. Provident fund, Social security fund
- Life Insurance
- Health Insurance - The policy will cover employee, his/her spouse and dependent child

In the year 2018, we highly focused on employee health concerns of Influenza vaccination as it is an additional precaution to protect ourselves from workplace infection. Therefore, we had sought for a special corporate price for Influenza vaccination from a good, trustworthy healthcare company and organized on-site mobile clinic for Influenza vaccination at Head Office.

Furthermore, we provide free annual health checkup packages to our employees based on the list of eligible hospitals nationwide and the terms/conditions of given packages. If employees decide to acquire other health checkup programs not included in those benefits provided, we arrange special corporate pricing scheme in place to support them.

• Respect for Universal Human Rights Principles

Our company believes that the most fundamental aspect of compliance is respect for basic human rights. If such rights are respected and protected, this will certainly build peaceful and harmonious community and workplace. Thus, human rights are the essential component of promoting and enhancing sustainability to our local and global businesses.

In a continual effort, under the scope of sustainable management, our company has embraced respects of human rights through non-discrimination conducts in every aspect of business operations with seeking to ascertain that human rights are exercised without discrimination of any kind based on nationality, ethnicity, skin color, gender, religion, language etc. The followings are relevant practices at addressing human rights respectfulness.

- No conduct, support, involvement in any violation of human rights issues including any relevancy of sexual harassment or an exploitation of child labour and illegal workers.
- Equally provide services at the highest level of service standards to all people in need, regardless of their ethnicity, nationality, gender, race, religion, age or sexual orientation.
- Deploy fair recruitment practices and impartial opportunities including for candidates with disabilities.
- Deploy policies and standards of customer information security and internal data security control.
- Open opportunities for employees to raise complaints / grievance about human rights issues.

In addition, our company enforces materialized conducts of anti-sexual harassment by declaring that sexual harassment is a serious crime and urge everyone to tackle relentlessly with any formats of sexual harassment such as Verbal sexual harassment, Physical sexual harassment and Demonstration/ Distribution of sexual abused images. We impose penalties for those who are guilty in such harassment and already established a confidential complaints channel with guaranteed of its confidentiality.



• Employee's Occupational Health and Safety

To ensure that our operations meet the required health and safety standards, our company has formalized the Occupational Health and Safety standards in workplace, along with associated guidelines, to guide these practices throughout the organization. The goal is to create a safe and healthy workplace with a modern security system as well as to provide concrete guidelines on preventing any workplace accident, injury, disability, or fatality. Moreover, we set up the Safety Committee, to continually supervise and monitor Occupational Health and Safety concerns to ensure maximum effectiveness. The committee's roles and responsibility are as specified in Labour Protection Act.

Policy of Occupational Health and Safety standards is announced as below:

- o Occupational Health and Safety standards in workplace are responsibilities of every employees
- o Our company will declare and deploy Policies, Procedures and Standards of Occupational Health and Safety standards in workplace by which are proper with our organizational context and aligned with relevant Law, Regulations or Standards
- o Our company will manage, monitor, assess hazards, control safety and conduct workplace adjustments.
- o Awareness of Occupational Health and Safety standards in workplace will be constantly created and disseminated to the management and employees.
- o All employees are to strictly act in accordance with Policy of Occupational Health and Safety standards in workplace.
- o Our company will follow up the progress, assess the administration and develop improvements related to Occupational Health and Safety standards in workplace systematically and continuously.

Safety Vision

- Concentrate on employee healthcare.
- Create proper, safe and risk-free workplace environment.
- Enhance both productivity and well-being for employees.

Safety Mission

- Create awareness of Occupational Health and Safety standards in workplace for employees.
- Evaluate and Control any hazards effected employee well-being.
- Manage and maintain workplace environment to be in a safety and appropriate condition.
- Promote employee health and well-being both physically and mentally.

Activities for Society and Environment



1. Youth and education

Lecture on investments for educational institutions

In 2018, the Company organised education activities on investments to educational institutions, totaling 50 hours, including domestic and foreign educational institutions, by providing training on basic knowledge about securities business and working in the field of financial business, such as Research, Investment Banking, including marketing of Investment Consultant, etc. Details of the students from the educational institutions that visited the Company in 2018 were as follows: Students from the Department of Finance, Faculty of Management, Rajamangala University of Technology Srivijaya, Nakhon Si Thammarat Campus, Faculty of Liberal Arts, Department of Western Languages, Spanish major, Chulalongkorn University, graduates from the Faculty of Economics and Business Management, National University of Laos, Faculty of Commerce and Accountancy (international program) from Chulalongkorn University, and Faculty of Engineering, Chulalongkorn University.



In addition, in the year 2018, the Company realized the importance of youths by providing more knowledge and understanding of securities business and how to start to invest, thus creating mobile activities to educate youngsters in a campus. Because the Company is aware that new gens should receive knowledge and understanding in finance, investment, the importance of investment, proper and effective investment tools. The Company views that youths or new gens will be good drivers of economy when they get equipped with knowledge of financial management to be financially healthy. Organizing activities to educate students according to various educational institutions will result in overall economic condition of the country. This year, 4 major seminars were organized including: a special lecture for Stamford International University, a symposium with the Post Today titled “Post Today



Wealth Campus, Saving for Security Starts at a Campus” and the academic seminar **“Fintech University Investment Challenge 2018”** in collaboration with the International College of Mahidol University. Besides, the Company has signed a memorandum of understanding (MOU) for academic cooperation as an educational partner with Stamford International University by jointly developing and promoting knowledge in economics, finance and investment by presenting information useful for the development of educational programs in the field of business administration for universities as well. This is another role of the Company in fostering and supporting knowledge in investments for various educational institutions constantly.



2. Education for Customers and Investors

Arrangement of Mobile Seminars for Customers in Other Provinces

In 2018, the Company organized several mobile seminars for customers in upcountry. The purpose is to allow customers and investors who reside in the provinces where the Company’s branches are located, and investors from nearby areas have a chance to hear news, economic and investment trends. Moreover, they can get close to the securities research team to listen to investment direction information as well as good opportunity for introducing various applications and investment programs. In 2018, the Company focused on educating customers on investment to suit the economic conditions, for instance, Seminars On The Last Round of High Yield Stocks of Year of Dog in Rayong, Window Dressing Seminar- Which Stock To Avoid- in Hat Yai, Songkhla, Special in Chan Seminar in Chanthaburi province, Portfolio Adjustment Seminar, Which Stock to Keep in Khon Kaen, Open New High Stocks Seminar in Nakhon Ratchasima, Meet with the Investors Seminar in Phuket on the occasion of the opening the first international branch of the Company in Phuket, etc.



Seminar for investors in Rayong



Window dressing seminar in Hatyai, Songkhla



Special seminar in Chanthaburi



Investment portfolio seminar in Khon Kaen



Organising Seminars to Educate Investors and Public

In 2018, the Company underlined the creation of new experiences for customers and investors by mainly using key speakers from the team of analysts in the program like #ATO (At the Open), #ATM (At the Market) and #ATC (At the Close) as a lecturer at the seminar. The main aim is to allow investors to have direct experience in attending seminars with analyst team as to create a good relationship between customers, investors and analyst team. The key content of such seminars contains the provision of knowledge and insight analysis on investments for clients and press. Likewise, the Company has also introduced a method to manage portfolios to suit the investor's lifestyle, for example, the TIGER TALK Meet and Greet Seminar with #ATO and Coffee Talk Seminar, etc.



Organising Seminars for Local Institutional Customers

In the year 2018, the Local Institutional department of the Company launched educational activities for local institutional clients. The total of 112 hours has been organised. The objective is to focus on providing knowledge to institutional clients regarding new technologies and innovations that may affect the current investments, including education and update on the changing trend of investments in the ongoing economic circumstances. Local Institutional department invited experts in the field of technology and innovation as well as famous bloggers who have gained popularity in the field of investments to educate and exchange experiences with investors regularly, for example, the Seminar on New Era of Fund Management and the Rise of AI, Seminar on Blockchain A Decentralised Future, Seminar on Key Drivers of Thailand's Growth in 2H18 & EEC in Action, Corporate day activity on "Turnaround Stocks 2019", visit and analyze tourism and investment sectors in Chiang Mai, and MKET-MA CO Roadshow etc.





3. Personnel Development

Highlight the improvement of the potential of employees and investment Consultants.

In 2018, the Company put the great emphasis on the importance of human resources and personnel development. Therefore, a series of trainings has been provided for personnel both in the part of Investment Consultant and in the areas of operations staff in order for them to be well equipped with knowledge, skills and work expertise including trainings about new innovation and technology, as well as trainings in the use of a variety of newly developed investment tools since the Company realizes that providing knowledge and developing personnel and investment consultants regularly will make the investments of customers more effective. The development of personnel to be knowledgeable, capable of being initiative and creative, can supply accurate advice and consultation with customers, such as Basic Offshore Trading training, Block Trade in TFEX training, Refresher IC License seminar and MKET Radars, etc.

Furthermore, the Company held a special training by inviting experts from leading companies in related fields to give lectures and consultations to personnel in the Company including Thaiquest, Efinancethai under the topics: Aspen for Windows Basic program, Efin Trade Plus Autotrade program, etc. A total of 155 hours of trainings on various skills to the staff of the Company was counted in 2018.





4. Employee Healthcare and Benefit

- Our company promotes fair remuneration with appropriate benefits for our employees.

In the year 2018, we highly focused on employee health concerns as we believe that healthy body will bring happy mind. Thus, many activities were organized, such as regular internal communications about interesting health topics, Weekly Yoga class with a purpose to help relieve Office syndrome which has currently encountered many employees and become health troublesome. Moreover, seasonal influenza is one of major contagious disease amongst office worker owing to hardworking condition, insufficient rest and volatile weather conditions. We therefore organized two events of an on-site mobile clinic for Influenza vaccination at Head Office.

- Providing conscientious merit and effective benefits/compensation to employees

Our company constantly reviews employee remuneration scheme and benefit programs. We had established Subcommittee on special remuneration, in order to supervise and approve guidelines for employee's special remuneration and rewards as being unified on the same direction and in accordance with organization strategies.



5. Sports Events

In 2018, the Company continued to promote sports events seeing that playing sport will help promote health to be stronger. Having a healthy body will result in a happy mind. For example, the Company continues to support sports event, badminton is an activity that has been played for a long time. Annual badminton tournament is organized between member companies of the Association of Securities Companies. It also includes football games that the Company also supports this event for a long time, as well as the internal tournament among employees for unity and strengthening health and external play such as the Broker Cup football match between the football team of the Association of Securities Companies, as well as the international friendly match competition with the oversea team from the Maybank Group and so on.





6. Social and Environmental Aspects

In 2018, the Company was greatly aware of the importance of the environment and natural resources since the current problem of global warming which was mainly caused by garbage that has not been disposed of properly or managed in the wrong way, leading to various kinds of pollutions like air pollution, water pollution, etc.

For this reason the Company has campaigned for environmental conservation by doing activities to promote environmental reserve. Because it is realized that the removal of unused resources, known as waste disposal, requires proper understanding of the right principles in order to manage non-resources as efficiently as possible (Waste Management), the Company can adhere to the 3R principle (Reduce, Reuse, Recycle) to determine the direction for allocating resources that are no longer used. In the year 2018, 5 major environmental events were organized with the total of 20 hours.

Day Activities, Planting Corals And Releasing Baby Sharks To Maintain Ecosystem



In September 2018, the Company organised social activities that comply with the policy of the Maybank Bank, which is the major shareholder of the Company. In every year, all branches of Maybank around the world will participate in organizing social activities on the same day all over the country, under the name of Global CR Day. This year, the Company focused on environmental conservation by recognizing the importance of the environment in the sea. The Company, therefore, has chosen to organize activities that benefit the environment in the name of **“SAVE THE SEA”**, planting corals and releasing baby sharks into the sea to preserve the ecosystem and create a balance for the sea. The Company was opted to organize activities at the Naval Command Unit in Sattahip district of Chonburi province, because it is a government agency that observes systematic care and management, thus ensuring that coral reefs and baby sharks released into the sea will survive and grow and can result in the creation of a balance and maintain the marine ecosystem. The total of 5 hours of activities has been managed with over 150 employees and their families attended.



The Project “Dispose to Give” for the Association of Persons with Physical Disability International

The Company keeps focusing on social and environmental care and, therefore, acts as a center to collect aluminum caps and cans from employees of various branches both in Bangkok and provinces in the “Dispose to Give” project to collect aluminum cans donated to the Association of Persons with Physical Disability International for use in making prosthetic devices, crutches, as well as various equipment that will help facilitate the disabled. This year the Company collected 400 pieces of aluminum cans in total.



Campaign To Save The World Together With The “Old Mobile’s Gone, New Life Begins” Project



The Company has joined the “Old Mobile’s Gone, New Life Begins” project by acting as a center for receiving all types of donated mobile devices and electronic media and forwarding them to a project to recycle in the correct method. The main purpose of this project is to properly dispose of the electronic waste in the right manner because it will help improve the environment, not causing environmental pollution as well as resulting in better quality of life as well.

In addition, the project also helps the community and society in the areas of child and youth development in terms of educational equality. The proceeds from recycling will be given to the foundation or association, as well as charitable organizations and schools in the wilderness, in the form of scholarships or support for educational equipment, etc.

Volunteer Activity for Handcrafted Notebook, “Paper Ranger Volunteer Spirit for Children in Need”





The Company is still aware of the cost-effective use of resources by organizing a volunteer activity to create a hand-made notebook in the “**Paper Ranger Volunteer Spirit for Children**” project under the operation of the Rural Restoration Foundation of Thailand under the royal patronage. The purpose is to bring the unused paper to be invented to deliver the most benefit (Reuse). The Company invited speakers from the Paper Ranger project, Paper Ranger Volunteer Spirit for Children to lecture and teach how to make a hand-made notebook. All employees will create their own notebooks, which will be then handed down to schools in the rural areas or schools that lack equipment. The Company hopes that the Company can be a crucial part to increase educational opportunities for children and juveniles who lack opportunities, with 70 employees in both the head office and branch participating in the project, spending 4 hours to do such activity which is accounted for the 200 books in total.

Donate Old Calendars to Make Braille for Foundation for The Blind in Thailand



In the year 2018, the Company continued to realise the importance of the group of persons with disability by recognizing that there is a large number of people with disabilities in society that lack opportunities in various areas, whether basic human rights as well as the right for pursuing occupation due to lack of equipment and tools for knowledge delivery, etc.

The Company, therefore, strives to further the spirit of contribution to all factors mentioned above by organizing activities to gather old calendars that have not been used from the previous year from employees of the Company as well as their companions and relatives of employees who want to donate them to the Center of Educational Technology for the Blind, the Foundation for the Blind in Thailand under the royal patronage. 350 old calendars have been collected to be used for making braille media for teaching and learning for the blind, improving their quality of life and at the same time promoting the use of natural resources in a cost-effective way by recycling papers for optimal benefit. This firm has been supporting this project since 2016.

Audit Committee's Report

The Audit Committee of Maybank Kim Eng Securities (Thailand) Public Company Limited currently comprises of 4 independent directors, all of whom have possessed qualifications in line with the requirements of the Securities and Exchange Commission of Thailand (SEC) and the Stock Exchange of Thailand (SET). The members are as follows:

Name	Title
1. Ms. Sopawadee Lertmanaschai	Chairman of the Audit Committee and Independent Director
2. Mr. Yuth Vorachattarn	Member of the Audit Committee and Independent Director
3. Mr. Lee Siang Chin ⁽¹⁾	Member of the Audit Committee and Independent Director
4. Mr. Hans Johan Patrik Sandin ⁽²⁾	Member of the Audit Committee and Independent Director
5. Dr. Areepong Bhoocha-Oom ⁽³⁾	Member of the Audit Committee and Independent Director

⁽¹⁾ Resigned wef. 4 May 2018

⁽²⁾ SEC's Approval wef. 14 May 2018

⁽³⁾ SEC's Approval wef. 22 Oct 2018

For the Year 2018, the Audit Committee held 9 meetings to review the Company's operating performance and other activities as designated by the Board of Directors. Details of attendance of the members are as follows:

2018		Ms. Sopawadee Lertmanaschai	Mr. Yuth Vorachattarn	Mr. Siang Chin Lee	Mr. Hans Johan Patrik Sandin	Dr. Areepong Bhoocha-oom	Auditor
No.	Date of Meeting						
1/2018	31 Jan 18	●	●	●			● (2017 Financial Statements)
2/2018	13 Feb 18	●	●	●			-
3/2018	28 Feb 18	●	●	●			-
4/2018	22 Mar 18	●	●	●			-
5/2018	30 Apr 18	●	●	-			● (Q1/18 Financial Statements)
6/2018	21 Jun 18	●	●		●		-
7/2018	1 Aug 18	●	●		●		● (Q2/18 Financial Statements)
8/2018	20 Sep 18	●	●		●		-
9/2018	7 Nov 18	●	●		●	●	● (Q3/18 Financial Statements)

Remark:

- The Company's certified external auditor is EY Office Limited

In particular meetings of the Audit Committee, the Management and/or external auditors were invited to attend such meetings. In addition, the results from the meetings were reported to the Board of Directors. Major activities of the Audit Committee in the year 2018 were as follows:

1. The Audit Committee reviewed 2017 financial statements and Q1/2018, Q2/2018 and Q3/2018 financial statements. The Audit Committee and the Company's external auditor (EY Office Limited) held meetings to review the audit results. The audit result indicates that the Company's financial statements were prepared in accordance with Thai Financial Reporting Standards. The Company's financial statements have also provided adequate disclosures i.e. changing in significant accounting policies and sustainability of the Company. The external auditor has been providing suggestions regarding problems or limitations that may arise from reviewing the financial statements which the Company has been taken into consideration. In addition, the Committee held a meeting with the external auditors without the presence of the Management so as to freely discuss important matters in the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and to be beneficial to users of these financial statements. Furthermore, based on the suggestions provided by the external auditor, the Company has enhanced its internal control plan relating to operational processes, information processing systems, and information security. This is to mitigate the likelihood of fraudulent activities that may be occurred by unauthorized or inappropriate use of the Company's information processing systems by both internal and external parties.
2. The Audit Committee reviewed and approved the internal audit plan for the Year 2018. The Audit Committee also gave suggestions and comments on the audit performance. Practically, the Audit Committee would inquire about the planned audit scope to ensure that the established audit plan will assist in detecting fraudulent activities and deficient internal controls. In addition, the Audit Committee has also provided guidelines for good corporate governance practices. In case that there are additional topics that should be further reviewed, the Audit Committee would assign the Internal Audit department to perform an additional review and report the review result to the Audit Committee accordingly.

3. The Audit Committee evaluated an adequacy of the Company's internal control system for the Year 2018 by closely monitored audit performance, audit results and risk management results. The overall result was satisfactory. All departments gave full cooperation to the auditor. The Board of Directors and the Top Management recognized the importance of adequate internal controls and fully supported the audit activities. They urged all of the Company's departments and personnel to rectify deficiencies and enhance controls as per recommended and reported by the internal audit. As a result, the Company's operational effectiveness has been improved.
4. The Audit Committee reviewed the Company's compliance with the requirements of the SEC and the SET. The Audit Committee also reviewed the Company's compliance with related business law, as well as the Company's operating policies, ethics, morality, and other matters that have been assigned by the Board of Directors. From the review, the Audit Committee noted that the Company has appropriately complied with the governance bodies' requirements and guidelines. However, for material deficiencies in relation to compliance with applicable regulations, the Audit Committee has reiterated related departments to improve processes and resolved the deficiencies to be in line with the regulations.
5. The Audit Committee selected and appointed an independent external auditor that has no business relationship or interests with the Company, its management, its major shareholder or any of their related persons. The Audit Committee proposed the external auditor for consideration by the Board of Directors prior to being nominated by the meeting of shareholders for the Year 2018. The Audit Committee has always asked for an independent opinion from the external auditor. That is, the Audit Committee and the external auditor held meetings to consider the Company's financial statements with no management participating in such meetings.
6. The Audit Committee reviewed and provided opinion on related party transactions and transactions with potential conflict of interest in accordance with the requirement of the SEC and the SET. It is of the opinion of the Audit Committee that those transactions are rationale, fairly valued and conducted on an arm's length basis, as well as sufficient disclosure was provided in the Company's notes to financial statements.
7. The Audit Committee managed information disclosure about the Company, the Management and major events via the Company's website (www.maybank-ke.co.th) for investors and interested general public to acknowledge and/or be able to verify. The Audit Committee also supports good corporate governance principles, anti-corruption policy, and whistle blowing policy and procedures which are major policies of the Company.

8. The Audit Committee inspected potential fraudulent activities or actions in accordance with Section 89/25 of the Securities and Exchange Act (No.5), B.E.2559 that requires the financial auditor report directly to the Audit Committee in case any potential fraudulent activities or actions exist. The Audit Committee is required to provide initial investigation result to the SEC and the financial auditor within 30 days from the date the financial auditor reports potential fraudulent activities or actions to the Audit Committee. For the Year 2018, the financial auditor found no potential fraudulent activities or actions.

It is of the opinion of the Audit Committee that the Company complied with the accounting standards and Thai Financial Reporting Standards as prescribed by the Federation of Accounting Professions and regulations of the SET and the SEC. The Audit Committee has closely monitored the Company's operation to ensure transparency, which is consistent with good corporate governance practices. The Audit Committee ensured that the Company has built and maintained internal control systems appropriate to business circumstance, and this is consistent with the external auditor's opinion. If there are any transactions or matters that should be informed shareholders and interested persons, the Audit Committee would report such information based on the authority delegated by the Board of Directors. The Company provided sufficient information to all shareholders and interested persons and emphasized on enhancing the Company's internal control system and audit activities. This includes a consistent practice in controls implementation to ensure appropriate benefits to Maybank Kim Eng Securities (Thailand) Plc. shareholders and stakeholders, under good corporate governance principles.



(Ms. Sopawadee Lertmanaschai)
Chairman of the Audit Committee

At the Audit Committee's Meeting No. 1/2018 on January 31, 2018 with also comprised of the Audit Committees (which are Independent Directors of the Company). The Committee had evaluated the adequacy of internal system control for year 2017 following to five key issues which had been set out below:

- Control and Environment
- Risk Management
- Control Activities
- Information and Communication
- Monitoring Activities

The Committee of the Company agreed that the Company has adequately in its important internal control system such as the roles and responsibilities of the Management and staffs, discipline, the operation method or Code of Conduct. The Company also recognizes and promotes to have its system support to internal control operation referring to the objection of the Company. Moreover, the Company continuously operates its consideration on type of risk, analyze the effects or opportunities that will be occurred and set up the procedure or policy to reduce the level of risk. The Company had set up the clear authority, clearly separate the duty that will be supported to misconduct, set up the process of the business operating with major shareholders, directors, management or related persons.

The Company realizes on an importance of the communication, this is for more productivity of internal control system. The decision making of the company is made base on the correct, real time and understandable information also with such good of data keeping. In addition, the Company has its audit and assessment from both internal and external organization. The Company has intention to continuously improve the procedure according to the change of situation adequately. For the others internal control system issue, The Company agreed that currently, we have the adequately internal control system.

The Company also places an importance on the internal control system, and we had appointed the expertise person, Ms. Variya Worawattanamateekul in the position of Head of Internal Audit. She has experience in the area of internal audit of financial business. She had attended many courses with respect to the internal control system (which organized by Maybank Group, Bank of Thailand, Association of Securities Companies, Federation of Accounting Professions) such as (i) Audit Methodologies (ii) Effective Internal Audit, (iii) FATCA updating rules and workshop, (iv) BOT Report Preparation (Offshore Trading), (v) updating rules of AML/CFT, (vi) COSO-Internal Control Integrated Frame work, (vii) Internal Control-Thailand 4.0 and CIA Review Part I; and etc.

However, the consideration of appointment, impeachment and rotation of the Head of Internal Audit has to be approved and agreed by the Audit Committee.

Moreover, the Company had appointed Ms. Rungthip Kittanaseree as the Head of Compliance for monitoring the Company operations to ensure that every transaction of the Company comply with the rules and regulation of the Government office. The main responsibility is to be a centre of the Compliance function, monitor the operations of the Company to be in line with the laws, rules and regulations, policy and others related government offices such as Securities Exchange Commission (SEC), Stock Exchange of Thailand (SET) or others relevant governments. The Board of Directors of the Company had approved the Compliance Policy, the policy was set up to ensure that every member which comprise of the Board of Directors, Audit Committee, Management, Departments and staffs have to take their high responsibilities to comply with the laws, rules and regulation also with continuously communicate with the staffs to ensure that they have good knowledge and well understand the law, rules and regulations and completely follow such policy.

Connected Transactions

- **Necessary and Reasonably of Transactions**

Every transaction which had been made by the Company was in accordance with necessary and reasonable practice for the best benefit of the Company. The conditions of any transactions were set under a general process. The returns gained and paid were made with fair referencing the market price.

- **Policy or Trend of Connected Transaction**

For the purposes of transparency of the securities business, The Company has its policy with reference to connected transactions in present and might be made in the future under the conditions set up in accordance with normal operation and comparable market price compared to peers outside. In addition, the Company has its Audit Committee or Auditors or Independent specialist to take into their consideration aspect such as reasonable price and reasonable transactions.

For connected transactions that might be made in the future, the Committee practices is aligned with the Company's policy and the Committee will not approve any transactions individually where there might be a conflict of interest and prior to the transaction as disclosed to the Committee of the Company for consideration. The Committee ensures to practice following the law, rules and regulations of the Securities and Exchange Commission and the Stock Exchange. In addition, it also disclose the practice under conflict of interest and bought or sale assets of the Company or its subsidiary Company (if any).

In case of connected transactions of the Company or its Subsidiary Company were made under the individuals where there might be a conflict of interest, the Audit Committee will take action to give an opinion on the price, remuneration rate and/or any necessary and suitability of that transactions. In that case, if the Audit Committee has no experience in such transactions, the Company will ask independent specialist or Auditor to give an opinion on that connected transaction for further consideration of the Committee or shareholders. In addition, the Company will also disclose the connected transactions into the notes to the financial statements to ensure these are in line with the relevant regulations.

The Company's Connected Transactions where there might be a conflict of interest in the Financial year 2018 and 2017 are as follows:-

Conflict of interest person	Relation	Value in year 2018 (Million Baht)	Value in year 2017 (Million Baht)	Description
Maybank Kim Eng Securities Pte. Ltd.	Subsidiary Company of Maybank Kim Eng Holdings Limited who are a major shareholder of the Company	120	101	<p><u>Brokerage Fee Income:</u></p> <p>The Company received brokerage fee income from Maybank Kim Eng Securities Pte. Ltd. at normal rate in accordance with SET's notification.</p> <p><u>Remark:</u></p> <p>As at December 31, 2018 the company had its outstanding securities business receivable in the amount of THB 2 million and outstanding securities business payable in the amount of THB 101 million.</p> <p>As at December 31, 2017 the company had its outstanding securities business receivable in the amount of THB 131 and outstanding securities business payable in the amount of THB 18 million.</p>

Conflict of interest person	Relation	Value in year 2018 (Million Baht)	Value in year 2017 (Million Baht)	Description
		1	11	<u>Fee and Service Income:</u> In accordance with the agreement
		3	2	<u>Brokerage Expenses:</u> In accordance with the agreement
		2	4	<u>Fee and Service Expenses:</u> In accordance with the agreement
		11	-	<u>Other Expenses:</u> In accordance with the agreement
		1	2	<u>Dividend Paid:</u> The Company paid the dividend payment in the same rate as the Company paid to other shareholders.

Conflict of interest person	Relation	Value in year 2018 (Million Baht)	Value in year 2017 (Million Baht)	Description
Kim Eng Securities (Hong Kong) Limited	Subsidiary Company of Maybank Kim Eng Holdings Limited who are a major shareholder of the Company	7	7	<p><u>Brokerage Fee Income:</u></p> <p>The Company received from Kim Eng Securities (Hong Kong) Limited at normal rate in accordance with SET's notification.</p> <p><u>Remark:</u></p> <p>As at December 31, 2018 the Company had no outstanding securities business receivable and had outstanding of securities business payable of THB 23 million.</p> <p>As at December 31, 2017 the Company had outstanding securities business receivable of THB 37 and had no outstanding of securities business payable.</p>

Conflict of interest person	Relation	Value in year 2018 (Million Baht)	Value in year 2017 (Million Baht)	Description
Maybank Kim Eng Holdings Limited	Major shareholder of the Company. As at August 16, 2018, Maybank Kim Eng Holdings Limited hold 475,182,790 shares or 83.25% equity stake in the Company's total paid up shares.	-	30	<u>Interest Expenses on Borrowings:</u> In accordance with borrowings agreement
		404 (The Company paid its dividend for January - December 2017 and interim dividend for first 6 months of year 2018 (1 January to 30 June 2018) at the rate of THB 0.45 and 0.40, respectively)	760 (The Company paid its dividend for January - December 2016 and interim dividend for first 6 months of year 2017 (1 January to 30 June 2017) at the rate of THB 0.95 and 0.65, respectively)	<u>Dividend Paid:</u> The Company paid the dividend payment in the same rate as the Company paid to other shareholders.
Maybank Kim Eng Securities Limited	Subsidiary Company of Maybank Kim Eng Holding Limited who are a major shareholder of the Company	1	2	<u>Brokerage Expenses:</u> In accordance with the agreement

Conflict of interest person	Relation	Value in year 2018 (Million Baht)	Value in year 2017 (Million Baht)	Description
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary	30	48	<u>Research and Advisory Income:</u> In accordance with the agreement
		10	10	<u>Research and Advisory Expenses:</u> In accordance with the agreement
Maybank Investment Bank Berhad	Subsidiary Company of the Malayan Banking Berhad	-	3	<u>Service Expenses:</u> In accordance with the agreement
		-	3	<u>Other Expenses:</u> In accordance with the agreement

Financial Summary

• Summary of Financial Statements

	Unit: Millions of Baht		
	2016	2017	2018
Total Assets	16,802.59	18,924.14	16,359.52
Total Liabilities	11,888.24	14,269.12	11,798.40
Total Shareholders' Equity	4,914.35	4,655.02	4,561.12
Securities and Derivatives Business Receivables	13,972.86	14,961.66	13,769.78
Total Revenue	3,668.57	3,261.08	2,789.37
Net Profit	974.49	638.63	391.29
EPS (THB)	1.71	1.12	0.69

• Financial Ratios

	2016	2017	2018
Profitability Ratio			
Gross profit margin (%)	82.70	82.30	81.07
Net profit margin (%)	26.54	19.58	14.03
ROE (%)	20.02	13.35	8.49
Return on Investment (%)	18.32	18.82	10.71
Efficiency Ratio			
Return on Assets (%)	5.60	3.58	2.22
Total Assets Turnover (x)	0.21	0.18	0.16
Financial Policy Ratio)			
Liquid Assets to Total Assets Ratio (%)	5.88	12.86	6.16
Debt-to-Equity Ratio (x)	2.42	3.07	2.59
Other Ratios			
Investment to Total Assets Ratio (%)	3.84	10.81	3.90
NCR (%) (calculated in accordance with SEC's rules)	45.34	24.47	42.20

Summary of Auditor Report

Summaries of Auditor Report for the Years 2017 and 2018 are as follows:

Financial statements of the Company for the Year ended 31 December 2017	Ms. Nonglak Pumnoi, Certified Public Accountant No. 4172 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.
Financial statements of the Company for the Year ended 31 December 2018	Ms. Nonglak Pumnoi, Certified Public Accountant No. 4172 of EY Office Limited, express the opinion that the audited financial statements present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Overview of the Company's Operation

Maybank Kim Eng Securities (Thailand) Public Company Limited (formerly known as “Kim Eng Securities (Thailand) Public Company Limited”) (the “**Company**”) is a member of the Stock Exchange of Thailand No.42. It has been granted 4 types of securities business licenses, namely securities brokerage, securities dealing, investment advisory and securities underwriting licenses. The Company has also engaged in other kinds of business that relate to and support securities business such as investment banking (financial advisory), securities registrar and securities borrowing and lending. In addition, the Company was also granted by the Ministry of Finance a license to engage in the business of derivatives agent in accordance with the Derivatives Act B.E. 2546 (2003). The Company was selected to be a member of Thailand Futures Exchange (TFEX) as well as a member of Thailand Clearing House (TCH) to engage in the business of derivatives trading. Over the last several years, a major portion of the Company's revenue came from securities brokerage business.

The Company has provided securities trading service and other related services to domestic individual and institutional investors as well as foreign ones. The Singapore-based Maybank Kim Eng Holdings Limited is the Company's major shareholder, holding in aggregate 83.25% of the Company's total paid-up shares. Maybank Kim Eng Holdings Limited has also held stakes in many other securities companies which are members of well-recognized stock exchanges around the globe, allowing it to create and maintain strong worldwide network in the securities business.

In the Year 2011, there was a major change in the shareholding structure of Maybank Kim Eng Holdings Limited. Maybank IB Holdings Sdn Bhd, a company in the group of Malaysia-based Malayan Banking Berhad, conducted a tender offer to acquire all shares of Maybank Kim Eng Holdings Limited. This allows Maybank IB Holdings Sdn Bhd to hold a 100% ownership in Maybank Kim Eng Holdings Limited. Nevertheless, such change has no effect on the Company's business and human resources management policies.

The Company's market shares in the domestic securities brokerage business in the Years 2017 and 2018 were 6.83% and 6.14% of total trading value in each respective year. As at 31 December 2017, the Company's total assets, liabilities and shareholders' equity as showed on the Company's statement of financial position were THB 18,924.14 million, THB 14,269.12 million and THB 4,655.02 million, respectively. As at 31 December 2018, the Company's total assets, liabilities and shareholders' equity as showed on the Company's statement of financial position were THB 16,359.52 million, THB 11,798.40 million and THB 4,561.12 million, respectively. A major component of the Company's assets is securities and derivatives business receivables, the amount of which directly relates to trading volume during the last 2 trading days prior to the end of the year (2017: 3 trading days). In case total trading volume significantly rises during such period, so does the amount of securities and derivatives business receivable. Thus, significant rise/decline in the Company's assets as a result of rise/fall in the amount of securities and derivatives business receivables does not truly reflect material change in the Company's financial performance and position during the year. As of 31 December 2018, major components of the Company's liabilities include securities and derivatives business payables, loans from financial institutions and debt issued and borrowings amounted to THB 1,225.40 million, THB 2,965.00 million and THB 6,806.39 million, respectively.

The Company's Competitive Strengths

- In 2018 the Company has maintained its position as the No.2 securities brokerage firm but company has maintained its position as the No. 1 securities brokerage firm in Thailand in terms of market share from 2002 to 2017, with the following strength factors.
 1. Total branches in Thailand (excluding the head office) are 42 as of 31 December 2018, the Company's total securities trading accounts were 198,101 thus allowing the Company to manage operating costs efficiently.
 2. As of 31 December 2018, the Company's total securities marketing officers were 606, and this is the largest securities marketing team in Thailand.
- Total shareholders' equity on the Company's statement of financial position was THB 4,561.12 million. As of 31 December 2018, the Company's NCR stood at 42.20%. The Company has an investment banking team which consists of 21 staff. They are responsible for the financial advisory and lead underwriter for IPO of CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (CMC), with total amount of fund raising of THB 750 million. The Company also acted the co-underwriter for IPOs of Chememan Public Company Limited (CMAN) and Thai Enger Holding Public Company Limited (TIGER), with our respective underwriting amounts of THB 97 and 5.47 million. The Company acted as the financial advisor, tender offer preparer and tender offer agent for Frasers Assets Pte. and Supalai Property Management Co., Ltd., a subsidiary of Supalai Public Company Limited, in acquiring ordinary shares of Ticon Industrial Connection Public Company Limited (with total transaction size of THB 24,262.43 million) and of M.K. Real Estate Development Public Company Limited (with total transaction size of THB 4,067.24 million) respectively in observance of SEC regulations concerning business takeover. We also acted as the financial advisor for JMT Network Services Public Company Limited in investing in Phoenix Insurance (Thailand) Public Company Limited, with total transaction size of THB 400 million. The Company also acted as the independent financial advisor for Thai Oil Public Company Limited (TOP) for its investment in a clean fuel project with the transaction size of THB 160,279 million and for Central Pattana Public Company Limited (CPN) for its transaction with a related party with the transaction size of THB 1,200 million.
- The Company's securities research team consists of 21 staff who have conducted securities research in the area of fundamental, technical and economic analysis.

- The Company's management team consists of knowledgeable executives with proven track record and over 20-year experience in the securities brokerage business.

Source of income of the Company consists of brokerage fee, fee and service income, gain (loss) on investments and derivatives, interest and dividends, interest on margin loans and others which were tabled the ratio as follows:

Revenue	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	2,408.45	65.65	1,839.95	56.42	1,571.00	56.32
Futures brokerage fee and others	173.68	4.73	137.95	4.23	183.60	6.58
Fee and service income	80.90	2.21	273.23	8.38	75.49	2.71
Gains (losses) on investments	30.59	0.83	8.96	0.28	(132.99)	(4.77)
Gains on derivatives	40.19	1.10	102.10	3.13	172.80	6.20
Interest and dividends	220.95	6.02	229.91	7.05	221.04	7.92
Interest on margin loans	659.91	17.99	596.26	18.28	640.51	22.96
Other income	53.90	1.47	72.72	2.23	57.92	2.08
Total	3,668.57	100.00	3,261.08	100.00	2,789.37	100.00

Operating Result

• Total Revenue

The Company's revenue consists of brokerage fee, fee and service income, gain (loss) on investments and derivatives, interest and dividends, interest on margin loans and other income (i.e. share transfer fee, interest on loan to employees and etc.). Main source of the Company's revenue comes from brokerage fee. For the Year 2017, brokerage fee (from both securities and derivatives businesses) accounted for 61% of the Company's total revenue. For the Year 2018, brokerage fee (from both securities and derivatives businesses) accounted for 63% of the Company's total revenue. Most of the Company's securities trading clients are retail investors. Their trading volume accounted for 63.83% of the Company's total trading volume. Institutional investors accounted for 36.17% of the Company's total trading volume.

For the Year 2017, the Company's total revenue was THB 3,261.08 million, declined by THB 407.49 million compared to that of the preceding year, mainly due to the decrease in brokerage fee of THB 604.23 million. Such decrease in revenue is a result of the decreasing of the average daily trading value from THB 52,525 million in 2016 to THB 50,114 million in 2017.

For the Year 2018, the Company's total revenue was THB 2,789.37 million, declined by THB 471.71 million compared to that of the preceding year, mainly due to the decrease in brokerage fee of THB 223.30 million. Such decrease in revenue is a result of highly competitive market situation. Including decrease in fee and service income of THB 197.74 million, it was a result of the decrease in fee from underwriting deals when compared to 2018.

Ratio (%)	2016	2017	2018
Income Growth Rate	(7.57)	(11.11)	(14.46)
Expense Growth Rate	(9.03)	0.62	(6.56)
Net Profit Margin Growth Rate	(4.39)	(34.47)	(38.73)
Gross Profit Margin	82.70	82.30	81.07
Net Profit Margin	26.54	19.58	14.03
Return on Equity (ROE)	20.02	13.35	8.49

In the Year 2017, the Company's gross profit margin was 82.30%, net profit margin was 19.58% and ROE was 13.35%. The gross profit margin, net profit margin and ROE were declined from year 2016 mainly due to the decreasing of brokerage fee which varies based on the trading volume of the SET.

In the Year 2018, the Company's gross profit margin was 81.07%, net profit margin was 14.03% and ROE was 8.49%, which were decreased from year 2017 mainly due to decrease in brokerage fee and fee and service income as mentioned earlier.

- **Brokerage Fee**

In the Year 2017, the Company had a brokerage fee from securities business of THB 1,839.95 million, decreased compared to that of the preceding year which was THB 2,408.45 million. In the Year 2017, the Company had a brokerage fee from derivatives business and others of THB 137.95 million, decreased relative to that of the preceding year which was THB 173.68 million. The drop in the Company's brokerage fee in the Year 2017 (including brokerage fee from securities business, derivatives businesses and others) was also mainly due to trading volume of the SET during the year.

In the Year 2018, the Company had a brokerage fee from securities business of THB 1,571.00 million, decreased compared to that of the preceding year which was THB 1,839.95 million. In the Year 2018, the Company had a brokerage fee from derivatives business and others of THB 183.60 million, increased relative to that of the preceding year which was THB 137.95 million. The drop in the Company's total brokerage fee in the Year 2018 was also mainly due to a result of highly competitive market situation.

- **Other Revenues (not including brokerage fee)**

The Company's other revenues (not including brokerage fee) include fee and service income, gain (loss) on investments and derivatives, interest and dividend income, interest on margin loans and others.

In the Year 2017, the Company's other revenues include fee and service income, gain on investments and derivatives (net), interest and dividend income, interest on margin loans and others, which were THB 273.23, THB 111.06, THB 229.91, THB 596.26 and THB 72.72 million, respectively.

In the Year 2018, the Company's other revenues include fee and service income, gain on investments and derivatives (net), interest and dividend income, interest on margin loans and others, which were THB 75.49, THB 39.81, THB 221.04, THB 640.51 and THB 57.92 million, respectively.

- **Bad Debt and Doubtful Accounts**

The Company has classified securities business receivables and derivatives business receivables in accordance with the relevant notification issued by the Office of the Securities and Exchange Commission re: Accounting for Doubtful Debts of Securities Brokerage Companies. It has reserved allowance for doubtful debts on a fully basis for all doubtful debts.

As of 31 December 2018, the Company's total substandard debts stood at THB 266.41 million. The Company ceases to realize any revenue related to such doubtful debts. Most of the Company's substandard debts relate to margin loans for the amount of THB 255.48 million extended by Nithipat Securities Company Limited before the advent of Maybank Kim Eng Holdings Limited. The Company tries to collect such debts as fast as it can. In case the Company cannot collect such debts, it will file a petition to the court and take further necessary actions. The remaining doubtful debts of THB 10.93 million are those that occurred after the advent of Maybank Kim Eng Holdings Limited thanks to the Company's careful selection of margin loan clients and stringent credit policy.

- **Expenses**

For the Year 2017, the Company's expenses totaled THB 2,460.32 million, an increase from that of the preceding year which stood at THB 2,445.14 million. Such increase was mainly due to increase in employee benefit expenses, bad debt and doubtful accounts and other expenses which was consistent with the Company's business plan. However, there was decrease in fee and service expenses and financing costs associated with decrease in trading volume and borrowings from financial institutions and debt issuance in order to support extension of credit balance accounts.

For the Year 2018, the Company's expenses totaled THB 2,298.90 million, a decrease from that of the preceding year which stood at THB 2,460.32 million. Such decrease was mainly due to decrease in other expenses, employee benefit expenses and fee and service expenses associated with decrease in trading volume and services. For financing costs, it decreased because the Company can manage cost of fund to be lower.

- **Net Profit**

For the Year 2017, the Company's net profit totaled THB 638.63 million, decreased from net profit for the Year 2016, which was THB 974.49 million. Total income dropped by THB 407.49 million. Total expenses (not including corporate income tax expense) increased by THB 15.18 million. Corporate income tax expense dropped from THB 248.94 million in the Year 2016 to THB 162.13 million in the Year 2017. The decrease of net profit was mainly due to the drop in brokerage fee of THB 604.23 million, from THB 2,582.13 million in the Year 2016 to THB 1,977.90 million in the Year 2017.

For the Year 2018, the Company's net profit totaled THB 391.29 million, decreased from net profit for the Year 2017, which was THB 638.63 million. Total income dropped by THB 471.71 million. Total expenses (not including corporate income tax expense) decreased by THB 161.42 million. Corporate income tax expense dropped from THB 162.13 million in the Year 2017 to THB 99.18 million in the Year 2018. The decrease of net profit was mainly due to the drop in brokerage fee of THB 223.30 million, from THB 1,977.90 million in the Year 2017 to THB 1,754.60 million in the Year 2018, and drop in fee and service income of THB 197.74 million, from THB 273.23 million in the Year 2017 to THB 75.49 million in the Year 2018.

Financial Position

- **Assets**

Total assets at the end of the Year 2018 and 2017 were THB 16,359.52 million and THB 18,924.14 million, respectively. A major portion of the Company's assets are securities and derivatives business receivables which varies in accordance with trading volume during the last 2 trading days of each fiscal year (2017: 3 trading days), which are 84.17% and 79.06% of total assets as at 31 December 2018 and 2017, respectively.

- **Securities and Derivatives Business Receivables**

As of 31 December 2017, the Company's net securities and derivatives business receivables (plus accrued interest receivables) totaled THB 14,961.66 million, an increase from that at the end of the Year 2016 which was THB 13,972.86 million.

As of 31 December 2018, the Company's net securities and derivatives business receivables (plus accrued interest receivables) totaled THB 13,769.78 million, a decrease from that at the end of the Year 2017 which was THB 14,961.66 million.

As of 31 December 2017 and 2018, securities and derivatives business receivables consisted of the following:

- As of 31 December 2017, the Company has securities business receivables-cash accounts in the amount of THB 3,096.00 million, accounting for 20.69% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of securities business receivables-cash accounts declined by 2.21% from that at the end of the preceding year. This is because total trading volume during the last 3 trading days of the Year 2017 was lower than that during the last 3 trading days of the Year 2016.
- As of 31 December 2018, the Company has securities business receivables-cash accounts in the amount of THB 1,670.29 million, accounting for 12.13% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of securities business receivables-cash accounts declined by 46.05% from that at the end of the preceding year. This is because total trading volume during the last 2 trading days of the Year 2018 was lower than that during the last 3 trading days of the Year 2017.
- As of 31 December 2017, the Company has credit balance accounts in the amount of THB 11,586.01 million, accounting for 77.44% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of credit balance accounts increased by 9.51% relative to that at the end of the Year 2016. This is because the Company still continued to extend credit balance accounts. In addition, for other receivables which are overdue receivables on the process of following, composition or installment, at the end of the Year 2017, the outstanding balance was THB 301.16 million slightly increase from last year which was THB 246.49 million. Most of such overdue receivables are receivables under the old margin loans system.
- As of 31 December 2018, the Company has credit balance accounts in the amount of THB 11,904.77 million, accounting for 86.46% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of credit balance accounts increased by 2.75% relative to that at the end of the Year 2017. This is because the Company still continued to extend credit balance accounts. In addition, for other receivables which are overdue receivables on the process of following, composition or installment, at the end of the Year 2018, the outstanding balance was THB 251.94 million slightly decrease from last year which was THB 301.16 million. Most of such overdue receivables are receivables under the old margin loans system.
- The outstanding balance of receivables under securities borrowing and lending business was THB 126.42 million as of 31 December 2018, decreased from the outstanding balance at the end of the Year 2017, which was THB 171.31 million.
- The outstanding balance of net derivatives business receivables was THB 0.54 million as of 31 December 2018, decreased from the outstanding balance at the end of the Year 2017, which was THB 5.21 million.

• Investment in Securities

The Company's net investment in securities as of 31 December 2017 totaled THB 2,050.37 million. Such investment in securities consists of equity trading securities with the fair value of THB 2,041.28 million and general investment with the net value of THB 9.09 million.

The Company's net investment in securities as of 31 December 2018 totaled THB 644.38 million. Such investment in securities consists of equity trading securities with the fair value of THB 635.03 million and general investment with the net value of THB 9.35 million.

Most of the Company's investments are for the purpose of hedging for derivative warrants issued.

- **Receivables from Clearing House**

As of 31 December 2017, the Company had receivables from clearing house balance of THB 534.23 million, decreased from THB 740.85 million as of 31 December 2016.

As of 31 December 2018, the Company had receivables from clearing house balance of THB 680.47 million, increased from THB 534.23 million as of 31 December 2017.

- **Equipment**

As of 31 December 2018, the Company's net equipment totaled THB 99.42 million, decreased from THB 132.77 million at the end of the Year 2017. During the Year 2018, there were investments in fixtures and computer equipment of THB 35.58 million and depreciation charge of THB 68.25 million.

- **Other Assets**

The Company's other assets include clearing fund, unearned revenue, prepaid expenses and others. Total net book value as of 31 December 2018 was THB 482.79 million, decreased from THB 552.91 million as at the end of the Year 2017. Such decrease was contributed mainly to decrease in other receivables.

- **Liquidity**

For the Year 2017, the Company had a net cash flow used in operating activities of THB 1,197.44 million and a net cash flow used in investing activities of THB 33.96 million. The Company invested in equipment and intangible assets totaled THB 27.69 million and THB 7.67 million, respectively.

For the Year 2017, the Company had a net cash flow provided from financing activities of THB 1,273.05 million. Major source of the Company's financing cash inflow is borrowings from domestic financial institutions. Major use of the Company's financing cash flow was loan repayments and dividend payment.

For the Year 2018, the Company had a net cash flow from operating activities of THB 761.31 million and a net cash flow used in investing activities of THB 38.91 million. The Company invested in equipment and intangible assets totaled THB 35.70 million and THB 3.36 million, respectively.

For the Year 2018, the Company had a net cash flow used in financing activities of THB 743.39 million. Major source of the Company's financing cash inflow is borrowings from domestic financial institutions. Major use of the Company's financing cash flow was loan repayments and dividend payment.

In assessing the Company's liquidity, we should take into account its capability to maintain NCR in accordance with the rules as stipulated by the Office of the SEC. Over the last 3 years (2016-2018), the Company was able to maintain NCR at the rate of higher than 7%, which is the minimum requirement by the Office of the SEC. This demonstrates that the Company was able to generate and maintain sufficient liquidity for its operation. For the Years 2016, 2017 and 2018, the Company's NCR fell in the range of 25.05% - 49.91% and 24.47% - 44.87% and 14.60% - 43.79%, respectively. Note that NCR may vary from time to time due to changes in securities trading volume, securities underwriting commitment and etc.

- **Sources of Capital**

As of 31 December 2018, the Company's source of capital is from debt of THB 11,798.40 million and from equity of THB 4,561.12 million. The Company's D/E ratios as of 31 December 2017 and 2018 were 3.07 times and 2.59 times, respectively. Major portions of the Company's debt are securities and derivatives business payables that may vary from time to time in accordance with securities trading volume during the last 2 trading days of each year (2017: last 3 trading days) and borrowings from financial institutions, debt issued and borrowings. Readjusted D/E ratios of the Company (excluding securities and derivatives business payables) as of 31 December 2017 and 2018 were 2.33 times and 2.32 times, respectively. It is worth noting that the decrease in the Company's total debt in the Year 2018 was due to the decrease in securities and derivatives business payables.

The Company's ROEs for the Years 2017 and 2018 were 13.35% and 8.49%, respectively. For the Years 2017 and 2018, the Company made total dividend payments of THB 913.30 million and THB 485.19 million, respectively.

Factors that may significantly affect the Company's financial performance and position in the future

Domestic economic and political situations may affect the Company's financial performance and position. Factors such as change in interest rates, fluctuation in oil prices, political uncertainty, monetary policy as prescribed by the Bank of Thailand as well as domestic and global economic situations, all of which may jointly work to affect investment confidence in domestic and international markets.

Risk due to change in price of securities the Company has held may affect the Company's performance. Investment diversification would help to reduce this risk, i.e. settlement risk, trading error risk as well as financial risk, all of which will jointly work to affect the Company's financial position. The Company controls those risks to be at an acceptable level.

- **Future Trend**

Domestic political unrest as well as uncertain and fragile global economic recovery will affect long-term domestic economic recovery, new business opportunities and profitability of domestic listed firms in the medium and long-run, thus making investments in SET-listed firms less interesting. This will adversely affect trading activities on the SET as well as performances of the Company and other securities brokerage firms. To ensure its long-term competitiveness, the Company has a policy to continuously develop its human resources to ensure its readiness for new businesses and apply new technology to achieve operating efficiency and effective cost management. The Company has a policy to maintain its leadership in the domestic securities business by providing fully-integrated securities brokerage services and to support continuous development of the Thai capital market.

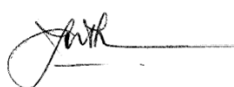
Report Regarding the Responsibility of the Board of Directors for Financial Report

The Board of Directors of Maybank Kim Eng Securities (Thailand) Public Company Limited is responsible for the Company's financial statements and financial information as shown in its annual report for the year 2018. The Company's financial reports and information are prepared in compliance with the Generally Accepted Accounting Principles, with due care and carefulness. The Company has provided sufficient disclosure of important information in the notes to financial statements for the benefit of shareholders and general investors.

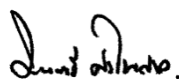
For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors has set up a risk management system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and unusual activities. As well, the Company set up an Audit Committee to review its accounting policies, sufficiency of the internal control systems, auditing and disclosure of financial data to ensure accurate, reliable and reasonable data regarding its financial status, revenue, expenses and cash flow.

The Company's financial statements were audited by EY Office Limited. In auditing the Company's financial statements, the Board of Directors and the management provided data and documents necessary for the auditor to perform the auditing tasks and provide the opinion in accordance with applicable auditing standards. The auditor's opinion already appears on the Company's annual report.

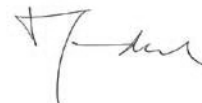
It is the Board of Directors' opinion that the financial statements of Kim Eng Securities (Thailand) Public Company Limited ending December 31, 2018 are prepared in line with generally accepted accounting principles and relevant rules and regulations.



Yuth Vorachattarn
Chairman



Montree Sornpaisarn
Executive Director and
Chief Operating Officer



Hamidah Binti Moris
Executive Director

Maybank Kim Eng Securities (Thailand) Public Company Limited

Report and financial statements

31 December 2018

To the Shareholders of Maybank Kim Eng Securities (Thailand) Public Company Limited

Opinion

I have audited the accompanying financial statements of Maybank Kim Eng Securities (Thailand) Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2018, its 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 Company 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.

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 to each matter are described below.

Recognition of brokerage fees and interest on margin loans

The Company's income mainly consisted of brokerage fees and interest on margin loans, amounting to Baht 1,755 million and Baht 641 million, respectively, representing 63 percent and 23 percent of the Company's total revenues. The Company charges brokerage fees at percentages of trading volume, which are freely negotiated, and based on a sliding scale fee structure, whereas interest on credit balance loans is charged at fixed rates that are adjusted periodically based on market conditions and the competitive environment. Because of the size and volume of transactions, the large number of customers, the fees charged to customers being dependent on various factors, and the recognition of revenue from brokerage fees and interest on margin loans relying primarily on data processed by information systems, I addressed the measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter. The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to recognition of brokerage fees and interest on margin loans, including computer-based controls relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sampling basis, the brokerage rates, interest rates, calculation and account recording. In addition, I performed analytical procedures on brokerage fees and interest on credit balance loans and examined, on a sampling basis, material manual adjustments made via journal vouchers.

Allowance for doubtful accounts for securities and derivatives business receivables

As discussed in Note 4.6 to the financial statements, the Company's allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of specific reviews, collection risk and the value of the collateral. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the value of collateral required dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts for securities and derivatives business receivables is significant because of the number of customers and the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 13,770 million as at 31 December 2018, representing 84 percent of the Company's total assets. Therefore, I addressed the adequacy of allowance for doubtful accounts for such receivables as a key audit matter. I performed audit procedures on the adequacy of allowance for doubtful accounts as follows:

- I assessed, and tested on a sampling basis, the Company's internal controls relevant to the status of account receivables, calculation of collateral value, calculation of allowance for doubtful accounts and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Company to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements. Moreover, I tested certain controls over the computer-based controls relevant to the calculation of the collateral value and the revaluation adjustments made to the fair values of collateral.
- I examined the adequacy of allowance for doubtful accounts as at the end of reporting period by testing on a sampling basis, the data used in the calculation of allowance for doubtful accounts, the status of outstanding receivable, the valuation of collateral, the collections after the end of reporting period, the classification of receivables and the calculation of allowance for doubtful accounts.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

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.



Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 11 February 2019

Statement of Financial Position

As at 31 December 2018

(Unit: Baht)

	Note	31 December 2018	31 December 2017
Assets			
Cash and cash equivalents	6	371,931,041	392,929,294
Receivables from Clearing House and brokers	7	680,468,535	534,234,260
Securities and derivatives business receivables	8	13,769,776,604	14,961,660,945
Investments	10	647,909,306	2,053,895,484
Loans	33.1	244,063,911	240,429,785
Equipment	11	99,421,198	132,768,322
Intangible assets	12	22,711,070	31,965,436
Deferred tax assets	13.1	40,451,284	23,353,177
Other assets	14	482,788,366	552,906,889
Total assets		16,359,521,315	18,924,143,592

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

Statement of Financial Position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	31 December 2018	31 December 2017
Liabilities and shareholders' equity			
Liabilities			
Borrowings from financial institutions	15	2,965,000,000	3,995,000,000
Payables to Clearing House and brokers	16	365,598,383	372,484,701
Securities and derivatives business payables	17	1,225,398,068	3,424,683,195
Derivatives liabilities	9	417,942	31,935,689
Income tax payable		38,062,964	57,326,897
Debt issued and other borrowings	18	6,806,386,936	5,911,615,134
Provisions	19	187,824,019	162,998,331
Other liabilities	21	209,714,875	313,082,430
Total liabilities		11,798,403,187	14,269,126,377
Shareholders' equity			
Issued and paid-up share capital			
Ordinary share	23	2,854,072,500	2,854,072,500
Share premium and premium on treasury shares		542,789,399	542,789,399
Retained earnings			
Appropriated - statutory reserve	24	286,125,000	286,125,000
Unappropriated		878,131,229	972,030,316
Total shareholders' equity		4,561,118,128	4,655,017,215
Total liabilities and shareholders' equity		16,359,521,315	18,924,143,592

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

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	2018	2017
Profit or loss:			
Income			
Brokerage fees income	26	1,754,599,996	1,977,898,254
Fees and service income	27	75,487,376	273,227,990
Interest on margin loans		640,514,393	596,266,258
Gains and returns on financial instruments	28	260,845,825	340,968,881
Other income		57,924,949	72,721,286
Total income		2,789,372,539	3,261,082,669
Expenses			
Employee benefit expenses		1,268,476,517	1,312,493,001
Fee and service expenses		179,729,522	198,110,889
Financial costs		346,542,850	352,564,912
Bad debt and doubtful accounts (reversal)		(9,197,639)	13,665,673
Other expenses	31	513,343,763	583,485,970
Total expenses		2,298,895,013	2,460,320,445
Profit before income tax		490,477,526	800,762,224
Income tax	13.2	(99,184,288)	(162,132,851)
Profit for the year		391,293,238	638,629,373
Other comprehensive income:			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain	20	-	19,174,829
Income tax effect	13.2	-	(3,834,966)
Total other comprehensive income not to be reclassified			
to profit or loss in subsequent periods		-	15,339,863
Other comprehensive income for the year		-	15,339,863
Total comprehensive income for the year		391,293,238	653,969,236
Earnings per share	32		
Basic earnings per share		0.69	1.12

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

Statement of changes in shareholders' equity

For the year ended 31 December 2018

	Issued and paid-up capital	Share premium and premium on treasury shares	Retained earnings		(Unit: Baht)
			Appropriated - statutory reserve	Unappropriated	Total
Balance as at 1 January 2017	2,854,072,500	542,789,399	286,125,000	1,231,364,280	4,914,351,179
Dividend paid (Note 25)	-	-	-	(913,303,200)	(913,303,200)
Profit for the year	-	-	-	638,629,373	638,629,373
Other comprehensive income for the year	-	-	-	15,339,863	15,339,863
Total comprehensive income for the year	-	-	-	653,969,236	653,969,236
Balance as at 31 December 2017	2,854,072,500	542,789,399	286,125,000	972,030,316	4,655,017,215
Balance as at 1 January 2018	2,854,072,500	542,789,399	286,125,000	972,030,316	4,655,017,215
Dividend paid (Note 25)	-	-	-	(485,192,325)	(485,192,325)
Profit for the year	-	-	-	391,293,238	391,293,238
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	-	-	-	391,293,238	391,293,238
Balance as at 31 December 2018	2,854,072,500	542,789,399	286,125,000	878,131,229	4,561,118,128

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

Cash flow statements

For the year ended 31 December 2018

	(Unit: Baht)	
	2018	2017
Cash flows from operating activities		
Profit before income tax expenses	490,477,526	800,762,224
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	80,866,428	95,809,774
Bad debt and doubtful accounts (reversal)	(9,197,639)	13,665,673
Unrealised (gain) loss on revaluation of investments	78,420,266	(81,902,705)
Loss on sales and written-off of equipment	530,527	4,469,484
Unrealised (gain) loss on revaluation of derivatives assets and liabilities	(15,370,423)	13,184,604
Unrealised (gain) loss on revaluation of exchange rate	(210,760)	11,022,902
Financial cost	346,542,850	352,564,912
Interest income	(820,832,004)	(806,544,799)
Amortisation of prepaid personnel expenses	135,819,265	104,821,692
Provision for long-term employee benefits	30,528,027	22,289,266
Profit from operating activities before changes in operating assets and liabilities	317,574,063	530,143,027
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	(120,257,487)	173,157,165
Securities and derivatives business receivables	1,205,523,174	(999,921,124)
Investments	1,327,961,127	(1,323,329,297)
Loans	(3,634,126)	55,358,390
Other assets	(30,549,295)	(145,684,537)
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	(6,886,318)	340,043,439
Securities and derivatives business payables	(2,199,680,280)	(68,679,806)
Derivatives liabilities	(42,304,725)	9,953,039
Provisions	(5,702,339)	(1,433,342)
Other liabilities	(102,598,954)	(128,911,236)
Cash received (paid) from operating activities	339,444,840	(1,559,304,282)
Cash paid for interest	(224,807,773)	(229,016,757)
Cash received from interest	782,218,700	819,111,753
Cash paid for income tax	(135,546,328)	(228,231,047)
Net cash flows provided by (used in) operating activities	761,309,439	(1,197,440,333)

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

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	2018	2017
Cash flows from investing activities		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(35,699,299)	(27,692,194)
Proceeds from disposals of equipment	148,189	1,399,301
Cash paid for purchases of intangible assets	(3,363,606)	(7,669,609)
Net cash flows used in investing activities	(38,914,716)	(33,962,502)
Cash flows from financing activities		
Cash received (paid) from financing activities		
Cash received for borrowings from financial institutions	54,322,000,000	57,365,000,000
Cash paid for borrowings from financial institutions	(55,352,000,000)	(54,090,000,000)
Cash received from debt issued and other borrowings	23,947,546,857	40,839,763,712
Cash paid for debt issued and other borrowings	(23,170,678,969)	(41,922,440,000)
Cash paid for liabilities under finance lease agreements	(5,068,539)	(5,971,137)
Dividend paid	(485,192,325)	(913,303,200)
Net cash flows provided by (used in) financing activities	(743,392,976)	1,273,049,375
Net increase (decrease) in cash and cash equivalents	(20,998,253)	41,646,540
Cash and cash equivalents at the beginning of the year	392,929,294	351,282,754
Cash and cash equivalents at the ending of the year	371,931,041	392,929,294

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

Notes to financial statements

For the year ended 31 December 2018

1. General information

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Maybank Kim Eng Holdings Limited, which is incorporated in Singapore. The ultimate parent company of the Group is Malayan Banking Berhad, which is incorporated in Malaysia. The Company has licenses for securities business, which are securities brokerage, securities trading, underwriting, investment advisory, corporate finance advisory, securities registrar, derivatives brokerage and securities borrowing and lending.

The Company’s registered office is at 999/9 the Offices at Central World, 20th - 21st Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 December 2018, the Company has 42 branches in Bangkok and upcountry (31 December 2017: 47 branches).

2. Basis for the preparation of financial statements

The financial statements for the year ended 31 December 2018 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 requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies (version 2) No. SorThor 22/2559 dated 2 June 2016.

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 financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

b) Financial reporting standard that will become effective for fiscal years beginning on and or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. 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 management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believes that this standard will not have any significant impact on financial statements when it is initially applied.

c) Financial reporting standard related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Brokerage fees income

Brokerage fees income on securities and derivatives business are recognised as income on the transaction date.

b) Fees and service income

Fees and service income are recognised when services have been rendered, taken into account the stage of completion.

c) Interest on margin loans

Interest is recognised over the term of the loans based on the amount of outstanding principal. No accrual has been made for certain loans which, under Notification No. KorThor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.

d) Gains and returns on financial instruments

Gain (loss) on investments and derivatives

Gain (loss) on investments and derivatives are recognised as income/expense on the transaction date.

Interest and dividend

Interest is recognised on an accrual basis based on an effective rate. Dividend is recognised when the right to receive the dividend is established.

4.2 Expense recognition

Expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and all bank deposit accounts maturing within 3 months from the date of acquisition, and including certificate of deposit maturing within 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

4.4 Recognition and derecognition of customers' assets

Cash which customers have placed with the Company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as collateral for derivative trading, are recorded as assets and liabilities of the Company for internal control purpose. At the financial position date, the Company writes off those amounts of which there are no guarantee obligations from both assets and liabilities and presents only those assets which belong to the Company.

4.5 Receivables from/payables to Clearing House and brokers

Receivables from/payables to Clearing House and brokers comprise the net balance of receivables from/payables to Thailand Clearing House in respect of settlements for securities trades and derivative instruments. They include cash pledged with Thailand Clearing House as collateral for derivatives trading and the net balance of amounts receivable from/payable to foreign securities companies in respect of securities trades settled overseas through foreign securities companies.

4.6 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, and including related accrued interest receivables after deducting allowance for doubtful accounts.

In addition, securities business receivables comprise the net receivable balances of cash accounts, credit balance receivables for which the securities purchased are used as collateral, securities borrowing and lending receivables and guaranteed deposit receivables (which comprise cash placed as guarantee for borrowers of securities) as well as other receivables such as overdue cash customer accounts and receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company provides allowance for doubtful accounts based on specific review of the debtor's repayment capability, taking into consideration recovery risk and the collateral value. Such debt classifications and provisions are made in accordance with the guideline laid down in the Notification No. KorThor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission (SEC), and consideration of other relevant factors.

4.7 Borrowing and lending of securities

The Company is engaged in securities borrowing and lending, whereby the Company acts as an agent and the Company is the intermediary between the borrowers and lenders of securities.

The Company records its obligations to return borrowed securities which it has lent as "Payables under securities borrowing and lending business" and securities lent to customers are recorded as "Receivables under securities borrowing and lending business" in the statement of financial position. At the end of the reporting period, the balance of payables/receivables under securities and lending business are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in part of profit or loss. The Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guaranteed deposit payable". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

4.8 Investments

- a) Investments in securities held for trading are determined at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in deposits at financial institutions are fixed deposits and certificate of deposits issued by financial institutions with original maturity of longer than 3 months from the date of acquisition or with an original maturity within 3 months from the date of acquisition, but the company intends to roll-over them, or deposits subject to withdrawal restrictions.
- d) Investments in non-marketable equity securities which the Company classified as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

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

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

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

4.9 Loans

Loans to employees under welfare program are initially recognised at the amount granted to the employees and are subsequently stated at amortised cost, based on the effective interest rate. Returns are recognised in the statement of comprehensive income over the term of loan.

4.10 Equipment and Depreciation

Equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any). Depreciation of equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Building improvement	5 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

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

4.11 Intangible assets and Amortisation

Intangible assets acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year 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:

Computer software	5 years
-------------------	---------

No amortisation is provided on TFEX membership fees and software under installation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.12 Property foreclosed

Property foreclosed consists of immovable properties, and is stated at the lower of cost or net realisable value. Loss on impairment is included in determining income. Gains or losses on disposals of such properties are recognised in the statement of comprehensive income at the date of disposal.

4.13 Income tax

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

Current tax

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

Deferred tax

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

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company 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 Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect such assets whenever events or changes in circumstances indicate that an asset may be impaired. 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.

4.15 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales and obligations to return assets held by the Company as collateral for securities lending.

4.16 Debt issued and other borrowings

Debt issued and other borrowings are initially recognised at the fair value of the proceeds received. Debt issued and other borrowings are subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the year of the borrowings.

4.17 Provisions

Provisions are recognised when the Company 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.

4.18 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.19 Long-term lease

Leases of vehicles which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term payables, while the interest element is charged to profit or loss over the lease year. The assets acquired under finance leases are depreciated over the useful life of the asset.

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

4.20 Related party transactions

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

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

4.21 Treasury stocks

The consideration paid which is directly related with buying back ordinary share of the Company, including any attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares until the treasury shares are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

4.22 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.23 Derivatives

Derivative warrants

The Company initially recognises the fair value of derivative warrants as financial liabilities. Unrealised gains or losses resulting from changes in the fair values of derivative warrants are recognised in profit or loss. The fair value of marketable derivative warrants are calculated with reference to the last offer price quoted on the Stock Exchange of Thailand on the last working day of the year.

Futures

The Company initially recognises future as off-balance transactions. Gains or losses from changes in the fair value of future is included in profit or loss. The fair value of marketable futures are calculated with reference to the last bid/offer prices quoted on Thailand Futures Exchange Public Company Limited on the last working day of the year.

4.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company 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 time requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosure, and actual results could differ from these estimation. The significant accounting judgements and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding 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 Allowances for doubtful accounts for securities and derivatives business receivables

Allowances for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. The management uses the SEC's regulations regarding the provision of allowance for doubtful accounts and judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowance for doubtful accounts is determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the financial statements and disclosures of fair value hierarchy.

5.5 Allowance for impairment of investments in securities

The Company treats general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

5.6 Equipment and Depreciation

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

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

5.7 Intangible assets

The initial recognition and measurement of 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.

5.8 Deferred tax asset

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences 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.

5.9 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Cash, short-term fixed deposits and short-term certificate of deposits maturing within 3 months from date of acquisition	3,727,466	5,027,153
Less: Cash deposits held for customers	(3,355,535)	(4,634,224)
Cash and cash equivalents	<u>371,931</u>	<u>392,929</u>

Supplemental cash flows information

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Non-cash items:		
Purchase of equipment and intangible asset on credit	76	195

7. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Receivables from Clearing House	987,251	1,049,366
Receivables from foreign brokers	441,382	450,224
Less: Receivables from Clearing House held for customers	(327,563)	(529,833)
Less: Receivables from foreign brokers held for customers	(420,601)	(435,523)
Receivables from Clearing House and brokers	<u>680,469</u>	<u>534,234</u>

8. Securities and derivatives business receivables

(Unit: Thousand Baht)

	31 December 2018	31 December 2017
Securities business receivables		
Cash accounts	1,670,294	3,096,000
Credit balance accounts	11,904,766	11,586,009
Receivables under securities borrowing and lending business	126,424	171,312
Other receivables	251,937	301,163
Total securities business receivables	13,953,421	15,154,484
Add: Accrued interest receivables	67,970	63,529
Less: Allowance for doubtful accounts	(252,151)	(261,566)
Securities business receivables	13,769,240	14,956,447
Derivatives business receivables		
Derivatives business receivables	537	5,214
Other receivables	287	350
Less: Allowance for doubtful accounts	(287)	(350)
Derivatives business receivables	537	5,214
Securities and derivatives business receivables	13,769,777	14,961,661

8.1 Non-accrued securities receivables

As at 31 December 2018, the Company had other receivables (included accrued interest receivables) with book values totalling Baht 266 million from which it has ceased recognising income (31 December 2017: Baht 316 million).

8.2 Classification of securities and derivatives business receivables

As at 31 December 2018 and 2017, the Company has classified securities and derivatives business receivables, in accordance with the relevant notification issued by the Office of the Securities and Exchange Commission. The classification is as follows:

(Unit: Thousand Baht)

	31 December 2018			31 December 2017		
			Debt balance net			Debt balance net
		Allowance for doubtful Accounts	of allowance for doubtful accounts		Allowance for doubtful Accounts	of allowance for doubtful accounts
Classification	Debt balance			Debt balance		
Normal Debt	13,755,806	-	13,755,806	14,907,899	-	14,907,899
Sub-standard Debt	13,971	-	13,971	53,762	-	53,762
Doubtful Debt	252,438	(252,438)	-	261,916	(261,916)	-
Total	14,022,215	(252,438)	13,769,777	15,223,577	(261,916)	14,961,661

As at 31 December 2018, receivables (included accrued interest receivables) classified as sub-standard debt and doubtful debt approximately Baht 255 million was the Company's receivables before Kim Eng Holdings Limited (currently, Maybank Kim Eng Holdings Limited) became a shareholder and management of the Company in 1998 (31 December 2017: Baht 255 million).

8.3 Allowance for doubtful accounts

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Balance - beginning of the year	261,916	248,323
Add: Doubtful accounts	11,649	13,698
Less: Reversal of doubtful accounts	(20,893)	(105)
Less: Write-off bad debts	(234)	-
Balance - end of the year	252,438	261,916

9. Derivatives assets and derivatives liabilities

	(Unit: Thousand Baht)		
	31 December 2018		
	Fair value		Notional
	Assets	Liabilities	amount
Trading derivatives			
Derivatives warrants	-	418	11,907
Future ⁽¹⁾	-	-	658,839
Derivatives assets and derivatives liabilities	-	418	670,746

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding future at the end of year included in "Receivables from Clearing House and brokers".
As at 31 December 2018: fair value of derivative assets- future is Baht 33 million.

	(Unit: Thousand Baht)		
	31 December 2017		
	Fair value		Notional
	Assets	Liabilities	amount
Trading derivatives			
Derivatives warrants	-	31,936	182,298
Future ⁽¹⁾	-	-	1,944,169
Derivatives assets and derivatives liabilities	-	31,936	2,126,467

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding future at the end of year included in "Receivables from Clearing House and brokers".
As at 31 December 2017: fair value of derivative assets - future is Baht 7 million.

9.1 Gain (loss) on derivatives

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Realised gain on derivatives trading	157,427	124,772
Unrealised gain (loss) on revaluation of derivatives	15,370	(22,668)
Total	172,797	102,104

10 Investments

10.1 Cost and fair value

	31 December 2018		31 December 2017	
	Cost /	Fair value	Cost /	Fair value
	amortised cost		amortised cost	
Trading securities				
Equity securities	643,469	635,032	1,971,689	2,041,277
Add (less) : Allowance for revaluation	(8,437)		69,588	
Trading securities	635,032		2,041,277	
Held-to-maturity investment				
Government bonds	2,644,000	2,625,307	2,500,000	2,490,711
Fixed deposits	7,200,004	7,200,004	2,500,003	2,500,003
Certificate of deposits	-	-	2,210,000	2,210,000
Deposits with restriction	3,527	3,527	3,525	3,525
Less: Accumulated amortisation	(18,559)		(10,129)	
Less: Investments held for customers	(9,825,442)		(7,199,871)	
Held-to-maturity investment	3,530		3,528	
General investments				
Other securities - ordinary shares	24,010		23,753	
Less: Allowance for impairment	(14,663)		(14,663)	
General investments	9,347		9,090	
Investments	647,909		2,053,895	

10.2 Investments in deposits at financial institutions and investments in debt securities classified by remaining periods of contracts

(Unit: Thousand Baht)

31 December 2018				
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	2,625,441	-	-	2,625,441
Fixed deposits	7,200,004	-	-	7,200,004
Deposits subject to restriction	3,527	-	-	3,527
Less: Investments held for customers	(9,825,442)	-	-	(9,825,442)
Total	3,530	-	-	3,530

(Unit: Thousand Baht)

31 December 2017				
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	2,489,871	-	-	2,489,871
Fixed deposits	2,500,003	-	-	2,500,003
Certificate of deposits	2,210,000	-	-	2,210,000
Deposits subject to restriction	3,525	-	-	3,525
Less: Investments held for customers	(7,199,871)	-	-	(7,199,871)
Total	3,528	-	-	3,528

10.3 Gain (loss) on investments

(Unit: Thousand Baht)

For the years ended 31 December	
	2018
	2017
Realised loss on securities trading	(54,571)
Realised gain (loss) on revaluation of securities trading	(78,420)
Total	(132,991)

11. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease - Vehicles	Assets under installation	Total
Cost					
1 January 2017	233,481	581,632	38,902	3,967	857,982
Additions	1,576	9,872	-	16,439	27,887
Transfer in (out)	5,025	6,648	-	(11,673)	-
Disposals/written-off	(16,803)	(10,837)	(4,661)	-	(32,301)
31 December 2017	223,279	587,315	34,241	8,733	853,568
Additions	3,085	26,382	-	6,113	35,580
Transfer in (out)	6,311	406	-	(6,717)	-
Disposals/written-off	(15,821)	(4,669)	-	-	(20,490)
31 December 2018	216,854	609,434	34,241	8,129	868,658
Accumulated depreciation					
1 January 2017	198,234	446,592	21,770	-	666,596
Depreciation for the year	16,107	58,583	5,947	-	80,637
Disposals/written-off	(12,507)	(9,682)	(4,244)	-	(26,433)
31 December 2017	201,834	495,493	23,473	-	720,800
Depreciation for the year	12,077	51,720	4,451	-	68,248
Disposals/written-off	(15,377)	(4,434)	-	-	(19,811)
31 December 2018	198,534	542,779	27,924	-	769,237
Net book value					
31 December 2017	21,445	91,822	10,768	8,733	132,768
31 December 2018	18,320	66,655	6,317	8,129	99,421
Depreciation charge for the years ended 31 December					
2017					80,637
2018					68,248

As at 31 December 2018 and 2017, the Company had vehicles which were acquired under finance lease agreements with net book value of Baht 6 million and Baht 11 million, respectively.

As at 31 December 2018 and 2017, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment) of those assets amounted to approximately Baht 594 million and Baht 471 million, respectively.

12. Intangible assets

(Unit: Thousand Baht)

	For the year ended 31 December 2018										
		Cost					Accumulated amortization				
	Useful	1 January		Transfer in		31 December	1 January			31 December	Net
	lives	2018	Increase	(transfer	Written-off	2018	2018	Increase	Written-off	2018	intangible
				out)							assets
Computer software	5 years	149,394	2,825	1,187	-	153,406	124,800	12,618	-	137,418	15,988
Software under installation	-	4,050	539	(1,187)	-	3,402	-	-	-	-	3,402
Membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
Total		158,444	3,364	-	-	161,808	126,479	12,618	-	139,097	22,711

(Unit: Thousand Baht)

	For the year ended 31 December 2017										
		Cost					Accumulated amortisation				
	Useful	1 January		Transfer in		31 December	1 January			31 December	Net
	lives	2017	Increase	(transfer	Written-off	2017	2017	Increase	Written-off	2017	intangible
				out)							assets
Computer software	5 years	147,221	513	1,660	-	149,394	109,627	15,173	-	124,800	24,594
Software under installation	-	2,048	3,662	(1,660)	-	4,050	-	-	-	-	4,050
Membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
Total		154,269	4,175	-	-	158,444	111,306	15,173	-	126,479	31,965

As at 31 December 2018 and 2017, certain computer software items have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those intangible assets amounted to approximately Baht 104 million and Baht 82 million, respectively.

13. Deferred tax assets/liabilities and income tax

13.1 Deferred tax assets/liabilities

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

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Deferred tax assets		
Allowance for doubtful accounts - others receivables	7,400	7,400
Provisions for long-term employee benefits	36,687	31,722
Others	2,535	3,278
Total	46,622	42,400
Deferred tax liabilities		
Unrealised gains on exchange rate	3,730	3,996
Others	2,441	15,051
Total	6,171	19,047
Deferred tax assets - net	40,451	23,353

13.2 Income tax

Income tax for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Current income tax:		
Corporate income tax for the year	116,037	154,420
Adjustment of corporate income tax expenses of previous years	245	3,465
Deferred tax:		
Relating to origination and reversal of temporary differences	(17,098)	4,248
Income tax reported in profit or loss	99,184	162,133

The amounts of income tax relating the each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Deferred tax relating to actuarial gains	-	3,835

The reconciliation between accounting profit and income tax is shown below.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Accounting profits before tax	490,478	800,762
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	98,096	160,152
Adjustment of income tax of previous years	245	3,465
Tax effect of non-deductible tax revenue or expenses	843	(1,484)
Income tax reported in profit or loss	99,184	162,133

14. Other assets

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Prepaid expenses	175,079	205,951
Clearing fund	160,175	141,434
Accrued income	71,517	36,454
Deposits	46,081	48,255
Property foreclosed	15,887	15,887
Others	14,049	104,926
Other assets	482,788	552,907

15. Borrowings from financial institutions

As at 31 December 2018 and 2017, borrowings from financial institutions are domestic borrowings in Baht currency as follows:

	(Unit: Thousand Baht)			
	31 December 2018			
	Interest rate	Remaining period to maturity		
	per annum			
	(percent)	At call	Within 1 year	Total
Promissory notes	2.10 - 2.20	2,965,000	-	2,965,000
Borrowings from financial institutions		2,965,000	-	2,965,000

(Unit: Thousand Baht)

31 December 2017

	Interest rate	Remaining period to maturity		
	per annum			
	(percent)	At call	Within 1 year	Total
Promissory notes	1.85 - 2.20	3,995,000	-	3,995,000
Borrowings from financial institutions		3,995,000	-	3,995,000

16. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	31 December 2018	31 December 2017
Payables to Clearing House	355,986	354,335
Payables to foreign brokers	9,612	18,150
Payables to Clearing House and brokers	365,598	372,485

17. Securities and derivatives business payables

(Unit: Thousand Baht)

	31 December 2018	31 December 2017
Cash accounts	1,066,193	3,245,348
Guaranteed deposit payables	6,353	-
Payables under securities borrowing and lending business	152,852	179,335
Securities and derivatives business payables	1,225,398	3,424,683

18. Debt issued and other borrowings

As at 31 December 2018 and 2017, debt issued and other borrowings are classified as follows:

(Unit: Thousand Baht)

31 December 2018

	Interest rate	Remaining period to maturity		
	per annum			
	(percent)	Within 1 year	1 - 5 years	Total
Bills of exchange	1.75 - 2.00	5,806,387	-	5,806,387
Debenture	1.90	1,000,000	-	1,000,000
Debt issued and other borrowings		6,806,387	-	6,806,387

(Unit: Thousand Baht)

	31 December 2017			
	Interest rate	Remaining period to maturity		
	per annum			
	(percent)	Within 1 year	1 - 5 years	Total
Bills of exchange	1.50 - 1.65	5,911,615	-	5,911,615
Debt issued and other borrowings		5,911,615	-	5,911,615

19. Provisions

(Unit: Thousand Baht)

	Provisions for	Decommissioning	Total
	long-term employee benefits	cost	
Balance as at 1 January 2017	156,928	4,389	161,317
Increase during the year	1,681	-	1,681
Balance as at 31 December 2017	158,609	4,389	162,998
Increase during the year	24,826	-	24,826
Balance as at 31 December 2018	183,435	4,389	187,824

20. Provisions for long-term employee benefits

As at 31 December 2018 and 2017, provisions for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	31 December 2018	31 December 2017
Defined benefit obligation at beginning of year	158,609	156,928
Current service cost	25,401	15,063
Interest cost	5,127	7,226
Actuarial (gains) losses		
Demographic assumption changes	-	(13,233)
Financial assumptions changes	-	28,698
Experience adjustments	-	(34,640)
Benefits paid during the year	(5,702)	(1,433)
Defined benefit obligation at end of year	183,435	158,609

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2018	2017
Current service cost	25,401	15,063
Interest cost	5,127	7,226
Total	30,528	22,289

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 7 million in long-term employee benefits during the next year (31 December 2017: Baht 4 million). As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is about 14 years (31 December 2017: 14 years)

Significant actuarial assumptions are summarised below:

	31 December 2018	31 December 2017
	(% per annum)	(% per annum)
Discount rate	3.21	3.21
Salary increase rate	6.00	6.00
Turnover rate	0.00 - 20.00	0.00 - 20.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	31 December 2018		31 December 2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(16)	18	(14)	16
Salary increase rate	18	(16)	17	(15)
Turnover rate	(10)	12	(10)	11

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 48 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

21. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Accrued expenses	173,062	244,649
Liabilities under finance lease agreements	9,214	14,282
Others	27,439	54,151
Other liabilities	209,715	313,082

22. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	31 December 2018	31 December 2017
Liabilities under finance lease agreements	9,789	15,441
Less: Deferred interest expenses	(575)	(1,159)
Total	9,214	14,282
Less: Portion due within one year	(5,211)	(5,068)
Total liabilities under finance lease agreements - net of portion due within one year	4,003	9,214

The Company has entered into the finance lease agreements with leasing companies for rental of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	31 December 2018		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	5,581	4,208	9,789
Deferred interest expenses	(370)	(205)	(575)
Present value of future minimum lease payments	5,211	4,003	9,214

(Unit: Thousand Baht)

	31 December 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	5,652	9,789	15,441
Deferred interest expenses	(584)	(575)	(1,159)
Present value of future minimum lease payments	5,068	9,214	14,282

23. Share capital

	31 December 2018		31 December 2017	
	Number of share	Amount	Number of share	Amount
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
Issued share capital				
(Par value at Baht 5 each)	572,250	2,861,250	572,250	2,861,250
Paid-up share capital				
(Par value at Baht 5 each)	570,815	2,854,073	570,815	2,854,073

24. Statutory reserve

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

25. Dividends

Dividends	Approved by	Dividend paid (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2018 to 30 June 2018	Board of Directors' Meeting on 1 August 2018	228	0.40
Dividends for the operating result as from 1 January 2017 to 31 December 2017	Annual General Meeting of the shareholders on 2 April 2018	257	0.45
Dividend paid for the year ended 31 December 2018		<u>485</u>	<u>0.85</u>
Interim dividends for the operating result as from 1 January 2017 to 30 June 2017	Board of Directors' Meeting on 31 July 2017	371	0.65
Dividends for the operating result as from 1 January 2016 to 31 December 2016	Annual General Meeting of the shareholders on 30 March 2017	542	0.95
Dividend paid for the year ended 31 December 2017		<u>913</u>	<u>1.60</u>

26. Brokerage fees income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Brokerage fees from securities business	1,571,005	1,839,950
Brokerage fees from derivatives business	163,796	137,948
Other brokerage fees	19,799	-
Brokerage fees income	<u>1,754,600</u>	<u>1,977,898</u>

27. Fees and service income

(Unit: Thousand Baht)		
For the years ended 31 December		
	2018	2017
Underwriting fee	18,898	166,582
Financial advisory	41,900	80,266
Securities borrowing and lending	7,237	7,734
Others	7,452	18,646
Fees and service income	75,487	273,228

28. Gains and returns on financial instruments

(Unit: Thousand Baht)		
For the years ended 31 December		
	2018	2017
Gain (loss) on investments	(132,991)	8,958
Gains on derivatives	172,797	102,104
Interest and dividend income	221,040	229,907
Gains and returns on financial instruments	260,846	340,969

29. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries, bonus, and related benefits payable to executive directors) paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act.

30. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 3 - 15 percent of basic salary and the Company contributed to the fund monthly at the rate of 3 - 10 percent. The funds of the Company are managed by TMB Asset Management Company Limited. The funds will be paid to employees upon termination in accordance with the fund rules. During the years ended 31 December 2018 and 2017 amounting to approximately Baht 38 million and Baht 38 million, respectively, were recognised as expenses.

31. Other expense

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2018	2017
Rental	104,545	109,381
Utilities expense	15,933	17,525
Maintenance expenses	60,605	65,280
Depreciation and amortisation	80,866	95,810
Taxes and duties	28,298	26,490
Travelling expenses	29,559	31,791
Telephone and Information service expenses	57,869	63,709
Others	135,669	173,500
Other expenses	513,344	583,486

32. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

33. Related party transactions

During the year, the Company had significant business transactions with the following related parties.

Related companies and persons	Relationship
Maybank Kim Eng Holdings Limited	Parent company
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary
Maybank Kim Eng Securities Limited	Fellow subsidiary
Maybank Investment Bank Berhad	Fellow subsidiary of the Group

Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the years ended		
	31 December		
	2018	2017	Pricing policies
Transactions with related parties			
<u>Brokerage fees income</u>			At normal rate charged to other clients, in accordance with SET's and SEC's notification
Maybank Kim Eng Securities Pte. Ltd.	120	101	
Kim Eng Securities (Hong Kong) Limited	7	7	
<u>Fee and service income</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1	11	
<u>Research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	30	48	
<u>Fees and service expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	2	4	
Maybank Investment Bank Berhad	-	3	
<u>Brokerage expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	3	2	
Maybank Kim Eng Securities Limited	1	2	
<u>Interest expenses on foreign borrowings</u>			In accordance with agreement
Maybank Kim Eng Holdings Limited	-	30	
<u>Research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	10	10	
<u>Other expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	11	-	
Maybank Investment Bank Berhad	-	3	
<u>Dividend paid</u>			As declared
Maybank Kim Eng Holdings Limited	404	760	
Maybank Kim Eng Securities Pte. Ltd.	1	2	

As at 31 December 2018 and 2017, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

	31 December 2018	31 December 2017	(Unit: Million Baht) Pricing Policies
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	2	131	
Kim Eng Securities (Hong Kong) Limited	-	37	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	11	3	
Maybank Kim Eng Securities Limited	1	-	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	430	447	Kim Eng Securities Pte. Ltd.
<u>Accrued research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	-	47	
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	101	18	
Kim Eng Securities (Hong Kong) Limited	23	-	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	10	18	
<u>Foreign deposit payables</u>			No interest charged
Kim Eng Securities (Hong Kong) Limited	8	1	
<u>Accrued research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	-	9	
<u>Other payables</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	2	-	
Maybank Investment Bank Berhad	3	-	

As at 31 December 2018, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2017: Baht 30 million). There is no overdraft outstanding balance as at 31 December 2018 and 2017.

33.1 Loans to employees

As at 31 December 2018, the Company had loans to employees under welfare program amounting to Baht 244 million. The loans charged interest at rate of 1.40 and 2.00 percent per annum (31 December 2017: Baht 240 million, interest at rate of 1.43 and 2.00 percent per annum).

33.2 Loans from related parties

As at 31 December 2017, the balance of loans between the Company and the related company and the movement of loans are as follows: (No movement of loans in the current year).

(Unit: Million Baht)						
Loan from related parties	Relationship	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Gain on exchange rate	Balance as at 31 December 2017
Maybank Kim Eng Holdings Limited	Parent company	992	-	(992)	-	-
Total		992	-	(992)	-	-

33.3 Management's remuneration

During the years ended 31 December 2018 and 2017, benefits paid to management of the Company, which presented as part of "Employee benefit expenses", are as follows:

(Unit: Million Baht)		
For the years ended 31 December		
	2018	2017
Management's remuneration		
Short-term employee benefits	101	115
Post-employment benefits	11	9
	112	124

34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments as follows:

- Securities business segment, which provides service according to securities brokerage and derivative brokerage, securities trading and securities borrowing and lending.
- Investment banking segment, which provides service according to underwriting, investment advisory and corporate finance advisory.

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.

The following tables present revenue and profit information regarding the Company's operating segments for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
For the year ended 31 December 2018			
Income			
Revenue from external customers			
Brokerage fees income	1,735	20	1,755
Fees and service income	14	61	75
Interest on margin loans	640	-	640
Gains and returns on financial instruments	261	-	261
Other income	58	-	58
Total income	2,708	81	2,789
Expenses			
Employee benefit expenses			1,268
Fee and service expenses			180
Financial cost			347
Reversal of bad debt and doubtful accounts			(9)
Other expenses			513
Total expenses			2,299
Profit before income tax			490
Income tax			(99)
Profit for the year			391

(Unit: Million Baht)			
	Securities business segment	Investment banking segment	Total segments
For the year ended 31 December 2017			
Income			
Revenue from external customers			
Brokerage fees income	1,977	1	1,978
Fees and service income	13	260	273
Interest on margin loans	596	-	596
Gains and returns on financial instruments	341	-	341
Other income	73	-	73
Total income	3,000	261	3,261
Expenses			
Employee benefit expenses			1,312
Fee and service expenses			198
Financial cost			353
Bad debt and doubtful accounts			14
Other expenses			583
Total expenses			2,460
Profit before income tax			801
Income tax			(162)
Profit for the year			639

The following table presents segment assets of the Company's operating segments as at 31 December 2018 and 2017.

(Unit: Million Baht)					
	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
Segment assets					
As at 31 December 2018	13,821	2	13,823	2,537	16,360
As at 31 December 2017	15,038	3	15,041	3,883	18,924

Geographic information

The Company operates only in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusive to this geographical reportable segment.

Major customers

For the years ended 31 December 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

35. Commitments and contingent liabilities

The Company has significant outstanding commitments under office space, office equipment, and other service agreements as follows:

	(Unit: Million Baht)	
	31 December 2018	31 December 2017
Payable:		
In up to 1 year	90	91
In over 1 and up to 5 years	32	77

36. Financial instruments

Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, receivables from/payables to Clearing House and brokers, securities and derivatives business receivables/payables, derivative assets and liabilities, investments, loans, borrowings from financial institutions, debt issued and other borrowings and liabilities under financial lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by establishing trading credit approval limit for client, performing credit review and increasing credit limit at both of committee and individual level subject to credit level. In addition, the Company assigns Credit Committee to control and monitor the credit risk. Therefore, the Company does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the book value of securities and derivatives business receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, securities and derivatives business receivables, investments, loans, borrowings from financial institutions, debt issued and other borrowings and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, 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)

	Outstanding balance of financial instruments as at 31 December 2018							
	Floating interest rate	Fixed interest rates				Non-performing debts	Interest rate (% p.a.)	
		Remaining period to the contractual repricing date or maturity date		Without interest	Total		Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years					
Financial assets								
Cash and cash equivalents	275	-	-	97	-	372	0.10 - 0.75	-
Receivables from Clearing House and brokers	-	-	-	680	-	680	-	-
Securities and derivatives business receivables	11,959	-	-	1,797	266	14,022	5.06 - 6.00	-
Investments	-	4	-	644	-	648	-	0.80 - 1.00
Loans	244	-	-	-	-	244	1.40 - 2.00	-
Financial liabilities								
Borrowings from financial institutions	-	2,965	-	-	-	2,965	-	2.10 - 2.20
Payables to Clearing House and brokers	-	-	-	366	-	366	-	-
Securities and derivatives business payables	-	-	-	1,225	-	1,225	-	-
Derivative liabilities	-	-	-	1	-	1	-	-
Debt issued and other borrowings	-	6,806	-	-	-	6,806	-	1.75 - 2.00
Liabilities under financial lease agreements ⁽¹⁾	-	5	4	-	-	9	-	4.84 - 6.00

⁽¹⁾ Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	Outstanding balance of financial instruments as at 31 December 2017								
	Floating interest rate	Fixed interest rates			Non-performing debts	Total	Interest rate (% p.a.)		
		Remaining period to the contractual repricing date or maturity date		Without interest			Floating interest rate	Fixed interest rate	
		Within 1 year	1 - 5 years						
Financial assets									
Cash and cash equivalents	256	-	-	137	-	393	0.10 - 0.75	-	
Receivables from Clearing House and brokers	-	-	-	534	-	534	-	-	
Securities and derivatives business receivables	11,636	-	-	3,272	316	15,224	5.06 - 5.15	-	
Investments	-	4	-	2,050	-	2,054	-	0.80 - 1.00	
Loans	240	-	-	-	-	240	1.43 - 2.00	-	
Financial liabilities									
Borrowings from financial institutions	-	3,995	-	-	-	3,995	-	1.85 - 2.20	
Payables to Clearing House and brokers	-	-	-	372	-	372	-	-	
Securities and derivatives business payables	-	-	-	3,425	-	3,425	-	-	
Derivative liabilities	-	-	-	32	-	32	-	-	
Debt issued and other borrowings	-	5,912	-	-	-	5,912	-	1.50 - 1.65	
Liabilities under financial lease agreements ⁽¹⁾	-	5	9	-	-	14	-	4.84 - 6.00	

⁽¹⁾ Included in "other liabilities" in statement of financial position

Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The Company manages liquidity risk through monitoring and planning of their cash flows, including the arrangement of credit facilities with financial institutions, in order to ensure that they will have sufficient funds for their operations.

As at 31 December 2018 and 2017, remaining periods to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

	31 December 2018						
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	Total
Financial assets							
Cash and cash equivalents	372	-	-	-	-	-	372
Receivables from Clearing House and brokers	-	680	-	-	-	-	680
Securities and derivatives business receivables	126	1,671	-	-	11,959	266	14,022
Investments	-	4	-	-	644	-	648
Loans	-	34	114	96	-	-	244
Financial liabilities							
Borrowings from financial institutions	2,965	-	-	-	-	-	2,965
Payables to Clearing House and brokers	-	366	-	-	-	-	366
Securities and derivatives business payables	159	1,066	-	-	-	-	1,225
Derivatives liabilities	-	1	-	-	-	-	1
Debt issued and other borrowings	-	6,806	-	-	-	-	6,806
Liabilities under financial lease agreements ⁽¹⁾	-	5	4	-	-	-	9

⁽¹⁾ Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	31 December 2017						
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	Total
Financial assets							
Cash and cash equivalents	393	-	-	-	-	-	393
Receivables from Clearing House and brokers	-	534	-	-	-	-	534
Securities and derivatives business receivables	171	3,101	-	-	11,636	316	15,224
Investments	-	4	-	-	2,050	-	2,054
Loans	-	33	110	97	-	-	240
Financial liabilities							
Borrowings from financial institutions	3,995	-	-	-	-	-	3,995
Payables to Clearing House and brokers	-	372	-	-	-	-	372
Securities and derivatives business payables	179	3,246	-	-	-	-	3,425
Derivatives liabilities	-	32	-	-	-	-	32
Debt issued and other borrowings	-	5,912	-	-	-	-	5,912
Liabilities under financial lease agreements ⁽¹⁾	-	5	9	-	-	-	14

⁽¹⁾ Included in "other liabilities" in statement of financial position

Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from brokerage service for securities listed in stock exchange in overseas.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2018 and 2017 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 31 December 2018		as at 31 December 2017	
	31 December	31 December	31 December	31 December	Buying	Selling	Buying	Selling
	2018	2017	2018	2017				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
Hong Kong dollar	54	92	53	91	4.1023	4.1808	4.1421	4.2184
Singapore dollar	25	77	24	77	23.4165	23.9720	24.1711	24.7294
US dollar	353	281	347	272	32.2848	32.6148	32.5146	32.8472
Malaysian ringgit	1	12	-	11	7.6965	7.9146	7.9427	8.1741
Euro	9	10	8	10	36.7620	37.4884	38.6607	39.3938
Pound sterling	2	4	1	2	40.6118	41.5216	43.5198	44.4531
Australian dollar	1	1	1	-	22.4505	23.2317	25.0828	25.8715
Japanese Yen	4	9	3	8	0.2892	0.2970	0.2860	0.2936
Vietnamese dong	150	86	143	80	0.0014	0.0014	0.0014	0.0014
Taiwan dollar	3	-	1	-	1.0491	1.0598	1.0902	1.1013
Chinese Yuan	4	1	4	1	4.6636	4.7838	4.9518	5.0771

Market risk

The Company's exposure to market risk is the risk that volatility on the Stock Exchange of Thailand and The Thailand Futures Exchange will substantially reduce the value of its investments and collateral for securities and derivatives business receivables. However, the Company manages the market risk by analysing the market risk inherent in their various transactions, setting appropriate policies to manage such risk, and controlling risk to conform with policies.

37. Fair value of financial instruments

As at 31 December 2018 and 2017, the Company has outstanding derivatives assets (liabilities) as stated in Note 9 as follows:

(Unit: Million Baht)

	31 December 2018		31 December 2017	
	Fair value	Notional amount	Fair value	Notional amount
Derivatives warrants	(1)	12	(32)	182
Future ⁽¹⁾	-	659	-	1,944

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level on settlement date, fair value of outstanding future at the end of year included in “Receivables from Clearing House and brokers”. As at 31 December 2018, fair value of derivative assets - future is Baht 33 million (31 December 2017: fair value of derivative assets - future is Baht 7 million).

As at 31 December 2018 and 2017, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	635	-	-	635
Derivatives assets ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	1	-	-	1

⁽¹⁾ Fair value of derivatives assets - futures as at 31 December 2018 amounting to Baht 33 million, included in “Receivables from Clearing House and brokers”, was measured at fair value by using Level 1 of input.

(Unit: Million Baht)

	31 December 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	2,041	-	-	2,041
Derivatives assets ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	32	-	-	32

⁽¹⁾ Fair value of derivatives assets - futures as at 31 December 2017 amounting to Baht 7 million, included in “Receivables from Clearing House and brokers”, was measured at fair value by using Level 1 of input.

As at 31 December 2018 and 2017, the Company had the financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2018				
	Fair value				Book
	Level 1	Level 2	Level 3	Total	value
Financial assets for which fair value are disclosed					
Cash and cash equivalents	372	-	-	372	372
Receivables from Clearing House and brokers	-	680	-	680	680
Securities and derivatives business receivables	-	13,770	-	13,770	13,770
Held-to-maturity investments and general investments	4	-	9	13	13
Loans	-	-	244	244	244
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	-	2,965	-	2,965	2,965
Payables to Clearing House and brokers	-	366	-	366	366
Securities and derivatives business payables	-	1,225	-	1,225	1,225
Debt issued and other borrowings	-	6,806	-	6,806	6,806
Liabilities under financial lease agreements ⁽¹⁾	-	9	-	9	9

⁽¹⁾ Included in “other liabilities” in statement of financial position

(Unit: Million Baht)

	31 December 2017				
	Fair value				Book
	Level 1	Level 2	Level 3	Total	value
Financial assets for which fair value are disclosed					
Cash and cash equivalents	393	-	-	393	393
Receivables from Clearing House and brokers	-	534	-	534	534
Securities and derivatives business receivables	-	14,962	-	14,962	14,962
Held-to-maturity investments and general investments	4	-	9	13	13
Loans	-	-	240	240	240
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	-	3,995	-	3,995	3,995
Payables to Clearing House and brokers	-	372	-	372	372
Securities and derivatives business payables	-	3,425	-	3,425	3,425
Debt issued and other borrowings	-	5,912	-	5,912	5,912
Liabilities under financial lease agreements ⁽¹⁾	-	14	-	14	14

⁽¹⁾ Included in "other liabilities" in statement of financial position

38. The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, receivables from/payables to Clearing House and brokers, securities and derivatives business receivables/payables, held-to-maturity investments and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) For loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For long-term loans and liabilities under financial lease agreements carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there is no transfers within the fair value hierarchy.

38. Capital management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

39. Event after the reporting period

On 11 February 2019, the meeting of the Company's Board of Directors resolved to approve annual dividends for the operating results as from 1 January 2018 to 31 December 2018 in cash at Baht 0.28 per share, or a total of Baht 160 million. The cash dividend payments will be made on 18 April 2019.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2019.



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