

# ANNUAL REPORT 2019



**Maybank**  
Kim Eng



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“The investor can find more information of the Company from Annual Registration Statement (Form 56-1) at [www.sec.or.th](http://www.sec.or.th) or the Company’s website.”

### Message from Chairman

The year 2019 was challenging for Thailand's securities business. Despite the SET Index continued to be volatile from the preceding year, the overall domestic securities business did not perform well due to various factors mainly, US-China trade war, internal political uncertainty, and slow domestic economic recovery. All these factors have led to the country's lower GDP growth, and lower than anticipated value, volume, and profits among SET listed companies.

Amidst technology disruption and intense competition of domestic securities brokerage houses, the proportion of securities trading by retail investors has declined while the proportion of securities trading by institutional investors (especially High Frequency Trading (HFT) investors) has increased in recent years. Therefore, the trend has adversely affected performance of securities brokerage houses including us.

Throughout 2019, the Board of Directors has focused on business strategies that will drive Maybank Kim Eng further to excel in the dynamic changing financial landscape. We have promoted long-term competitiveness, monitored strategic risks and the asset quality of our securities business. Most of all, the Board of Directors has practiced good corporate governance to achieve long-term sustainable development and operation.

On technology advancement front, we continue to invest in technology to provide best quality services and high efficiency system to our clients.

"Maybank Trade", a securities trading application, was launched this year to provide real-time research data to our clients based on current securities prices and their projected profitability.

"Port Jai", a portfolio model, was introduced to personalize trading needs and preferences of clients.

With strong determination to enhance efficiency and quality of management, we are proud with the Company's achievements as evident in the following awards in 2019:

- **Best Analysts Awards 2018 presented by Investment Analysts Association**
- **Best Retail Broker for Thailand 2019 presented by Asset Triple A Country Awards**
- **Best Institutional Broker for Thailand 2019 presented by Alpha Southeast Asia**
- **The Company was rated "Excellent" (5 stars) for its Corporate Governance Report by Thai Institute of Directors Association which is the highest level .**

We are proud the Company maintains its credit rating AA+ (tha) by Fitch Ratings (Thailand), which is the same level as the country's leading banks.

Our fundamental success is based on good governance practices to attain rights and best interests for our shareholders, employees, society and environment; and continue to provide best services and investment knowledge to all our stakeholders.

On behalf of Maybank Kim Eng and the Board of Directors, I would like to thank all our clients, financial institutions, trading partners and stakeholders for their continued support. I would also like to thank our executives and employees who have dedicated themselves to work at their best level for our company.



Dr. Areepong Bhoocha-oom  
Chairman

### Policy & Business Overview

- **Vision, Objective, Business Strategy**

**Vision:**

Advancing ASEAN's ambition with you.

**Mission:**

Our mission is to deliver a superior investment services to our customers, through intelligence, pro-active ideas and efficient access.

**Business Strategy:**

In 2019, the Company moved forward with the MKET 2.0 strategy, a 3-year strategic plan, with over 500 million baht in budgets. The aim is to aggressively develop business to improve operational systems while adding various services to be able to compete among the industry. It also provides new services to the customers for maximum benefit by focusing on development in every area, focusing on becoming a successful organisation in the long run.

This year, the company continued to achieve outstanding performance and won many awards such as the "Best Institutional Broker" from Alpha Southeast Asia Awards 2019. It also won the "Best Broker" from The Asset Triple A Country Awards 2019. In addition, Maybank Kim Eng Group also won the "Best Broker in Southeast Asia 2007 - 2019" from Alpha Southeast Asia Awards 2019 as well.

- **Staff Value:** With a belief that the significant factor for our business is human resource, the Company therefore has its policy to take good care of 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 instruments for exploring new good opportunities for our clients.
- **Technology Development:** The Company has realised 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 has been developed to empower 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. The application received good feedback from the customers and users.

This year, the Company has developed a mobile application called Maybank Trade. The latest application developed by Maybank Kim Eng Securities (Thailand)'s development team, combining investment ideas with investment behavior of individual customers (Personalisation) to best meet the investment needs of each customer with accuracy, speedy and directly. The outstanding features that satisfy investors include a vast collection of key information whether it be the stock analysis, top pick, ATO / ATM Live and other. The content can be easily viewed via mobile phone. It is equipped with easy-to-use order



processing procedures, portfolio that reflects the actual market price, SBL, the Short Cover in single app. Moreover, the customer can request the statement for the past 1 year etc.

- **Research Development :**

Our research team is working tirelessly to continue our research development. As a result, the company has won 6 prestigious awards at the Best Analysts Awards. They include the "Best Analysts Team of the Year 2018 (Individual Investor Category)" and the Best Analysts in the Energy and Petrochemical Sector. It also received the Outstanding Analyst Award with the Outstanding Award in the mai market, real estate, fundamentals and financial derivatives analysts at the Best Analysts Awards organised by the Investment Analysts Association (IAA) in March 2019. This is considered a very proud reward for the company because it is the vote that has been received by investors all over the country and must pass the screening carefully from the IAA jury. It is considered an award that one does not receive it easily. It reflects the quality of the research team that has continuously given the best performance. They range from the morning show with the highest ratings among all online stock analysis programmes, with 7,700-10,000 views on FACEBOOK channel in 24 hours and 1,200-2,000 views on live broadcast. In addition, the Company has also added a live channel through Youtube to facilitate the customers as well.

Our research team continuously develops and maintains research standards for better suit the needs of our customers. 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 two periods of time:

- ATO (At The Open) at 8.30 am
- ATM (At The Market) at 2.00 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, our research team have summarised the research in the form of "Portfolio Model", the investment model for clients to consider the appropriate investment. The options come in 2 styles, "Sai Jai and Rai Jai". The portfolio continues to gain popularity and receive good feedback from customers as follows:

- "Sai Jai" is a trading style ideal for investors who are keen on risk diversify and invest with discipline.
- "Rai Jai" is a momentum style ideal for investors who does not have time to follow the stock movement. The stock selection is based on statistics.

We have also added new products, At the Bottom, in search of a reversal stock and Technical for Trading for intraday speculation. Both of them use technical analysis for consideration.

- **Knowledge to Investor Programme:** The Company has established Tiger Academy by Maybank Kim Eng Thailand offering various training courses and seminars on several topics. A series of training courses and seminars were held continuously throughout the year to educate customers, investors and the general public, both in Bangkok and other provinces, urging them to become a professional investor. This year, we put more emphasis on seminars via online and more activities for investors in other provinces. The aim is to disseminate investment knowledge such as Value Investor training, new Internet trading programmes, Fundamental and technical analysis of securities, Derivative investment, including Single Stock - Block Trade, DW42 and how to use Maybank Trade mobile app, etc. In addition to providing knowledge to customers and investors, it is also considered as means to expand the company's customer base through another channel as well.

- **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, privatisation in order to provide the proper financial services to each client, including public offering to provide the investment opportunities to the securities clients.
- **Issuing Future contract.** The Company expanded new products to meet the needs of customers in each group such as Block Trade and conducted study on Structured Note to give investors ideas and create a variety of investment portfolios.
- **Micro Margin service** has been launched to help small income retail investors to be able to trade for their future.
- **New product launched "DW42".** The Company allocates investment budget to develop operating systems and create liquidity for derivative warrants products (DW42) continuously to enhance good service for customers along with the most special promotion. It also focuses on new DW42 releases as an additional option which emphasises the outstanding product features that can meet the needs of customers as well. Maybank Kim Eng Securities aims to develop derivative warrants (DW42) in order to become a market leader in the future.
- **Currently, the Company has total 35 branches** (excluding headquarters) nationwide, divided into 19 branches in Bangkok and 16 branches in provinces.
- **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 obtaining the assets from Yuanta Securities (Thailand) Company Limited which had been merged with Yuanta Securities (Thailand) Company Limited.

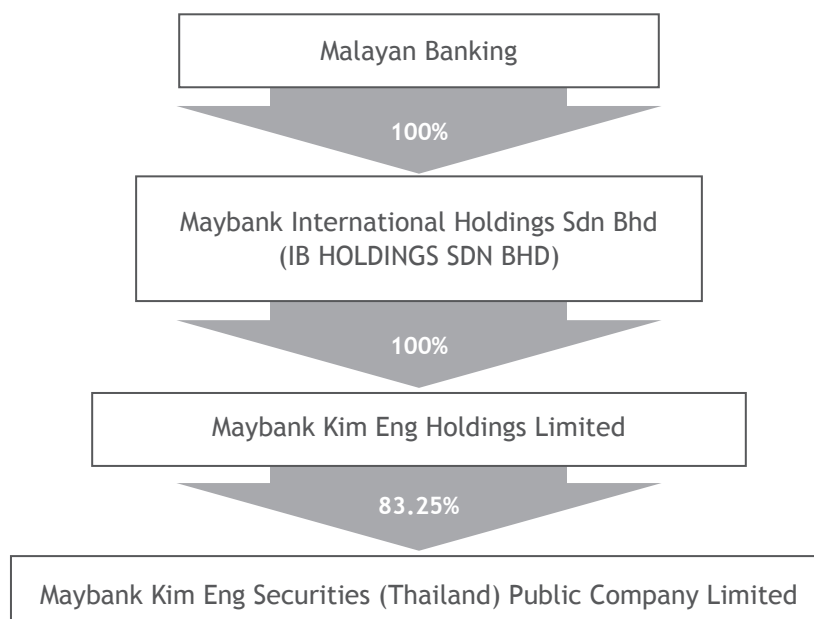
On October 17, 2002, the Company had converted itself into Public Company Limited, in the same time had changed its name to be “Kim Eng Securities (Thailand) Public Company Limited. The company had registered in the Security Exchange of Thailand and our ordinary shares had been traded on December 3,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

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 which result presently 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 the Kim Eng Holdings Company Limited (currently, Maybank Kim Eng Holdings Company Limited) which was the major shareholders of the Company proposed buying ordinary shares of the Company in amount of 27.99% (excluded treasury stock) and restructure the shareholder structure. Maybank Kim Eng Holdings Company Limited became our major shareholder which holds 83.50% shares.

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

Our securities business is a part of business in MALAYAN BANKING BERHAD who operates Finance Institutions in Malaysia by holding its shares on Maybank Kim Eng Holdings Singapore and its shareholder structure as of the latest book closing date of the Company on August 20, 2019 as follows:



MALAYAN BANKING BERHAD has its professional management team. MALAYAN BANKING BERHAD had appointed its management to be Directors of the Company with the objective to jointly outline the various operational policies.

## ◆ Business Operations ◆

### • Revenue Structure

Revenue structure of the company as per the Financial Statements for the years 2017 - 2019 is as follow.

Revenue	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	1,839.95	56.42	1,571.00	56.32	1,282.93	53.39
Futures brokerage fee and others	137.95	4.23	183.60	6.58	138.26	5.75
Fee and service income	273.23	8.38	75.49	2.71	74.12	3.08
Gains (losses) on investments	8.96	0.28	(132.99)	(4.77)	162.81	6.78
Gains on derivatives	102.10	3.13	172.80	6.20	(124.51)	(5.18)
Interest and dividends	229.91	7.05	221.04	7.92	229.39	9.55
Interest on margin loans	596.26	18.28	640.51	22.96	565.37	23.53
Other income	72.72	2.23	57.92	2.08	74.55	3.10
Total	3,261.08	100.00	2,789.37	100.00	2,402.92	100.00

### Market and Business Conditions

#### ○ Brokerage Business

2019 is not a good year for the overall securities business due to pressure from both external factors such as the protracted trade war between China and the US, uncertainty about the separation of Britain from the European Union (Brexit), geopolitical risks and internal factors such as Thai political stability, domestic economic recovery that is slower than expected, resulting in the performance of listed companies tend to be much lower than analysts estimate.

The SET Index in 2019 closed at 1579.84 points, rising only 15.96 points, or +1.02%. During the year, the SET hit a high of 1748.15 points in July and moved sideways downward to its lowest point at the end of the year at around 1543.22 points in December. The main pressure was from the political instability in the country which is expected to continue to keep burning towards the beginning of 2020. That includes the overall domestic economy remaining weak although external factors began to ease, thanks to the phase 1 trade agreement between the United States and China, which started to see positive momentum at the end of the year. By the end of 2019, the market capitalization of SET (Market Capitalization) stood at THB16.72 trillion, up from THB15.93 trillion in 2018.

Regarding the net buy volume in the Thai stock market in 2019, divided by investor types, we found that domestic institutional investors are the most net buyers with a net buy of THB52.006b, followed by Proprietary Trading, with a net buy of THB14.873b. While foreign investors made the highest net sell of THB45.244b and retail investors net sold by THB21.635b.

#### ○ The Business of Debt Issuance and Trading

In 2019, 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 24,185 million under the condition of exchange term not exceeding 270 days.

#### ○ Financial Advisory and Securities Underwriting Business

Fund-raising activities via IPO in 2019 rose relative to those in 2018 both in terms of number of IPO issues and fund raising amount. In 2018, total number of newly listed companies was 23 whereas there were 32 newly listed ones in 2019. Out of 32 newly listed companies in 2019 including REITs and IFFs, 16 of which were listed in the Stock Exchange of Thailand (SET), and the remaining were listed in the Market for Alternative Investment (mai). Total fund raising amount via IPO in 2019 was THB 90,081.93 million while that in 2018 was THB 81,572.53 million, representing a 10.43% increase year-on-year. As of 31 December 2019, total number of listed companies was 722, comprising SET and mai listed companies of 555 and 167 respectively.

In 2019, the Company acted as the independent financial advisor of Thai Oil Public Company Limited (TOP) for its connected transaction of disposal of assets to transfer ownership in the Energy Recovery Unit (ERU) which is a part of the Clean Fuel Project (CFP), with total transaction size of THB 2.3 billion, the independent financial advisor to provide an independent opinion to shareholders of Golden Land Property Development Public Company Limited (GOLD) for tender offer of its ordinary shares by Frasers Property (Thailand) Public Company Limited (FPT), with total transaction size of THB 19,752 million, the independent financial advisor to shareholders of Univentures Public Company Limited (UV) on its disposal of shares of GOLD to FPT, with total transaction size of THB 7,759 million, and the independent financial advisor on the delisting of GOLD shares from the SET. The Company also acted as the financial advisor of Phelps Dodge International (Thailand) Co., Ltd. on backdoor listing of Stark Corporation Public Company Limited on the SET, with total transaction of THB 12,900 million. We also acted as the financial advisor of South East Corporation Co., Ltd. on backdoor listing of Thai Group Holdings Public Company Limited, with total transaction of THB 25,000 million.

During the first half of 2019, the Company acted as the RO subscription agent for PORT in its rights offering to shareholders, with total transaction size of THB 368 million.

In addition, the Company acted as the co-underwriter for a few IPOs including Asset World Corp Public Company Limited (AWC), S Hotels and Resorts Public Company Limited (SHR), and Absolute Clean Energy Public Company Limited (ACE) with the respective underwriting amounts of THB 150 million, THB 166.40 million and THB 40.04 million.

The Company's revenue from the financial advisory and underwriting businesses in 2019 totaled THB 62.81 million, an increase by 0.22% from that of THB 62.67 million in 2018.

#### ○ 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 9 exchanged-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Gold D, Gold online Futures, Interest Rate Futures, USD Futures, Sector Index Futures and Rubber Futures.

For the Year 2019, the total volume on TFEX was 104,521,995 contracts. The average daily volume of SET50 Index Futures was 173,976 contracts, an increase of 0.19% compared with that of 2018 for 173,649 contracts per day. For SET50 Index Options, the average daily volume was 6,874 contracts, an increase of 23.61% compared with that of 2018 for 5,561 contracts per day. For Single Stock Futures, the average daily volume was 213,517 contracts, a decrease of 5.46% compared with that of 2018 for 225,847 contracts per day. For Precious Metal (GF, GF10 and GO), the average daily volume was 30,883 contracts, an increase of

56.39% compared with that of 2018 for 17,781 contracts per day. For USD Futures, the average daily volume was 2,758 contracts per day, a decrease of 1.46% compared with that of 2018 for 2,799 contracts per day. Overall, investors in the derivatives market compose of domestic individual investors that accounted for 48.95% of total volume, domestic institutional investors that accounted for 33.24% of total volume and foreign investors that accounted for 17.81% of total volume.

For 2019, the Company ranked No. 13 for derivatives trading in term of market shares that accounted for 2.98% of the total volume in the derivatives market. The total volume for derivatives traded via the Company was 6,221,949 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 2019, the Company had issued 130 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 2019 was THB 45,986.99 million, a 9.10% decreased from that in 2018 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 THB1,421.19 million in 2019, a 19% declined from that in 2018, 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. Since the Stock Exchange of Thailand (SET) has changed the brokerage fee structure, 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 (In 2019, Internet trading brokerage fee was 91.13% 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 37.62% of total securities brokerage fee income in the year 2018 and 40.81% in 2019. Had MBKET lost such big trading clients, its securities brokerage fees for 2018 and 2019 would have fallen by 10.34% and 12.07%, respectively. However, the Maybank Kim Eng Holdings Group is MBKET's 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, 2018 and 2019, the number of new client opening account was 5,146 and 3,531 respectively. For 2019, 76.05% of the Company's securities brokerage fees were from retail trading business and the remainder 23.95% from local and foreign institutions. Another source of the Company's operating revenue was from Investment Banking 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, 2019, the Company's securities brokerage receivables totaled THB 12,855.31 million, consisting of clients' Cash accounts of THB1,587.34 million, Credit Balance account of THB 11,145.39 million, Securities Borrowing and Lending accounts of THB 42.39 million, and other receivables of THB 249.12 million, with unearned interest revenue of THB 64.35 million. In addition, the Company had derivatives business receivables amounting THB... million outstanding. It classified such securities and derivatives brokerage receivables as doubtful debt in the amount of THB 263.76million, accounting for 2.05% 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 255.48 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 263.76 million, THB 12.14 million and THB 251.62 million of which were classified as substandard and doubtful debts. The Company established an allowance for doubtful debt in the total amount of THB 251.62million, 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, 2017, 2018 and 2019 were THB 11,586.01 million, 11,904.77 million, and 11,145.39 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 2019, 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 2019, the Company received THB 1,773,000 monetary penalty from SEC due to MBKET failed to comply with rules, conditions, and procedures specified in the notification of the Capital Market Supervisory Board by putting in place an ineffective KYC /CDD procedure.

**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 20, 2019, 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 50% 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 970 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.

## ◆Corporate Information◆

### The Board of Directors

1. Mr. Yuth Vorachattarn<sup>(1)</sup>
2. Dr. Areepong Bhoocha-oom
3. Ms. Sopawadee Lertmanaschai
4. Mr. Hans Johan Patrik Sandin
5. Mr. Montree Sornpaisarn
6. Mr. Koh Swee Ong<sup>(2)</sup>

Remark:

<sup>(1)</sup> Resigned wef. 7 Aug 2019

<sup>(2)</sup> Holds directorship wef. 2 Oct 2019 and SEC's approval on 15 Oct 2019

### Corporate Secretary

Ms. Kavida Wassanaruangdej

### 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
4. Ms. Ratana Jala  
Certified Public Accountant,  
Registration No.3734

33<sup>rd</sup> 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

### Head Office

999/9 The Offices at Central World,  
FL.20<sup>th</sup>-21<sup>st</sup> 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

### 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, 20<sup>th</sup>-21<sup>st</sup> FL., Rama I Rd.,  
Pathumwan, Pathumwan,  
Bangkok 10330  
Tel: 0-2658-6300  
Fax: 0-2658-6301

#### Ngamwongwan Branch

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

#### 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 5<sup>th</sup> 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  
20<sup>th</sup> FL., Silom Rd., Suriyawong,  
Bangrak,  
Bangkok 10500  
Tel: 0-2231-2700  
Fax: 0-2231-2130

#### Bangkae Branch

275 The Mall Bangkhae Tower  
8<sup>th</sup> FL., Petchkasaem Rd.,  
North Bangkae, Bangkae,  
Bangkok 10160  
Tel: 0-2804-4235  
Fax: 0-2804-4251

#### Pratunam Branch\*

553 The Palladium Building  
14<sup>th</sup> FL., Ratchaprarop Rd.,  
Makkasan, Ratchathewi,  
Bangkok 10400  
Tel: 0-2250-6192  
Fax: 0-2250-6199  
\*closing down wef. 4 Jun 2019

#### Pinklao Branch

7/129 Central Pinklao Tower  
3<sup>rd</sup> 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 3<sup>rd</sup> FL.  
Pahurad Rd., Wangburapapirom,  
Pranakorn, Bangkok 10200  
Tel: 0-2225-0242  
Fax: 0-2225-0523

#### Fortune Branch\*

5 Fortune Town Building,  
Basement FL.,  
Rachadapisek Rd.,  
Dindaeng, Bangkok 10400  
Tel: 0-2641-0977  
Fax: 0-2641-0966  
\*closing down wef. 1 Aug 2019

**Future Park Rangsit Branch**

94 Future Park Rangsit Tower,  
 Room 091-92 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

**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

**Watcharapon Branch**

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

**Lad Prao Branch**

1693 Central Lat Phrao Tower  
 11<sup>th</sup> Fl. Phaholyothin Rd.,  
 Lat Phrao, Chatuchak,  
 Bangkok 10900  
 Tel: 0-2541-1411  
 Fax: 0-2541-1108

**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 4<sup>th</sup> Fl.,  
 Silom Rd, Suriyawong, Bangrak,  
 Bangkok 10500  
 Tel: 0-2231-2700  
 Fax: 0-2231-2130

**Sathon Branch**

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

**The Emporium Branch**

622 The Emporium Tower  
 14<sup>th</sup> 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, 3<sup>rd</sup> Fl., Rama9 Rd.,  
 Suanluang, Bangkok 10250  
 Tel: 0-2716-7816  
 Fax: 0-2716-7815

**Bangkapi Branch**

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

**The Chaengwattana Branch**

99/9 Central Plaza  
 Chaengwattana Office  
 Tower,  
 14<sup>th</sup> 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, 2<sup>nd</sup> Fl.,  
 Srinakarin Rd., Suanlaung,  
 Prakanong, Bangkok 10260  
 Tel: 0-2108-6300  
 Fax: 0-2108-6301

\*closing down wef. 1 Jul 2019

**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

**Zen World Branch\***

4, 4/5 ZEN World Tower,  
 15<sup>th</sup> Fl., Room 1501  
 Ratchadamri Rd.,  
 Pathumwan, Bangkok 10330  
 Tel: 0-2658-6300  
 Fax: 0-2632-8395

\*closing down wef. 1 Feb 2019

**Ratchapruek Branch\***

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

\*closing down wef. 23 Sep 2019

**• 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, 2<sup>nd</sup>-3<sup>rd</sup> 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,  
 7<sup>th</sup> 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,  
2<sup>nd</sup> 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, 1<sup>st</sup> Fl.,  
Sukumvit Rd., Nuarn Pra, Mueang,  
Rayong 21000

Tel: 038-807-459  
Fax: 038-807-841

**Lampang Branch**

319 Central Plaza 3<sup>rd</sup> 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**

88/118 Tha-Pong 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

**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, 2019, the Company had a total registered share capital of Baht 2,861,250,000 with total paid-up capital of Baht 285,407,250 comprised of 570,814,500 ordinary shares at par value 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 20, 2019 being 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	2,048,502	0.36
3.	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,440,800	0.25
4.	EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES	1,380,400	0.24
5.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	1,380,200	0.24
6.	MR. JONGJATE AOJANEPONG	1,200,000	0.24
7.	MR. CHUWIT JITSKUL	1,048,000	0.18
8.	MR. PITAK SAPSIRISAWAD	752,000	0.13
9.	MS. JUTHAMAS SANTIHIRUNWONG	752,000	0.13
10.	MS. SUKANYA SRIPRACHYA-ANUNT	743,000	0.13
11.	MR. THONGCHAI NIMWACHIRASOONTORN	716,000	0.13
12.	MR. MANA SAHASANTISUK	700,000	0.12
13.	MR. PIRAT TUBPRASERT	639,500	0.11
14.	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	615,900	0.11
15.	OTHERS	82,215,208	14.40
<b>Total</b>		<b><u>570,814,500</u></b>	<b><u>100.00</u></b>

As at December 31, 2019, 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, 2019 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 2017 are as follows:

No.	Name	No. of Shares Held	%
1.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA	3,869,551,793	34.42
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: EMPLOYEES PROVIDENT FUND BOARD	1,255,236,326	11.17
3.	PERMODALAN NASIONAL BERHAD	876,812,976	7.08
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	490,308,379	4.36
5.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 2 - WAWASAN	287,713,976	2.56
6.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA	191,074,811	1.70
7.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM MALAYSIA 3	118,539,707	1.05
8.	CARTABAN NOMINEES (ASING) SDN BHD B/O: EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLTOD67)	109,984,663	0.98
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD B/O: GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	106,984,443	0.95
10.	AMANAHRAYA TRUSTEES BERHAD B/O: AMANAH SAHAM BUMIPUTERA 2	101,621,235	0.90
<b>Total top 10 major shareholders</b>		<b>7,407,828,312</b>	<b>65.89</b>

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 comprise the Malaysian public.



### ◆ Dividend Payment Policy ◆

The Company has the policy of making dividend payment at a 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 upon the Company's investment plan, necessity and situation in the future. The Board of Directors can 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 decide an interim dividend payment, but need to inform the shareholders at the next shareholders' meeting.

## ◆ Committees and Management Structure ◆

The Company's management 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, 2019, the Company's Board of Directors comprised of 6 directors as follows:

	Name	Title
1.	Dr. Areepong Bhoocha-oom	Chairman and Member of the Audit Committee
	Mr. Yuth Vorachattarn*	Chairman and Member of the Audit Committee
2.	Ms. Sopawadee Lertmanaschai	Independent Director and Chairman of the Audit Committee
3.	Mr. Hans Johan Patrik Sandin	Independent Director and Member of the Audit Committee
4.	Mrs. Hamidah Binti Moris	Executive Director
5.	Mr. Montree Sornpaisarn	Executive Director
6.	Mr. Koh Swee Ong	Director

\*retirement wef. 7 Aug 2019

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. Kavida Wassanaruangdej 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 two of three from Mr. Montree Sornpaisarn, Mrs. Hamidah Binti Morris and Mr. Koh Swee Ong, 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 2019, 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' Meeting.**

	Name	No. of Meeting	No. of Attendance
1.	Dr. Areepong Bhoocha-oom	11	11 (2 meetings via con-call)
	Mr. Yuth Vorachattarn*	6	6
2.	Ms. Sopawadee Lertmanaschai	11	11 (1 meeting via con-call)
3.	Mr. Montree Sornpaisarn	11	11 (1 meeting via con-call)
4.	Mr. Koh Swee Ong	4	4
5.	Mr. Hans Johan Patrik Sandin	11	11 (3 meetings via con-call)
6.	Mrs. Hamidah Binti Moris	11	11 (3 meetings via con-call)

\*retirement wef. 7 Aug 2019

For the Year ended December 31, 2019, each director attended at least 75% of Board meeting held in financial year which comply with the requirement of the Company's Policy.

#### **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; and
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, 2019, the Company's Executive Committee is comprised of 10 members as follows:

	<b>Name</b>	<b>Title</b>
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. Rueangsit Vatanarom	Member of the Executive Committee
10.	Mrs. 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, 2019, the EXCO held 18 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 3 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Audit Committee
	Mr. Yuth Vorachattarn*	Member of the Audit Committee
2.	Mr. Hans Johan Patrik Sandin	Member of the Audit Committee
3.	Dr. Areepong Bhoocha-oom	Member of the Audit Committee
	*retirement wef. 7 Aug 2019	

#### Scope of Duties and Responsibilities of the Audit Committee

- 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;
- 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;
- 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;
- 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;
- 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;
- 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
- 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 2019, the Audit Committee held ten (10) meetings, with details as follows:

Meeting		Ms. Sopawadee Lertmanaschai	Mr. Yuth Vorachattarn* (retirement 7 Aug 2019)	Mr. Hans Johan Patrik Sandin	Dr. Areepong Bhoocha-oom	Auditor
No.	Date of Meeting					
1/2019	28 Jan 2019	●	-	●	●	● (Auditing 2018 Financial Statements)
2/2019	20 Feb 2019	●	●	●	●	-
3/2019	20 Mar 2019	●	●	●	●	-
4/2019	30 Apr 2019	●	●	●	●	● (Reviewing Q1/19 Financial Statements)
5/2019	14 May 2019	●	●	●	●	-
6/2019	18 Jun 2019	●	●	●	●	-
7/2019	31 Jul 2019	●	●	●	●	● (Reviewing Q2/19 Financial Statements)
8/2019	27 Sep 2019	●	-	●	●	-
9/2019	31 Oct 2019	●	-	●	●	● (Reviewing Q3/19 Financial Statements)
10/2019	11 Dec 2019	●	-	●	●	-

#### 4. The Nomination and Remuneration Committee

The resolution from Board of Directors' Meeting No. 6/2019 held on 6 August 2019 approved to combine the Nominating Committee (NC) and the Compensation Committee (CC) into one Committee, called Nomination and Remuneration Committee ("NRC") with same scopes and responsibilities. The Nomination and Remuneration Committee is comprised of 3 directors as follows:

	Name	Title
1.	Ms. Sopawadee Lertmanaschai	Chairman of the Nomination and Remuneration Committee and Independent Director
	Mr. Yuth Vorachattarn*	Member of the Nomination and Remuneration and Independent Director
2.	Dr. Areepong Bhoocha-oom	Member of the Nominating Committee
3.	Mr. Montree Sornpaisarn	Member of the Nominating Committee
4.	Mrs. Hamidah Binti Moris	Member of the Nominating Committee

\* Retirement wef. 7 Aug 2019

### **Scope of Duties and Responsibilities of Nomination**

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.

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 Remuneration**

1. To be 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.
2. To determine and set fair and clear compensation of any kind to be granted or awarded to directors and employees of the Company;
3. 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
4. To conduct any activities deemed necessary and appropriate in conforming with compensation policy regarding form, procedures and details about allocating of securities to employees.
5. The Chairman of the Nomination and Remuneration Committee would be responsible for providing any information necessary for conducting research in regard to employment to external advisors freely.
6. The Nomination and Remuneration 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.
7. The Nomination and Remuneration Committee would specify compensation base, increase in compensation and the overall compensation policy. The Nomination and Remuneration Committee will report such matters directly to the Board of Directors and provide opinion on the compensation to be made to senior management.



The Nomination and Remuneration 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 2019, the Nomination and Remuneration Committee held 3 meetings, with details as follows:

Name	No.1/2019 11 Feb 19	No.2/019 6 Aug 19	No.3/019 2 Oct 19
Ms. Sopawadee Lertmanaschai	●	●	●
Mr. Yuth Vorachattarn*	●	●	
Mr. Montree Sornpaisarn	●	●	●
Dr. Areepong Bhoocha-oom	●	●	●
Mrs. Hamindah Binti Moris	●	●	●
*Retirement wef. 7 Aug 2019			

## 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. Dr. Areepong Bhoocha-oom	Chairman of the Good Corporate Governance Committee
Mr. Yuth Vorachattarn*	Chairman of the Good Corporate Governance Committee
2. Ms. Sopawadee Lertmanaschai	Member of the Committee
3. Mr. Montree Sornpaisarn	Member of the Committee
4. Mrs. Hamindah Binti Moris	Member of the Committee
Ms. Kavida Wassanaruangdej	Secretary
*Retirement wef. 7 Aug 2019	

## 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 2019, the Good Corporate Governance Committee held 2 meetings, with details as follows:

Name	No.1/2019 11 Feb 2019	No.2/2019 6 Aug 2019
Dr. Areepong Bhoocha-oom	●	●
Mr. Yuth Vorachattarn*	●	●
Ms. Sopawadee Lertmanaschai	●	●
Mr. Montree Sornpaisarn	●	●

\* Retirement wef. 7 Aug 2019

### 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. Mr. Sittiporn Sorngarn	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 2019, the Management Risk Committee held 12 meetings.

## Management

As of December 31, 2019, the Company has 14 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 Pornsinsirik	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.	Mr. Sombat Jiwariyavej	Managing Director, Debt Capital Market
9.	Mr. Ekachai Taraporntip	Managing Director, Research
10.	Mrs. Maria Brenda Sanchez Lapiz	Managing Director, Institutional Research Department
11.	Mr. Thanat Wongchukaew*	Managing Director, Securities Retail Business
12.	Ms. Panadda Tanchanchiwin	Managing Director, CEO Office
13.	Ms. Areeya Kanchanabat	Executive Vice President, Head of Finance Department
14.	Mr. Sarawoot Kittinaraporn	Vice President, Accounting

\*retirement and resigned wef. 1 Jan 2020

### 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 2019, the Company made compensation to 7 directors in terms of meeting allowances in the total amount of THB 9,089,291 Details of director's compensation are as follows:

Unit: THB

		Compensation for the Year 2019
1.	Dr. Areepong Bhoocha-oom	2,530,296.00
	Mr. Yuth Vorachattarn*	2,367,871.00
2.	Ms. Sopawadee Lertmanaschai	2,358,866.00
3.	Mr. Hans Johan Patrik Sandin	1,232,258
4.	Mr. Montree Sornpaisarn	-
5.	Mrs. Hamidah Binti Moris	600,000.00
6.	Mr. Koh Swee Ong	-
<b>Total</b>		<b>9,089,291</b>

#### Management's Compensation

For the year 2019 ended December 31, 2019, the Company made compensation to 14 management (under the SEC definition) (excluding Executive Vice President of Financial Department) in the form of salary and bonus for the total amount of THB 101.34 million and contribution to the provident fund for a total amount of THB 5.5 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 is 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, 2019* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
1. Mr. Yuth Vorachattam Chairman and Member of the Audit Committee (Independent Director)  (SEC's approval and be appointed on Oct. 4, 2002)  *Retirement wef. 7 Aug 2019	71	Master Degree in Economics, (Good Honor) Thammasat University  Bachelor Degree in Economics (English Program) Thammasat University  The Thai Institute of Directors Association: DCP #0 Chairman 2000 Year 2003  Corporate Governance Asia Year 2005  Chartered Director Class Year 2008  University Governance Program Year 2010  Financial Institutions Governance Program Year 2013	None	None	Oct.02-Aug 19  Apr 11 - present  May 16 - present  May 16 - present	Chairman and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.  Chairman of the Audit Committee, Taokaenoi Food&Marketing Plc.  Chairman Grand Prix International Plc.  Chairman Sahathai Terminal Co., Ltd.

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2019* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
2. Dr. Areepong Bhoocha-oom Chairman and Member of the Audit Committee (Independent Director)	62	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 : DCP3/2000	None	None	Aug 19 - Present	Chairman and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Oct 18 - Aug 19	Vice Chairman and Member of the Audit Committee, Maybank Kim Eng Securities (Thailand) Plc.
					Sep 19 - Present	Chairman, Digital Government Development Agency (Public Organization)
					Present	Director, Section 5 (Industrial Law and Energy), Office of the Council of State
					Oct 15- Sep 17	Permanent Secretary ,Ministry of Energy
3. Ms. Sopawadee Lertmanaschai The Chairman of Audit Committee and Independent Director.  (SEC's approval and be appointed on Oct. 5, 2015)	66	Master of Science (Accounting), Thammasat University  Bachelor of Law, Thammasat University  Bachelor of Science (Accounting), Thammasat University	None	None	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, 2019* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
		The Wharton Advanced Management Program, University of Pennsylvania, USA			Apr 18- Present	Independent Director and Member of the Audit Committee , Central Plaza Hotel Plc
		The Thai Institute of Directors Association : DCP2/2000 , ACP27/2009, SFE6/2010			Dec 17 - Present	Director, General Hospital Product Public Co., Ltd.
					May 16 - Present	Director Orthopeasia Co., Ltd.
					May 17- Present	Chairman and Independent Director KTBST REIT Management Co.,Ltd.
					Apr 14 - Present	Advisor to Chairman of the Board and Member of the Investment Committee Dhipaya Insurance Plc
					Mar 14 - Present	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



Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2019* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
4. Mr. Hans Johan Patrik Sandin  (SEC's approval and be appointed on May, 2018)	53	Master of Philosophy (Economic) 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	A member of the Audit Committee, Independent Director, Maybank Kim Eng Securities Plc.
					2014 - Present	Independent Director, Maybank Investment Bank Berhad
					Nov 98- Apr 14	Head, Strategic Hedging Advisory, Investment Banking Asia Pacific
					Apr 10- Oct 13	Head of Fixed Income Distribution & Origination, Asia Pacific (ex-Japan) BNP Paribas
5. Mr. Montree Sornpaisarn Chief Executive Officer and Authorized Director  (SEC's approval and be appointed on Oct. 19, 2001)	55	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	None	None	Oct 01 - present	Executive Director and Chief Executive Officer Maybank Kim Eng Securities (Thailand) Plc.
					Mar 08 - Jun 11	Director and Member of Audit Committee, WAVE Entertainment Plc.
					Apr 07 - Apr 11	Director, Thailand Listed Companies Association
					May 05 - Jan 10	Executive Director, Association of Securities Companies

Name and Position at the Company	Age	Education	% of Share Holding as of Dec 31, 2019* (Change in No. of Shares Held during the Year)**	Family Relationship among management	Work Experiences (last 5 years)	
					Period	Position and Company
		Association: CGI #6/2015			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.
6. Mr. Koh Swee Ong  Authorized Director  (Holds directorship on 2 Oct 2019 and SEC's approval on 15 Oct 2019)	51	Master of Business Administration Charles Sturt University  The Thai Institute of Directors Association: DAP #166/2019	None	None	Oct 19- Present	Director and Chief Operating Officer ,Maybank Kim Eng Securities (Thailand) Plc.
					Mar 17- Oct 19	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
7. Mrs. Hamidah Binti Moris  Authorized Director  (SEC's approval on 27 Nov 2018 and holds directorship wef. 1 Dec)	58	Master of Political Science University of Essex, UK  Bachelor of Mathematics & Politics University of Essex, UK  The Thai Institute of Directors Association: DAP #166/2019	None	None	Dec 18 - Present	Executive Director Maybank Kim Eng Securities (Thailand) Plc.
					Oct 18 - Present	Chief Executive Officer Maybank Kim Eng Group
					May 16 - Sep 18	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.

### ◆ Good Corporate Governance Report (CG Code) ◆

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 (CG Code) 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 2019, Company was rated the evaluation point of corporate governance with “5-Star” in this regard, Company was given “excellent score” for Equitable Treatment of Shareholders, Disclosure and Transparency, Roles of Shareholders and Responsibilities of Board of Directors and the Consideration of the Roles of Stakeholders in which Company shall improve and disclose of information as derived from the suggestion in accordance with corporate governance guidance / corporate governance code (CG Code) for the year 2019 as following principles:-

#### **Principle 1      Establish Clear Leadership Role and Responsibilities of the Board**

##### Board of Directors

The Board of Directors as establishing leadership role and responsibilities consists of the Directors with knowledge, skill and experience in the business. They are responsible for setting company's policy, vision, strategy, goals, mission, business plan, measures, monitoring operating results and budget of the Company, and supervise Executive Committee to operate in accordance with the policy with efficiency and effectiveness under the framework of laws, objectives, regulations and resolutions of the shareholders' meeting with responsibility, honesty and under the code of conduct but also include driving business adaptation to maximize profit and create maximum security to its shareholders.

##### Sub-committees

The Company has established a sub-committee which has been appointed by the Board of Directors or the shareholders' meeting to assist in the management and supervision of the administration of companies, including 5 committees as follows: (1) Executive Committee (2) Audit Committee (3) Management Risk Committee (4) Nomination and Remuneration Committee and (5) Good Corporate Governance Committee . Scope of Duties and Responsibilities Authorities and responsibilities of Board of Directors and Sub-Committees shall align with its Charter of Board of Directors and Sub-Committees and review at least once a year or when change of authorities and responsibilities. The Board is to consider and delegate authority and responsibility to make clear on daily work policy, indicating the Chairman of the Board is irrelevant with daily work management of the Company and the Chairman of the Board provides regularly support and recommendation on business operation to CEO while CEO is to perform responsibility of corporate management under delegated power control from the Board of Directors and by law such as significant investment transaction, transaction with connected persons, acquisition of disposal of assets and dividend payment. To ensure that all employees understand the rules, regulations, 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 (KPIs) 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 of the compliance culture which is the key performance indicators (KPIs).

#### Orientation of the New 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 2019, the Company has appointed 1 member of Board of Directors namely Mr. Koh Swee Ong with SEC's approval on 15 October 2019. In which that director has 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 policy for corporate governance, ethic about anti-corruption, and etc.

#### Roles of Stakeholders

- **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 2018, the Company made dividend payment at the rate of Baht 0.68 per share, or a payout ratio of 99% of 2018 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 2019, the Company made an interim dividend payment at the rate of Baht 0.68 per share, or a half year payout ratio of 152% of 2019 year-ended 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. Client may leave comments, suggestions, and other complaint through the Company's communication channels as follows.

Channels	Email	Phone number
Client Service	<a href="mailto:clientservice@maybank-ke.co.th">clientservice@maybank-ke.co.th</a>	02-658-5050
Corporate Communication	<a href="mailto:corporatecommunication@maybank-ke.co.th">corporatecommunication@maybank-ke.co.th</a>	02-658-6300 #7401-7404
Company's Secretary	<a href="mailto:cosecthailand@maybank-ke.co.th">cosecthailand@maybank-ke.co.th</a>	02-658-6300 #6660

- **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.
- **Creditors and Business partners:** The Company fully complied with all conditions and terms under loan agreements and other agreements it entered into. The Company will never take advantage of, and try to build trust and support with all stakeholders.
- **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 (CO<sub>2</sub>).
  - 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 non infringement 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 2019, the Company had no disputes with any group of stakeholders and was in full compliance with its operating policy.

## Principle 2 Define Objectives that Promote Sustainable Value Creation

Board of Directors has set the purpose of business operation and 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. The Company 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. More details are provided in the topic "Sustainability Report 2019 underlying Corporate Social Responsibility for Sustainability.

## Principle 3 Strengthen Board Effectiveness

### 1. Composition of the Board of Directors

1.1 As at 31 December 2019, the Board of Directors has 6 members comprising of:

- 3 executive directors
- 3 non-executive directors (all 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 CG Code as prescribed by the SEC and corporate good governance principle by the SET. The Chairman is also an independent director. Regarding to the number of non-executive directors (3 persons) who all are independent directors in order to be independently expressing their opinion and make check & balance decisions from the executive directors, and the Board of Directors can perform their duties effectively.

The Board of Directors appoints one secretary to the Board of Directors and 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's policy regarding directors' term of office is clearly specified in its corporate governance policy.

However, the Company has annual review on the corporate governance policy since 2018 and in 2019 applied or explained such policy in accordance to CG Code 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.	<p>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.</p> <p>Remark:</p> <ul style="list-style-type: none"> <li>- As at 31 December 2019, the Company has no independent director who has position longer than 9 years. Currently, there are 3 independent directors who are in their positions not exceeding to 9 years.</li> <li>- During 2019, one Independent director who had position exceeding to 9 years, retired with effective on 7 August 2019 onwards.</li> </ul>
Board of Directors has disclosed CEO's remuneration policy for short-long term performance	<p>Considered by Remuneration and Compensation of CEO, the Company disclosed CEO's remuneration in the form of salary, bonus and provident fund, underlying the topic "the Board of Directors and Management Structure" as part of</p> <p>However, compensation and remuneration made to the CEO, 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 CEO's performance by comparing the stated operating goals and objectives on an annual basis (short term/long term), in 2019 the result of the evaluation of CEO's performance is "Excellent".</p>

- 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 2017, 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
  - 1.6 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.
  - 1.7 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 2017, no minority shareholders had proposed the name(s) of person(s) to be nominated as the Company's director(s).
  - 1.8 The Company has announced Code of Ethics and Conducts Policy as a guideline for all employees. 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. 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".

- 3.1 In the Year 2019, 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, as well as 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".

- 4.1 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. Meeting of the Board of Directors

- 6.1 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.

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.

- 6.3 In the Year 2019, the Board of Directors' meetings were held eleven (11) times. Details of the Board meetings are stated under the topic "the Board of Directors and Management Structure".
- 6.4 The Chairman, the Chief Executive Officer and Company's secretary will co-determine 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.
- 6.5 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.
- 6.6 The Board of Directors can invite any relevant executive or personnel for inquiry during the meeting. In the Year 2019, 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.
- 6.7 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.
- 6.8 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.
- 6.9 In each meeting, the 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.

## 7. 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 2019, the Board of Directors' meetings (Non-Executive Directors) were held one (1) time on 12 December 2019.

## 8. Self-Evaluation by the Board of Directors

8.1 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.

8.2 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 and Remuneration Committee present the result and the trend to improve operational performance the Board of Directors.

8.3 Annual Performance of the Board of Directors

Year of Annual Performance of the Board of Directors	Evaluation Date	Overall Performance (Committee)	Overall Performance (Individual)
2018	6 August 2018	"good to excellent"	"good to excellent"
2019	20 January 2020	"good to excellent"	"good to excellent"

For the Year 2018 Annual Performance, the Board of Directors conducted self-evaluation and peer-evaluation on 6 August 2019 with both evaluation are evaluated as 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 2019 Annual Performance, the Board of Directors (self-evaluation and peer-evaluation) has set the evaluation date on 20 January 2020 and maintained evaluation as “good” to “excellent” level.

## 9. Self-Evaluation by the Sub-Committees

9.1 Various sub-committees such as Audit Committee, Nomination Committee and Remuneration Committee also conducts 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 6 August 2019 with the result of good to excellent while performance for the year 2019 has made on 20 January 2020 with the result of good to excellent. Both years are inclusive of self-evaluation and peer-evaluation.

9.2 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 and Remuneration Committee present result and the trend to improve operational performance the Board of Directors.

### Annual Performance of the Sub-Committee and CEO

Sub-Committees (Audit Committee, Nomination and Remuneration Committee, Good Corporate Governance Committee)				CEO
Year of Annual Performance of the Board of Directors	Evaluation Date	Overall Performance (Committee)	Overall Performance (Individual)	Overall Performance
2018	6 August 2018	“good to excellent”	2018	“excellent”
2019	20 January 2020	“good to excellent”	2019	“excellent”

## 10. Remuneration and Compensation

10.1 Directors' remuneration and compensation are determined based on 4 criteria ,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".

10.2 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. In 2019 the result of the evaluation of CEO's performance is "Excellent".

## 11. 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 since 2018 onwards and to promote implementation of, and compliance with CG Code and adopted into good corporate governance policies. For the CG Code can be classified into 8 principles as follows:

	<u>CG Code</u>		<u>CG Principles</u>
<u>Principle 1</u>	Establish Clear Leadership Role and Responsibilities of the Board	(5)	Responsibilities of the Board of Directors
<u>Principle 2</u>	Define Objectives that Promote Sustainable Value Creation	(5)	Responsibilities of the Board of Directors
<u>Principle 3</u>	Strengthen Board Effectiveness	(5)	Responsibilities of the Board of Directors
<u>Principle 4</u>	Ensure Effective CEO and People Management	(3)	Roles of Stakeholders
<u>Principle 5</u>	Nurture Innovation and Responsible Business	(3)	Roles of Stakeholders
<u>Principle 6</u>	Strengthen Effective Risk Management and Internal Control	(3)	Roles of Stakeholders
<u>Principle 7</u>	Ensure Disclosure and Financial Integrity	(4)	Disclosure and Transparency
<u>Principle 8</u>	Ensure Engagement and Communication with Shareholders	(1) (2)	Shareholders' Rights Equal Treatment to 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 2019, 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 Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee and the Chairman of the Good Corporate Governance Committee attended the meeting.

Incomplete	Reason
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 Nomination and Remuneration Committee, the Chairman of the Good Corporate Governance Committee, the Chief Executive Officer, and Top Management had attended the meeting.

## 12. 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 2019, the Company had reviewed and refined significant policy, for instance, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) and Proliferation of Weapon of Mass Destruction Policy, IT System Management Policy, Amendment of guideline on punishment of capital persons , Code of Ethics and Conducts Policy and Anti-Corruption 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 Risk Management 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.

### 13. Conflict of Interest

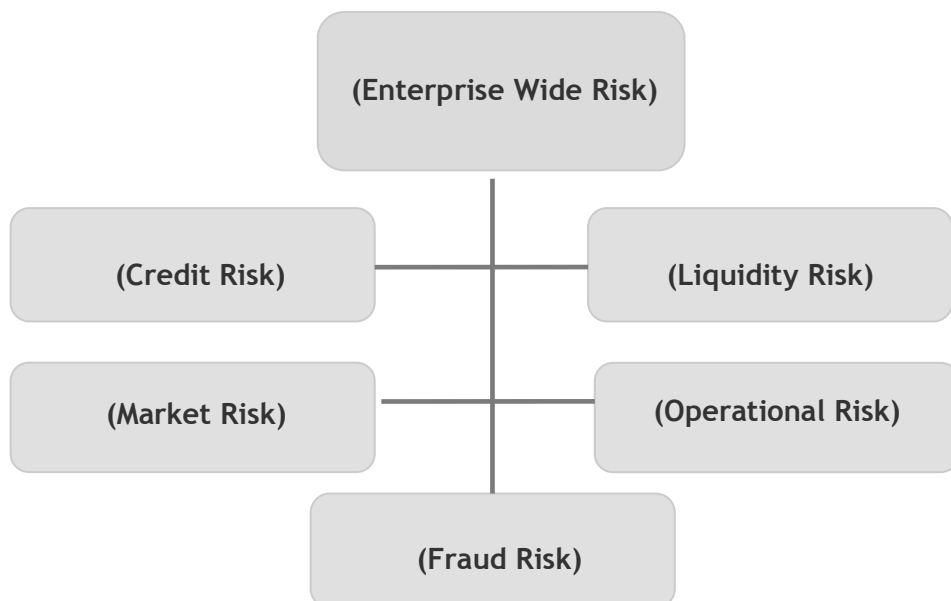
The Board of Directors set up a clear policy and operational guideline regarding consideration and approval of matters that may cause conflict of interest. Directors shall disclose their conflict of interest prior to the meeting, if any. Directors are not allowed to attend or vote in the meeting should 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 2019, there was no related transactions, however transactions had been considered by the Audit Committee prior to submitting the proposal to the Board of Directors for consideration. Related transactions were disclosed in the financial statements.

#### 14. 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. Details are indicated in “Principle 6: Strengthen Effective Risk Management and Internal Control.

## 15. Development of Directors and Executives

- 15.1 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.
- 15.2 The Company's succession plan is to be agreed and considered from the Nomination and Remuneration Committee prior to propose to the Board of Directors for approval.
- 15.3 The Company encourages and facilitates training and development for its staff. In 2019, it sent the Company's secretary, Audit Committee's secretary and legal officer 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
Readiness for Change to Digital Investment by SET	27 March 2019	Mr. Montree Sornpaisarn
Digital KYC by ASCO	29 April 2019	Executive Committee
Impact of Data Protection Law Act by Chulalongkorn University	18 June 2019	Mr. Montree Sornpaisarn
Director Accreditation Program by IOD	15 November 2019	Mr. Koh Swee Ong
Director Accreditation Program by IOD	15 November 2019	Mrs. Hamidah Binti Moris
Open opinion... One Report	7 October 2019	Ms. Chananya Vilamard

## 16. Remuneration of Auditor

### 16.1 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 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.

- For the Year 2019, 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 2,700,000 Baht.

## 16.2 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.

### Principle 4 Ensure Effective CEO and People Management

#### 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.

### Principle 5 Nurture Innovation and Responsible Business

The Company has oversight on information technology management both corporate level and overall regional management by Group Information Technology Steering Committee: GITSC. IT Risk Management, a part of Operation risk , is provided monitoring and reporting result to Management Risk Committee : MRC of the Company and the Maybank Group. In relation to check & balance, the Company has Internal Audit Department and Group Internal Audit to provide technical IT audit result and reported to Audit Committee for monthly updating /improvement technical work in process.

The Company has IT Security Policy to be aligned with the Maybank Group and proceed the measures on IT Risk Management as follows:-

- Annual Business Continuity Management
- Annual Cyber Security Incident Response
- IT Asset Management, including audit management process on IT obsolete assets
- Penetration Test and Vulnerability Scan

In addition, The Company has IT Innovation Team to develop new application to drive integrated service on Company's products during the change in Digital age as well as to support alignment with corporate strategy for new business in the future.

## Principle 6 Strengthen Effective Risk Management and Internal Control

### 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 specifies additional requirement for Marginable account and Derivatives account in which the credit line and margin loan given to the clients will be classified into two categories including the credit line for margin loan which is evaluated by the client’s financial status and the credit which will be varied by the amount of collateral deposited.
- 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 developed and implemented the so-called “**Risk Management Policies and Guidelines-Market Risk**” 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 developed and implemented the so-called “risk ceiling level”, level of warning signs and stop-loss trigger actions.

## 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

- As operational risk is embedded in all processes and the risk that company focus and define clearly policy and provide the RCSA and KRI to analyze risk and to find out 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 policy of regulators are implemented.
- Standard working procedures in written form are developed and implemented, with the independent Compliance 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) and follow up and test annually.

## 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 risk 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 (CAC) on 22 January 2016. And, renewal CAC certification on 18 October 2019.

### 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 2019, the Company had reviewed and refined significant policy, for instance, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) and Proliferation of Weapon of Mass Destruction Policy, IT System Management Policy, Amendment of guideline on punishment of capital persons , Code of Ethics and Conducts Policy and Anti-Corruption 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 Risk Management 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.

### **Conflict of Interest and Preventive Policy regarding use of Confidential Information**

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.

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 2019, no directors, management and employees who may be exposed to the Company's non-public financial information violated the Company's securities trading policy.

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 2019, all directors and management were in full compliance with such reporting requirements.

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 2019, none of the directors and management had any potential conflict of interest with the Company.

The Company has a policy in which Audit Committee will consider any connected transaction 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 2019 the details on topic "connected transactions".

### **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.

### **Whistle Blowing**

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](mailto: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.

### **Safeguards**

Provided Company's safeguard for whistleblowers as follows:-

- (1) Committed to protect any Employee who has made a disclosure on wrongdoings involving other Employees.
- (2) in raising a concern, the Whistleblower shall not be subjected to any discrimination or unfair treatment
- (3) If the Whistleblower believes that he/she has been subjected to discrimination, retaliation, threats or harassment for making the disclosure, he/she may highlight the matter to the Designated Recipient

- (4) The Company shall ensure details of the Whistleblower and all relevant matters pertaining to the report would be kept confidential so long as permitted by the relevant laws.

Provided Company's safeguard on filing complaint as follows.

- (1) check evidence and related compliant documents from the Recipient
- (2) propose to the Audit Committee for consideration on fact
- (3) provide additional investigate on violations the rules, process, fraud or corruption or disciplinary action for employees
- (4) Industrial Relations (IR) proceeds on disciplinary action and reports to Audit Committee

## **Principle 7      Ensure Disclosure and Financial Integrity**

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:
  - 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 registration statement (Form 56-1), annual report (Form 56-2), Management Discussion and Analysis, and quarterly financial statements via the SETLink 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 2019, 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. In addition, the Company provided quarterly Management Discussion & Analysis (MD&A) as a purpose of giving a better understanding for investors to acknowledge the change of Company's financial position and operating results.

The Board of Directors assigned relevant departments to take of sustainability report as a part of Company's Annual Report on continuous basis while Corporate Communication Department is in charge of providing information service i.e. Company's news and activities and communicating corporate information to shareholders and investor by way of accuracy of information disclosures via various channels such as publication, company's website, newspaper, on-line medias, seminars and press conference, etc. As aforesaid corporate information will provide bilingual languages in Thai and English version thru company's website, social media such as Facebook regularly, including promoting/publicizing information by any IT application.

## Principle 8 Ensure Engagement and Communication with Shareholders

### 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 2018, the Company made dividend payment at the rate of Baht 0.68 per share, or a payout ratio of 99% of net profit of Year 2018 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 2019, the Company had made an interim dividend payment at the rate of Baht 0.68 per share, or a year-ended payout ratio of 152% of year-ended net profit of Year 2019.

## 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 October 15, 2018 to January 22, 2019.
- 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 13, 2019 to March 23, 2019.
- 2.3 The Company notified shareholders of the resolutions from the meetings of the Board of Directors regarding date, time, place and meeting agendas 49 days prior to the date of general shareholders' meeting via the SET Link system.
- 2.4 The Company informed its shareholders via the SET Link System that it posted notice of its shareholders' meeting on its website 33 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 33 days prior to the date of meeting as the place for shareholders' meeting has been prepared for the shareholders' convenience of transport. In 2019, the Company arranged the place at Arnoma 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 21 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 conducted 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 2019, 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 SETLink 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 (Zero Tolerance Policy), 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 (RSCA: Risk Control Self-Assessment) 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. Whistle Blowing**

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 compliant 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;

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  - 1-800-38-8833 (A toll-free number in Malaysia)
  - 603-20268112 (For a call from outside Malaysia)
- ii. E-mail: [whistleblowing@maybank.com.my](mailto:whistleblowing@maybank.com.my)
- iii. 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.

### **Safeguards**

Provided Company's safeguard for whistleblowers as follows:-

- (1) Committed to protect any Employee who has made a disclosure on wrongdoings involving other Employees.
- (2) in raising a concern, the Whistleblower shall not be subjected to any discrimination or unfair treatment
- (3) If the Whistleblower believes that he/she has been subjected to discrimination, retaliation, threats or harassment for making the disclosure, he/she may highlight the matter to the Designated Recipient
- (4) The Company shall ensure details of the Whistleblower and all relevant matters pertaining to the report would be kept confidential so long as permitted by the relevant laws.

Provided Company's safeguard on filing complaint as follows.

- (1) check evidence and related compliant documents from the Recipient
- (2) propose to the Audit Committee for consideration on fact
- (3) provide additional investigate on violations the rules, process, fraud or corruption or disciplinary action for employees

- (4) Industrial Relations (IR) proceeds on disciplinary action and reports to Audit Committee

### **Fair and Equal Treatment to Shareholders**

In the Year 2019, 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 2019 was held on April 1, 2019 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 21 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 2019, 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 October 15, 2018 to January 22, 2019 (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 2019 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 and Remuneration Committee will consider the qualifications of the proposed person in accordance with the specified guidelines. In the Year 2019, 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 2019, shareholders were allowed to submit questions from February 13, 2019 to March 23, 2019. 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 2019 AGM, 124 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 48 days prior to the date of the general shareholders' meeting via the SET Link system.
8. The Company informed its shareholders via the SET ELCID System that it has posted the notice of the shareholders' meeting on its website 34 days prior to the date of the meeting 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, disclosed on February 27, 2019 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 21 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. In the Year 2019, 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. In the Year 2019, 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 2019, 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. In the Year 2019 Connected Transaction is provided in the topic "Connected Transactions".



## 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. Under the management of the HR department, the Company provides varied fields of training, such as new trading programs, knowledge on investment, workshop training in various activities and etc. This aims at equipping employees with the knowledge that they can apply to the daily life. The Company constantly improves employees' potential at all levels so that they can provide accurate information and excellent customer service covering its 35 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 organisation. And this will make us a learning organisation 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
 <b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Create a good performance.</li> <li>• Make profits grow continuously and firmly.</li> <li>• Operate business with prudence, transparency, ethics and integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting of Shareholders.</li> <li>• Provide information through “Opportunity Day” event.</li> <li>• Communicate through various channels such as website, email, phone, etc.</li> <li>• Receive feedback and complaints.</li> </ul>
 <b>Clients</b>	<ul style="list-style-type: none"> <li>• Service with quality</li> <li>• Service with ethics, transparency and verifiable</li> <li>• The service is fair, not take advantage over the clients.</li> <li>• Keep the customer’s information confidential.</li> </ul>	<ul style="list-style-type: none"> <li>• There are channels to communicate with customers.</li> <li>• Customer Satisfaction Survey</li> <li>• Get feedback and complaints.</li> </ul>
 <b>Trading partners, Business partners, Creditors</b>	<ul style="list-style-type: none"> <li>• Doing business in good faith, not taking advantage over them.</li> <li>• Treat them with prudence, transparency, ethics and verifiability.</li> <li>• Having a fair and transparent process of work and selection.</li> </ul>	<ul style="list-style-type: none"> <li>• There are channels to communicate with customers.</li> <li>• Get feedback and complaints.</li> </ul>
 <b>Society and environment</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage the community to participate in the activity.</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Continuously hold staff’s potential development trainings.</li> <li>• Set up a workplace and a good working environment to be safe and appropriate for working.</li> <li>• Provide employee benefits to help employees improve their quality of life.</li> <li>• Comply with the requirements of human rights</li> <li>• Treat employees fairly and equally.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a workplace and a good working environment to be safe and appropriate for working effectively.</li> <li>• Provide channels for communications</li> <li>• Get feedback and complaints.</li> </ul>

The Company has conducted its business under ethics and code of conduct in year 2019 to assure sustainable growth as provided below:



## 1. Good Governance

The Board of Directors of Maybank Kim Eng Securities (Thailand) Public Company Limited attaches great importance to fair business operations by creating good corporate governance guidelines. The Company is confident that good corporate governance will help prevent damage from carelessness and helps it to be more efficient in managing and using resources. It shall as well as create credibility for all stakeholders. In addition, it shall give 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

Certified and awarded by Thailand’s Private Sector Collective Action Coalition Against Corruption by January 22, 2016, the Company has zero tolerance policy for any corruption or bribery.

In addition, the Board of Directors has established the Zero Tolerance Policy, including the prohibition of bribery for business interests of the Company as well. The Company has a process to regularly assess the risk from corruption that may occur from its business operations (RCSA: Risk Control Self-Assessment) and review the risk management measures to be at Zero-Tolerance level. Furthermore, it also establishes guidelines for supervision to prevent and monitor the risk of possible corruption. The Company’s internal audit department is responsible for monitoring and evaluating the implementation of the anti-corruption policy and proposing to the board of directors. Note that the company has organised train-

ing for employees at all levels to be aware of the said policies and guidelines.

In the year 2019, the Company continuously communicated and organised trainings to educate employees about anti-corruption policies and practices, including related policies covering business ethics, gifts and entertainment and conflict of interest policies. Employees can access information on various policies through the company’s intranet, including taking examination on rules and operations through the intranet. The results would then be evaluated to see what level of knowledge and understanding the employees have. This is to improve communications among employees to understand thoroughly and be aware of their role in promoting anti-corruption. In addition, the Company encourages all employees to be aware of the culture of good corporate governance (Compliance culture) as well.

The Company has guidelines on supervision and monitoring, evaluating and preventing risk from corruption which is defined as follows:

1. Assign management and staff to regularly self-assess their performance in compliance with the good corporate governance and business ethics manual.
2. Arrange for the Internal Audit Department to check the internal control systems, fraud risk management and provide ongoing recommendations. Conduct an audit in accordance with the internal audit plan approved by the audit committee and report significant audit results and recommendations to the audit committee.
3. Arrange for the inspection process, assess internal control and risk management that covers various important work systems such as procurement, contract preparation, to prevent and monitor the risk of corruption as well as providing appropriate suggestions.
4. Provide channels for receiving clues or complaints regarding violation of laws or the company's code of ethics or guidelines for preventing involvement with corruption or doubts in financial reports or internal control system. The company has a policy to protect information providers and will keep the information confidential.



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

The Company gives importance to educating investors, general public, including public and private institutions in order for them to instill knowledge on saving and investment while encouraging everyone to gain more insights about saving money through the capital market and risk diversification. As of now, the Thai society tends to become an aging society, where the working class must bear the burden of raising the elderly. 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 maximising gaining to incorporate with the inflation through trading, etc. Therefore, providing knowledge to general public will emphasise on the knowledge in concerning

with the investment in the facet of long term saving for earning a living. Thus, a large number of trainings for the new investors have been continuously organised.

However, the Company shall not neglect to provide knowledge to investors with professional basis and has already invested in the equity market. Such education will focus on techniques and knowledge about new products other than common stocks such as Single Stock Futures, Block Trade and Derivatives Warrants, which are suitable for high-risk taking investors who look for higher returns.

In 2019, the Company has organised investment education activities for a total of over 420 hours with a total of more than 150,000 people attended.





## 4. Fair employment practices

### • Overview

The Company has its fair employment practices that are in line with all relevant policies and guidelines according to the human resource policy. It encourages personnel to be good, honest, considerate, trustworthy and respected by all stakeholders. They must focus on working righteously, transparent and takes into account the environment and benefits for all. The Company is focusing on encouraging personnel to strive for work achievement, binding on the success of the organisation and unity at work. It continues to promote and develop personnel to be experts, specialised in their tasks, whose work is evident at all levels. The company provides fair and appropriate compensation and welfare for the employees so that they have a good quality of life, stable and safe, with career opportunity and progress in working according to their ability and praise.

As of December 31, 2019, the company had a total of 882 employees, divided into 545 staffs as Investment Consultants and 337 operational staff with no temporary ones.

For the year 2019, 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 11, 2019.
2. The Gold medal award ceremony for employees who have a long service in the Maybank Group Long Service Award project. The award is presented to honour staffs for their intention and dedication for the company with integrity. The event was held on March 8, 2019.
3. Branch Manager Convention 2019. A 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. The event was held on March 16, 2019.
4. Regional unity sports called Maybank Kim Eng Regional Games is held to strengthen the relationship between Maybank Kim Eng Group employees from various countries. The competition is divided into 5 sports and activities, namely golf, bowling, badminton, pool and karaoke singing competition. The event was held on March 30, 2019.
5. Training session to inspire and enhance knowledge for employees in the position of investment consultant on the topic “IC with the bang, enhance and strengthen sales skills” was held on June 1, 2019.
6. The regional unity sports event called Maybank Carnival 2019 takes place in Malaysia. To strengthen the relationships of employees in the Maybank Group from various countries. The company has sent athletes from Thailand to compete in 3 types of sports, namely football, badminton and basketball on November 1-3, 2019.
7. Leading the Sales Conqueror Workshops, one class, on September 7-8, 2019 and Together We Conquer, 2 classes, on September 21-22, 2019 and November 16-17, 2019. The workshop is hosted by a world-class professional speaker Dr. Lawrence Walter NG from Malaysia attended by branch managers, team leaders, investment consultants and operating staff both from the headquarters, Bangkok and provincial branches.

#### • Compensation for employee benefits

The Company considers every employee to be the most valuable resource. We therefore attach importance to taking care of our employee in all aspects, promoting them to have good physical and mental health. We help ease the burden of staff expenses by providing certain benefits covering the employee's family members and taking into account the appropriate compensation including working conditions as stipulated by law.

The Company also reviews the compensation rate and welfare allocation regularly to ensure that the compensation is at a level that is competitive in the same industry.

Providing appropriate welfare for employees. All employees receive other benefits aiming to reduce the burden of expenses, including promoting the well-being of employees, including their family members to have good health which is good for the operation and living. The Company has released these benefits to all employees to acknowledge their rights via employee handbook and the company's intranet system. Those welfare are as follows:

- Subvention, such as subvention for funeral of employee's spouse or parents. That includes other allowances.
- Loans, such as housing loans, auto loans and etc.
- Funds, such as provident funds, Workmen's Compensation Fund, Social Security Fund.
- Health and life insurance. The Company has provided life and health insurance for all employees. It has also provided health insurance for staff's spouse and children as well.

In addition, in the year 2019, the Company attaches importance to employee health by pro-

viding influenza vaccination at a special price. And more importantly, there is special benefit which employees can have an annual health checkup at the participated hospitals for free of charge following employee's package allowance; any additional checkup will be absorbed by the employee but at special price rate.

#### • Respect for human rights

The Company realises and pays attention to the principles of human rights, which are fundamental human rights. It learns that the principles of human rights are the cornerstone of peaceful coexistence which is an important part of adding value to human resources, an important factor for businesses. It enhances value and increase efficiency of employees without discriminating while promoting equality within the organization. It gives importance to rights in personal information, respect the rights and freedom of expression, not discriminating gender and status. Our guidelines are as follows:

- Support and respect human rights by not supporting and not engaging in or violating human rights, such as not using child labour and illegal labour. It is against all forms of sexual harassment.
- Providing the highest standards and equal service to people of all genders, all ages, all statuses, all nationalities and all religions.
- Providing equal employment opportunities for personnel, including the employment of people with disabilities.
- Implementing policies and measures regarding the security of personal information of customers, including the internal control system
- Give employees the opportunity to make a complaint regarding human rights violations.



The Company also has a concrete policy to prevent sexual harassment within the organisation. The sexual harassment is considered a serious crime. The Company has demonstrated in all forms intolerance of sexual harassment and defining acts that are considered sexual harassment, such as unwanted verbal expressions about sex, sexual intimidation, publication of pornographic content or images or depictions of sexual harassment.

In this regard, the company has stipulated penalties for offenders in such matters and provides a channel for whistleblowing. The complaints will be kept confidentially.

#### • Occupational safety and health and working environment

The Company has put the importance of security policy as well as occupational health and safety in the working environment in the same level as other business objectives. Therefore, the Company has set up the Ergonomics Committee in which the roles and responsibilities are in compliance with Labour Protection Act.

The Company announced the policy on occupational safety and health and working environment as follows:

- Safety, occupational health and working environment is considered to be the duty of every employee to perform.
- The Company supports the announcement of regulations, rules and guidelines regarding safety, occupational health and working environment that are appropriate in accordance with relevant standards and laws.
- The Company follows up, monitors, assesses, controls hazards and provides improvements in the work environment, including in the workplace.
- The Company disseminates knowledge and continuously raising awareness on safety, occupational health and working environment for executives and employees.
- All employees must strictly comply with regulations regarding safety standards, occupational health and working environment and various related requirements.
- The Company continues to follow up, evaluate performance and develop safety, occupational health and working environment systematically and continuously.

### Safety Vision

- Focus on employees' health and wellness
- Create a suitable and safe working environment for employees
- To improve work efficiency and create good quality of life for employees

### Safety Mission

- Provide knowledge and create awareness about safety at work for employees
- Assess and control various hazards that will affect employee health
- Maintain a safe workplace
- Empower employees to have good physical, mental, emotional and social well-being.

## Activities for Society and Environment

Throughout 2019, the Company organised social activities based on the United Nations' model that focuses on dimensionally development, linking together economy, society and environment. This is called the Sustainable Development Goals (SDGs), consisting of 17 goals, which is important as a standard of activities for sustainable society. The Company has divided its social activities in connection with the sustainable development goals, as detailed below.



### 1. Educating clients and investors

- Regular investment education activities for clients and investors

The company realises the importance of providing customers and investors with knowledge and understanding as well as focusing on creating experience about products and services. It also educates the clients and investors by giving tutorial how to use devices or applications so that they can invest more efficiently. The purpose is to support innovation and new technology that is an important factor affecting the perception and understanding of customers and investors correctly. Given the regularly changing lifestyle of customers and investors, the Company is aware and attaches importance to providing knowledge and understanding of products and services. Because it is believed that if customers or investors have received the correct knowledge and understanding then they will be able to apply and use them for investments with maximum efficiency and maximum benefit. Therefore, the Company remains committed to holding seminars and trainings to cover customers and investors nationwide, both in Bangkok and in other provinces. At the same time, it also invites various speakers with knowledge and expertise in each area, both for organisations and institutions, to train and provide knowledge and exchange experiences with clients and investors regularly. For the year 2019, the Company has provided investment knowledge activities for customers and general investors, totalling 140 hours. Participants are the seminar attendees and listeners via Facebook and Youtube.

- Seminar on tour for clients in provinces

In the year 2019, the Company organised a series of seminar on tour to educate clients and investors. A number of experts and analysts were invited to meet closely with clients. They include a seminar on Investment in Thai stock market in Nakhon Ratchasima, Investment strategy for 2020 in Ubon Ratchathani, Investment strategies for the new government in Chiang Mai, Outstanding stocks for 2H19 in Nakhon Si Thammarat, Invest in good stocks to make a profit in Nakhon Pathom and the hot top pick stocks in Chonburi.

#### Investment in Thai stock market in Nakhon Ratchasima



### Investment strategy for 2020 in Ubon Ratchathani



### Investment strategies for the new government in Chiang Mai



### Outstanding stocks for 2H19 in Nakhon Si Thammarat



### Invest in good stocks to make a profit in Nakhon Pathom





### Hot top pick stocks in Chonburi



### • Organising seminars for educating investors and the general public

In the year 2019, the Company has focused more on creating experience for the public and general investors by inviting the main speakers from the Company whether it is the Derivative Business Department (FOS), the Research Department or the Equities & Commodities Derivatives Group etc.

### Seminar on Creating Opportunities for Profit in Options with Streaming in Bangkok



### Investor classroom seminar in Khon Kaen



### Investor classroom seminar in Chiang Mai



### Block Trade and DW seminar in Bangkok



#### • Seminars to provide knowledge to institutional clients in Thailand

In the year 2019, the Company's securities department continuously organised educational activities for institutional clients in the country, which this year held a total of 90 hours. The objective was to focus on educating institutional clients on new technology and innovation that may affect investment in the current economic conditions. The Department of Securities has invited experts in the field of technology and innovation as well as famous bloggers who have been popular in the field of investment to provide knowledge and exchange of experience on a regular basis. Seminars include Libra ... the World's Digital Currency, Dawn of Construction Era, Exclusive Talk on Disruption or Supporter of Thai Retailers, Mini Malaysia Corporate Day, Real Estate Day, and Corporate Day - the Survivors on Low Rate Cycle and a seminar to present the business direction of Singha Estate Public Company Limited and etc.







## 2. Youth and education

- Training and introduction of investment knowledge to youth and educational institutions

In the year 2019, the Company foresees the importance of youth in terms of education and understanding of the securities business and starting to invest even more. The Company realises that young people should have knowledge and understanding in finance and investment whether it is in terms of education, the importance of investment as well as choosing the use of investment tools that are most appropriate and effective. Because the company thinks that young people are a group of people who can affect the economic driving force. Once they have knowledge and ability in financial management to maintain good conditions, it will lead to the overall economy of the country. The Company therefore has provided basic training on securities business, knowledge in

working in the financial business profession such as Research, Investment Banking, including Marketing Consultant, etc. The students from educational institutes visited the company in 2019 as follows: Faculty of Arts, Department of Western Languages, Chulalongkorn University, Finance and Banking, Faculty of Economics, Stamford International University and Faculty of Engineering, Chulalongkorn University. It also includes activities and educational booths at various institutions such as the Maybank Go Ahead Challenge 2019, a business competition programme that invites students to participate in the competition at the international level. The winner of the competition and being selected as a representative of Thailand has the right to compete for the prize money and internship opportunities with the Maybank group with branches all over the world as well. In the year 2019, the company has organised activities to provide investment knowledge to educational institutions for a total of 20 hours.





### 3. Society, community, and environment

- Initiating a new GEN pay attention to 3R project

In the year 2019, the Company has focused on environmental diversity because it is aware of the effects that are currently occurring from global warming. The Company is committed to being an organisation with an environmental conservation consciousness. It therefore has initiated a “New GEN pay attention to 3R” project to raise awareness among employees to campaign against plastic use called “Say NO to Plastic”. The purpose is to raise awareness and cultivate values in preserving nature. The project focuses on providing knowledge on how to help reduce the use of plastic, the different types of plastic, to help reduce global warming. It presents as a center for

delivering used equipment (such as plastic waste) to the relevant organisation or departments in order to be recycled and reused to benefit further by aiming to create awareness and cooperation among employees as well as customers and general investors by communicating, creating understanding and awareness as follows.

**Raising awareness on environmental preservation for employees.** It is a form of communication within the organisation that focuses on creating a form of education, including encouraging participation in various activities and campaigns, such as the Global Warming Slogan Campaign contest and a photo contest on global warming, as well as encouraging employees to stop using plastic bags by using Eco Bags instead.





**Create awareness among customers and general investors.** It is an external communication method that focuses on creating awareness among customers or investors regarding policies and intentions that the Company wants to participate in and help reduce global warming through several channels including ATO and Facebook LIVE. The programme encourages viewers to take part in a game where they answer questions related to global warming to win prize such as souvenirs as global warming bags, etc.

#### • Plastic waste separation campaign

The Company has also set up recycling boxes for plastics that can be recycled, prepared by the Corporate Communications Department, to be a center for collecting various types of plastics that can be recycled or reused. There are 3 types of plastic recycling boxes which are divided into clear plastic bottles, plastic cups and plastic bags. In total 1500 waste plastic bottles and cups, collected from the Company's employees

within 2 months, were donated to Chak Daeng Temple, Samut Prakan Province for weaving yellow robe mixed between cotton fiber and polyester for monks to use. This is under “Khung Bang Kachao Project”, initiated by PTT Global Chemical Public Company Limited which is a garbage disposal project established by Chaipattana Foundation, cooperating with 34 organisations, for green space development at Bang Kachao, Samut Prakan Province for developing well-being and economic growth of people in the area. This project is the continuous sustainability to cultivate awareness on environmental preservation for our employees. In addition, we collected 1 large bag of plastic bags and donated to the “Green Road” project for production of “Recycle Road Block”. The project is under the research team and students of construction technology, Chiang Mai Rajabhat University. They demonstrate the recycling road from plastic waste in Samut Songkram province, “Rom Hup Mae Klong Market” which has sustainable development goals (SDGs) in line with the 13<sup>th</sup> goal of the implementation of urgent measures to cope with Climate Action and Climate Change.



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

The Company keeps focusing on social and environmental care. In December 2019 the Company acted 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 500 pieces of aluminum cans and 7,000 pieces of aluminum caps in total. This is in line with the 10<sup>th</sup> goal of the Reduced Inequalities (both domestic and international).



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

In the year 2019, the Company continued to realise the importance of the group of persons with disability by recognising 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 organising activities to gather old calendars that have not been used from the previous year from employees of 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. More than 1,000 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 is in line with the 10<sup>th</sup> goal of the Reduced Inequalities (both domestic and international).



- Global CR Day activities to maintain ecosystems with coral planting, releasing baby sharks and clownfish into the sea

In 2019, the Company continued to carry out environmental conservation activities from 2018 that focus on sea environment conservation aiming to maintain the ecosystem and create a continuous balance for the sea. And in July 2019, Maybank Kim Eng Securities (Thailand) won the Cahaya Kasih President's Award for Best CSR Activity from the Maybank Foundation in the Best CR Environmental Diversity Initiative (Top 20 Initiative 2018/2019) from the "SAVE THE SEA 2018" event. And in 2019, the Company selected Tawan Ron Beach, Chonburi Province, as a place for a protected area and restoring marine ecosystems in order to continue activities in 2018. The project released baby sharks and clownfish into the sea and planted corals to preserve the ecosystem and create a balance for the sea. The Company was opted to organise activities at the Naval Command Unit in Sattahip district of Chonburi province, be-

cause 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. This activity is a social contribution activity that the Maybank Group values and encourages affiliates of the Maybank Group to continuously carry out. It is held continuously every year with more than 19,000 volunteers participating in activities all over the world on 24 August 2019, which is the Global CR Day, in which all the affiliated of Maybank perform CSR activities together. This is consistent with the 14<sup>th</sup> goal, on the issue of conservation and sustainable use of oceans, seas and marine resources for sustainable development (Life Below Water).





## • Computer for Children of the Mirror Foundation project

In 2019, the Company initiated a project to donate unused computers and IT equipment that still in a working condition for children and young people in needy schools, including agencies or organisations lacking in various provinces. The purpose is to share the opportunity with children and youth in education and to increase access to technology. Because the Company recognises that technology is an important part of the development of education and influence the living conditions in today's world. It can also be used as a medium for learning and teaching via the internet. The Company has partnered with the Mirror Foundation, which acts as a coordina-

tor to deliver those used computers to schools or agencies in the provinces. Each donation consists of computers and unused IT equipment, from the head office and various branches throughout the country, such as Tha Phra Branch, Chanthaburi Branch, Mahachai Branch, Lampang Branch, Chon Buri Branch, Surat Thani Branch, Phuket Branch, Hat Yai Branch, Ubon Ratchathani Branch, Nakhon Ratchasima Branch, Surin Branch, Chiang Mai Branch, etc. Throughout 2019, a total of more than 2,500 pieces are donated. This is in line with the 4<sup>th</sup> goal of equal and thorough education certification to promote lifelong learning for everyone (Quality Education).





### • Create smiles and share happiness at Baan Nokkamin Foundation

In 2019, the Company realised the importance of having a healthy life or healthy living because it is believed that the well-being will be able to lead a better life. The Company has therefore looked for communities or foundations to visit and create the activities as well as to interact with the people in it and make them as happy as physically and mentally as possible. This year the Company has chosen the Baan Nokkamin Foun-

ation as the first foundation for visiting. It provided free lunch, leisure activities, as well as giving toys and educational equipment to the children at the Baan Nokkamin Foundation. In June 2019, 60 employees participating in this activity and 45 orphans under the care of the Ban Nokkamin Foundation took part in. This is in line with the 10<sup>th</sup> goal of SGDs regarding the Reduced Inequalities.







## 4. Personnel development

- Training to educate employees on innovation and new technology

In 2019, the Company organised a total of 190 hours of training for employees as it emphasises on the importance of human resources and personnel development. It has provided training to personnel both in the investment consultant section and in the operation personnel section in order to promote the company's personnel to be well-informed, knowledgeable, skillful and exper-

tise in the workplace. That included training on knowledge of innovation and new technology (Innovation and Technology) as well as on the use of various investment tools that have been continuously developed. The Company realises that providing knowledge and developing personnel and investment consultants regularly will make the customer's investment more effective (Learning and Development) as they can give advice to customers correctly. Trainings included several topics on DW, TFEX PRODUCT, training for "IC with a bang to create power" and etc.





In addition, the Company has organised a special international training course from the International Coach “Lawrence Walter Seminars” from Malaysia. DR. Lawrence Walter NG” from Malaysia is a speaker for the training seminar for branch managers in investment consultant division. The training topics focus on the skills of being a good investment consultant (Talent and Leadership) and how to work to enhance leader-

ship skills and creativity at the same time (Talent and Leadership). The Company also provided training for staff in the operating field as well. This year, we have organised training on 2 topics: Leading the sales conqueror, once, and Together we conquer, twice. This is in line with the 8th goal of the SDGs regarding Good Jobs and Economic Growth.





## 5. Health and welfare

### • Promote health and welfare

In 2019, the Company continues to focus and give importance to employees in terms of health. To provide knowledge about how to keep employees healthy while enhancing intelligence and concentration, the Company has held “Body Combat” teaching activities for employees. The activity helps to teach how to exercise muscles and other parts. This is a teaching that was developed from teaching yoga. It is focused mainly on the female employees as they have more fragile physical structure than male employees. In addition, female staff already has basic knowledge and skills in yoga, which can make learning about Body Combat easy and promote muscle strength and efficiency. Both sports can relieve pain from

“Office Syndrome” as well. This gives benefit to both physical and mental health making the employees to be healthier and to clear the mind (Safety, Health and Well-being).

In addition, the Company is aware of the importance of having healthy and strong health. Given that the modern lifestyle, people are in a hurry, it may result in lack of rest and body care. They also face with unpredictable weather causing illness. Therefore, the Company facilitates employees by providing “influenza vaccination”, twice in 2019. This is accordance with the 3rd and 5th goals of Sustainable Development Goals (SDGs) regarding ensuring that people have a healthy life, welfare for everyone in all ages (Good Health) and the issue of achieving gender equality, develop the role of women and girls.





## 6. Sports Events

In 2019, the Company continued to promote sports events as it realises 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 badminton which has been played for a long time. Annual badminton tournament is organised 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 teams of the Association of Securities Companies and so on.

### Badminton



### Football

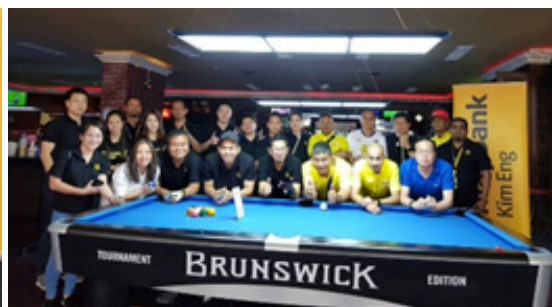


This year, the Company participated in two major international sport activities in the Maybank Group, first organised in March, hosted by Thailand as the MKE Regional Game. There are 5 sporting activities; golf, bowling, badminton, pool and karaoke activities. In the second event, the title was “Maybank Carnival Games 2019”, held in November in Malaysia. The Company sent representatives of Thai athletes to participate in 3 sporting events, namely badminton, football and basketball. The purpose of this activity is to build a regional good relationship between companies in the Maybank Group that travel to compete from around the world and also strengthen relations between the working teams within the same work group in the international working group.





MKE Regional Game



Maybank Carnival Games 2019



## ◆ Audit Committee's Report ◆

The Audit Committee of Maybank Kim Eng Securities (Thailand) Public Company Limited currently comprises of 3 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 <sup>(1)</sup>	Member of the Audit Committee and Independent Director
3.	Mr. Hans Johan Patrik Sandin	Member of the Audit Committee and Independent Director
4.	Dr. Areepong Bhoocha-Oom	Member of the Audit Committee and Independent Director

<sup>(1)</sup> Retirement wef. 7 August 2019

For the Year 2019, the Audit Committee held 10 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:

2019		Ms. Sopawadee Lertmanaschai	Mr. Yuth Vorachattarn	Mr. Hans Johan Patrik Sandin	Dr. Areepong Bhoocha-oom	Auditor
No.	Date of Meeting					
1/2019	28 Jan 19	●		●	●	● (2018 Financial Statements)
2/2019	20 Feb 19	●	●	●	●	-
3/2019	20 Mar 19	●	●	●	●	-
4/2019	30 Apr 19	●	●	●	●	● (Q1/19 Financial Statements)
5/2019	14 May 19	●	●	●	●	-
6/2019	18 Jun 19	●	●	●	●	-
7/2019	31 Jul 19	●	●	●	●	● (Q2/19 Financial Statements)
8/2019	27 Sep 19	●			●	-
9/2019	31 Oct 19	●		●	●	● (Q3/19 Financial Statements)
10/2019	11 Dec 19	●		●	●	-

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 2019 were as follows:

1. The Audit Committee reviewed 2018 financial statements and Q1/2019, Q2/2019 and Q3/2019 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 2019. 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 2019 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 2019. 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](http://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 2019, 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

## ◆ Internal Audit Control and Risk Management ◆

At the Audit Committee's Meeting No. 1/2019 on January 28, 2019 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 2018 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 Mr. Natthaphat Puangphairoite as the Acting 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 2019 and 2018 are as follows:-

Conflict of interest person	Relation	Value in year 2019 (Million Baht)	Value in year 2018 (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	134	120	<p><b><u>Brokerage Fee Income:</u></b></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><b><u>Remark:</u></b></p> <p>As at December 31, 2019 the company had its outstanding securities business receivable in the amount of THB 276 million and outstanding securities business payable in the amount of THB 42 million.</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>
		-	1	<p><b><u>Fee and Service Income:</u></b></p> <p>In accordance with the agreement</p>

Conflict of interest person	Relation	Value in year 2019 (Million Baht)	Value in year 2018 (Million Baht)	Description
		1	3	<u>Brokerage Expenses:</u> In accordance with the agreement
		2	2	<u>Fee and Service Expenses:</u> In accordance with the agreement
		1	1	<u>Dividend Paid:</u> The Company paid the dividend payment to Maybank Kim Eng Securities Pte. Ltd. in the same rate as the Company paid to other shareholders.

Conflict of interest person	Relation	Value in year 2019 (Million Baht)	Value in year 2018 (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	14	7	<p><b><u>Brokerage Fee Income:</u></b></p> <p>The Company received from Kim Eng Securities (Hong Kong) Limited at normal rate in accordance with SET's notification.</p> <p><b><u>Remark:</u></b></p> <p>As at December 31, 2019 the Company had outstanding securities business receivable of THB 211 million and had no outstanding of securities business payable.</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>

Conflict of interest person	Relation	Value in year 2019 (Million Baht)	Value in year 2018 (Million Baht)	Description
Maybank Kim Eng Holdings Limited	Major shareholder of the Company. As at August 16, 2017, Maybank Kim Eng Holdings Limited hold 475,182,790 shares or 83.25% equity stake in the Company's total paid up shares.	456  (The Company paid its dividend for January - December 2018 and interim dividend for first 6 months of year 2019 (1 January to 30 June 2019) at the rate of THB 0.28 and 0.68, respectively)	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)	<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	1	<u>Brokerage Expenses:</u> In accordance with the agreement



Conflict of interest person	Relation	Value in year 2019 (Million Baht)	Value in year 2018 (Million Baht)	Description
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary	43	30	<u>Research and Advisory Income:</u> In accordance with the agreement
		9	10	<u>Research and Advisory Expenses:</u> In accordance with the agreement

## ◆ Financial Summary ◆

### • Summary of Financial Statements

	Unit: Millions of Baht		
	2017	2018	2019
Total Assets	18,924.14	16,359.52	16,137.70
Total Liabilities	14,269.12	11,798.40	11,860.28
Total Shareholders' Equity	4,655.02	4,561.12	4,277.42
Securities and Derivatives Business Receivables	14,961.66	13,769.78	12,855.31
Total Revenue	3,261.08	2,789.37	2,402.92
Net Profit	638.63	391.29	254.75
EPS (THB)	1.12	0.69	0.45

### • Financial Ratios

	2017	2018	2019
<b>Profitability Ratio</b>			
Gross profit margin (%)	82.30	81.07	78.53
Net profit margin (%)	19.58	14.03	10.60
ROE (%)	13.35	8.49	5.76
Return on Investment (%)	18.82	10.71	16.91
<b>Efficiency Ratio</b>			
Return on Assets (%)	3.58	2.22	1.57
Total Assets Turnover (x)	0.18	0.16	0.15
<b>Financial Policy Ratio)</b>			
Liquid Assets to Total Assets Ratio (%)	12.86	6.16	12.32
Debt-to-Equity Ratio (x)	3.07	2.59	2.77
<b>Other Ratios</b>			
Investment to Total Assets Ratio (%)	10.81	3.90	10.10
NCR (%) (calculated in accordance with SEC's rules)	24.47	42.20	33.90

## Management Discussion and Analysis

### Summary of Auditor Report

Summaries of Auditor Report for the Years 2018 and 2019 are as follows:

<b>Financial statements of the Company for the Year ended 31 December 2018</b>	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.
<b>Financial statements of the Company for the Year ended 31 December 2019</b>	Ms. Ratana Jala, Certified Public Accountant No. 3734 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 2019 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 2018 and 2019 were 6.14% and 6.10% of total trading value in each respective year. 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. As at 31 December 2019, the Company's total assets, liabilities and shareholders' equity as showed on the Company's statement of financial position were THB 11,137.70 million, THB 11,860.28 million and THB 4,277.42 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. 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 2019, 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 1,246.11 million, THB 1,300.00 million and THB 8,346.57 million, respectively.

### **The Company's Competitive Strengths**

- In 2019, the Company has maintained its position as the No.3 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 35 as of 31 December 2019, the Company's total securities trading accounts were 190,228 thus allowing the Company to manage operating costs efficiently.
  2. As of 31 December 2019, the Company's total securities marketing officers were 566, and this is the largest securities marketing team in Thailand.
- Total shareholders' equity on the Company's statement of financial position was THB 4,277.42 million. As of 31 December 2019, the Company's NCR stood at 33.90%. The Company has an investment banking team which consists of 23 staff. They are responsible for 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 securities research team consists of 23 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	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Securities brokerage fee	1,839.95	56.42	1,571.00	56.32	1,282.93	53.39
Futures brokerage fee and others	137.95	4.23	183.60	6.58	138.26	5.75
Fee and service income	273.23	8.38	75.49	2.71	74.12	3.08
Gains (losses) on investments	8.96	0.28	(132.99)	(4.77)	162.81	6.78
Gains on derivatives	102.10	3.13	172.80	6.20	(124.50)	(5.18)
Interest and dividends	229.91	7.05	221.04	7.92	229.39	9.55
Interest on margin loans	596.26	18.28	640.51	22.96	565.37	23.53
Other income	72.72	2.23	57.92	2.08	74.55	3.10
Total	3,261.08	100.00	2,789.37	100.00	2,402.92	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 2018, brokerage fee (from both securities and derivatives businesses) accounted for 63% of the Company's total revenue. For the Year 2019, brokerage fee (from both securities and derivatives businesses) accounted for 60% of the Company's total revenue. The Company's securities trading clients are retail investors. Their trading volume accounted for 51.28% of the Company's total trading volume. Institutional investors accounted for 48.72% of the Company's total trading volume.

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.

For the Year 2019, the Company's total revenue was THB 2,402.92 million, declined by THB 386.45 million compared to that of the preceding year, mainly due to the decrease in brokerage fee of THB 333.41 million. Such decrease in revenue is a result of highly competitive market situation.

Ratio (%)	2017	2018	2019
Income Growth Rate	(11.11)	(14.46)	(13.85)
Expense Growth Rate	0.62	(6.56)	(9.33)
Net Profit Margin Growth Rate	(34.47)	(38.73)	(34.89)
Gross Profit Margin	82.30	81.07	78.53
Net Profit Margin	19.58	14.03	10.60
Return on Equity (ROE)	13.35	8.49	5.76

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.

In the Year 2019, the Company's gross profit margin was 78.53%, net profit margin was 10.60% and ROE was 5.76%, which were decreased from year 2018 mainly due to decrease in brokerage fee and fee and service income as mentioned earlier.

- **Brokerage Fee**

A brokerage fee from securities business decreased THB 333.41 million from THB 1,754.60 million to THB 1,421.19 million or decreased 19% due to :-

- The brokerage fee from securities business decreased of THB 288.07 million from THB 1,571.00 million in year 2018 to THB 1,282.93 million in year 2019, or declined 18.34 % due to average of SET's turnover dropped from THB 57,674 million/day to THB 53,192 million/day or decreased around 8% and individual investors are Company's main income which decreased from 40.81 % to 33.72 % so the average of individual investors' turnover are down from THB 23,540 million/day to THB 17,937 million/day or decreased around 24%.
- The brokerage fee from derivative brokerage decreased THB 25.54 million or decreased from THB 163.80 million in year 2018 to THB 138.26 million in year 2019, or 15.59 % decrease.
- Other revenues, mainly from public offering trading fees decreased THB 19.80 million, or 100% decreased from previous year 2018 which generated income THB 19.80 million while in 2019 there was no any transaction of this income item.

- **Fees and Service Income**

Fees and Service Income decreased THB 1.37 million from THB 75.49 million in year 2018 to THB 74.12 million in year 2019 due to underwriting fee decreased THB 17.37 million and Other fees and service income declined THB 3.13 million while financial advisory increased THB 19.13 million.

- **Other Income**

Other income declined THB 51.67 million from THB 959.28 million in year 2018 to THB 907.61 million in year 2019 or 5.39 % due to interest income from securities borrowing and lending decreased THB 75.14 million while profit from investment and derivatives increased THB 6.85 million and other income increased THB 16.62 million.

- **Total Expenses**

A decrease of total expenses amounted to THB 214.46 million from THB 2,084.44 million in year 2019 or decreased 9.33% due to reversal of bad debt and doubtful accounts impacted to increase expenses to THB 8.38 million while employee benefit expenses decreased THB 148.89 million, fee and service expenses decreased THB 6 million, finance cost declined to THB 19.60 million and other expenses also decreased to THB 48.35 million.

Therefore, The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year, the employee benefit 2019 including service cost in the past amounted to THB 39 million due the new Labor Protection Act(No.7) B.E. 2562.



- **Corporate Income tax expense**

Corporate income tax expense dropped THB 35.45 million, from THB 99.18 million in the Year 2018 to THB 63.74 million in the Year 2019 or 35.71 %. The decrease of profit before tax incomes

## **Financial Position**

- **Assets**

Total assets at the end of the Year 2019 and 2018 were THB 16,137.70 million and THB 16,359.52 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, which are 79.66% and 84.17% of total assets as at 31 December 2019 and 2018, respectively.

- **Securities and Derivatives Business Receivables**

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 2019, the Company's net securities and derivatives business receivables (plus accrued interest receivables) totaled THB 12,855.31 million, a decrease from that at the end of the Year 2018 which was THB 13,769.78 million.

As of 31 December 2018 and 2019, securities and derivatives business receivables consisted of the following:

- 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 2019, the Company has securities business receivables-cash accounts in the amount of THB 1,587.34 million, accounting for 12.35% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of securities business receivables-cash accounts declined by 4.97% from that at the end of the preceding year. This is because total trading volume during the last 2 trading days of the Year 2019 was lower than that during the last 2 trading days of the Year 2018.
- 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.
- As of 31 December 2019, the Company has credit balance accounts in the amount of THB 11,145.39 million, accounting for 86.70% of net securities and derivatives business receivables (plus accrued interest receivables). The outstanding balance of credit balance accounts decreased by 6.38% relative to that at the end of the Year 2018. 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 249.12 million slightly decrease from last year which was THB 251.94 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 42.39 million as of 31 December 2019, decreased from the outstanding balance at the end of the Year 2018, which was THB 126.42 million.
- The outstanding balance of net derivatives business receivables was THB 17.88 million as of 31 December 2019, increased from the outstanding balance at the end of the Year 2018, which was THB 0.54 million.

#### • Investment in Securities

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.

The Company's net investment in securities as of 31 December 2019 totaled THB 1,635.38 million. Such investment in securities consists of equity trading securities with the fair value of THB 1,625.62 million and general investment with the net value of THB 9.76 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 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.

As of 31 December 2019, the Company had receivables from clearing house balance of THB 494.60 million, decreased from THB 680.47 million as of 31 December 2018.

#### • Equipment

As of 31 December 2019, the Company's net equipment totaled THB 80.19 million, decreased from THB 99.42 million at the end of the Year 2018. During the Year 2019, there were investments in fixtures and computer equipment of THB 30.58 million and depreciation charge of THB 48.21 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 2019 was THB 394.16 million, decreased from THB 482.79 million as at the end of the Year 2018. Such decrease was contributed mainly to decrease in accrued income.

#### • Liquidity

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.

For the Year 2019, the Company had a net cash flow from operating activities of THB 832.19 million and a net cash flow used in investing activities of THB 43.45 million. The Company invested in equipment and intangible assets totaled THB 29.82 million and THB 13.85 million, respectively.

For the Year 2019, the Company had a net cash flow used in financing activities of THB 797.33 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 (2017-2019), 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 2017, 2018 and 2019, the Company's NCR fell in the range of 24.47% - 44.87% and 14.60% - 43.79% and 27.50% - 53.86%, 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 2019, the Company's source of capital is from debt of THB 11,860.28 million and from equity of THB 4,277.42 million. The Company's D/E ratios as of 31 December 2018 and 2019 were 2.59 times and 2.77 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 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 2018 and 2019 were 2.32 times and 2.48 times, respectively. It is increase in the Company's total debt in the Year 2019 was due to the increase in securities and derivatives business payables.

The Company's ROEs for the Years 2018 and 2019 were 8.49% and 5.76%, respectively. For the Years 2018 and 2019, the Company made total dividend payments of THB 485.19 million and THB 547.98 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.

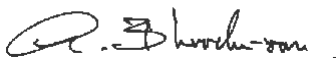
### ◆ Report Regarding the Responsibility of the Board of Directors for Financial Report ◆

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 2019. 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.

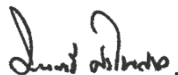
For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors has set up a risk management system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and unusual activities. 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, 2019 are prepared in line with generally accepted accounting principles and relevant rules and regulations.



**Dr. Areepong Bhoocha-oom**  
Chairman



**Mr. Montree Sornpaisarn**  
Executive Director and  
Chief Executive Officer



**Mrs. Hamidah Binti Moris**  
Executive Director

Maybank Kim Eng Securities (Thailand) Public Company Limited

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# Report and financial statements

31 December 2019

## Independent Auditor's Report

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 2019, 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 2019, 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 income and interest on margin loans***

The Company's income mainly consisted of brokerage fees income and interest on margin loans, amounting to Baht 1,421 million and Baht 565 million, respectively, representing 59 percent and 24 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 income 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 income and interest on margin loans, including computer-based controls relevant to the calculation of brokerage fees income 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 income and interest on credit balance loans and examined, on a sampling basis, material manual adjustments made via journal vouchers.

## Key Audit Matters

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## **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 year 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.



Ratana Jala  
Certified Public Accountant (Thailand) No. 3734

EY Office Limited  
Bangkok: 12 February 2020

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 31 December 2019

		(Unit: Baht)	
	Note	31 December 2019	31 December 2018
<b>Assets</b>			
Cash and cash equivalents	6	363,334,991	371,931,041
Receivables from Clearing House and brokers	7	494,602,634	680,468,535
Securities and derivatives business receivables	8	12,855,308,102	13,769,776,604
Investments	10	1,638,907,197	647,909,306
Loans	33.1	237,808,566	244,063,911
Equipment	11	80,193,874	99,421,198
Intangible assets	12	26,172,069	22,711,070
Deferred tax assets	13.1	47,207,990	40,451,284
Other assets	14	394,161,277	482,788,366
<b>Total assets</b>		<b>16,137,696,700</b>	<b>16,359,521,315</b>

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



Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	31 December 2019	31 December 2018
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	15	1,300,000,000	2,965,000,000
Payables to Clearing House and brokers	16	508,202,952	365,598,383
Securities and derivatives business payables	17	1,246,107,312	1,225,398,068
Derivatives liabilities	9	16,800,791	417,942
Income tax payable		45,254,761	38,062,964
Debt issued and other borrowings	18	8,346,566,430	6,806,386,936
Provisions	19	243,388,523	187,824,019
Other liabilities	21	153,957,765	209,714,875
<b>Total liabilities</b>		<b>11,860,278,534</b>	<b>11,798,403,187</b>
<b>Shareholders' equity</b>			
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		594,431,267	878,131,229
<b>Total shareholders' equity</b>		<b>4,277,418,166</b>	<b>4,561,118,128</b>
<b>Total liabilities and shareholders' equity</b>		<b>16,137,696,700</b>	<b>16,359,521,315</b>
		-	-

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the year ended 31 December 2019**

(Unit: Baht)

	Note	2019	2018
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fees income	26	1,421,193,298	1,754,599,996
Fees and service income	27	74,115,579	75,487,376
Interest on margin loans		565,372,985	640,514,393
Gains and returns on financial instruments	28	267,692,201	260,845,825
Other income		74,545,382	57,924,949
<b>Total income</b>		<b>2,402,919,445</b>	<b>2,789,372,539</b>
<b>Expenses</b>			
Employee benefit expenses		1,119,590,924	1,268,476,517
Fee and service expenses		173,727,841	179,729,522
Financial costs		326,947,066	346,542,850
Reversal of bad debt and doubtful accounts		(817,690)	(9,197,639)
Other expenses	31	464,991,169	513,343,763
<b>Total expenses</b>		<b>2,084,439,310</b>	<b>2,298,895,013</b>
<b>Profit before income tax</b>		<b>318,480,135</b>	<b>490,477,526</b>
Income tax	13.2	(63,735,049)	(99,184,288)
<b>Profit for the year</b>		<b>254,745,086</b>	<b>391,293,238</b>
<b>Other comprehensive income:</b>			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain	20	11,921,090	-
Income tax effect	13.2	(2,384,218)	-
<b>Total other comprehensive income not to be reclassified</b>		<b>9,536,872</b>	<b>-</b>
<b>Other comprehensive income for the year</b>		<b>9,536,872</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>264,281,958</b>	<b>391,293,238</b>
<b>Earnings per share</b>			
Basic earnings per share	32	0.45	0.69

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statements**

**For the year ended 31 December 2019**

(Unit: Baht)

	2019	2018
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	318,480,135	490,477,526
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	58,593,601	80,866,428
Reversal of bad debt and doubtful accounts	(817,690)	(9,197,639)
Doubtful accounts on other assets	2,583,751	-
Unrealised (gain) loss on revaluation of investments	(33,910,529)	78,420,266
Loss on sales and written-off of equipment	1,378,545	530,527
Unrealised (gain) loss on revaluation of derivatives assets and liabilities	8,099,540	(15,370,423)
Unrealised (gain) loss on revaluation of exchange rate	1,439,586	(210,760)
Financial cost	326,947,066	346,542,850
Interest income	(764,104,572)	(820,832,004)
Amortisation of prepaid personnel expenses	109,812,322	135,819,265
Provision for long-term employee benefits	78,838,628	30,528,027
Other provision	1,480,068	-
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>108,820,451</b>	<b>317,574,063</b>
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	176,562,564	(120,257,487)
Securities and derivatives business receivables	911,669,294	1,205,523,174
Investments	(956,824,332)	1,327,961,127
Loans	6,255,345	(3,634,126)
Other assets	(67,110,872)	(30,549,295)
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	142,604,569	(6,886,318)
Securities and derivatives business payables	20,446,211	(2,199,680,280)
Derivatives liabilities	17,160,124	(42,304,725)
Provisions	(12,833,102)	(5,702,339)
Other liabilities	(49,575,320)	(102,598,954)
Cash received from operating activities	297,174,932	339,444,840
Cash paid for interest	(208,989,603)	(224,807,773)
Cash received from interest	809,683,847	782,218,700
Cash paid for income tax	(65,684,176)	(135,546,328)
<b>Net cash flows provided by operating activities</b>	<b>832,185,000</b>	<b>761,309,439</b>

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statement (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	2019	2018
<b>Cash flows from investing activities</b>		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(29,822,194)	(35,699,299)
Proceeds from disposals of equipment	216,347	148,189
Cash paid for purchases of intangible assets	(13,845,432)	(3,363,606)
<b>Net cash flows used in investing activities</b>	<b>(43,451,279)</b>	<b>(38,914,716)</b>
<b>Cash flows from financing activities</b>		
Cash received (paid) from financing activities		
Cash received for borrowings from financial institutions	62,455,000,000	54,322,000,000
Cash paid for borrowings from financial institutions	(64,120,000,000)	(55,352,000,000)
Cash received from debt issued and other borrowings	25,185,862,722	23,947,546,857
Cash paid for debt issued and other borrowings	(23,765,000,000)	(23,170,678,969)
Cash paid for liabilities under finance lease agreements	(5,210,573)	(5,068,539)
Dividend paid	(547,981,920)	(485,192,325)
<b>Net cash flows used in financing activities</b>	<b>(797,329,771)</b>	<b>(743,392,976)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,596,050)</b>	<b>(20,998,253)</b>
Cash and cash equivalents at the beginning of the year	371,931,041	392,929,294
<b>Cash and cash equivalents at the ending of the year</b>	<b>363,334,991</b>	<b>371,931,041</b>

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

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2019

	Issued and paid-up capital	Share premium and premium on treasury shares	Retained earnings		(Unit: Baht)
			Appropriated - statutory reserve	Unappropriated	Total
<b>Balance as at 1 January 2018</b>	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
<b>Balance as at 31 December 2018</b>	<u>2,854,072,500</u>	<u>542,789,399</u>	<u>286,125,000</u>	<u>878,131,229</u>	<u>4,561,118,128</u>
<b>Balance as at 1 January 2019</b>	2,854,072,500	-	286,125,000	878,131,229	4,561,118,128
Dividend paid (Note 25)	-	-	-	(547,981,920)	(547,981,920)
Profit for the year				254,745,086	254,745,086
Other comprehensive income for the year				9,536,872	9,536,872
Total comprehensive income				264,281,958	264,281,958
<b>Balance as at 31 December 2019</b>	<u>2,854,072,500</u>	<u>542,789,399</u>	<u>286,125,000</u>	<u>594,431,267</u>	<u>4,277,418,166</u>

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited****Notes to financial statements****For the year ended 31 December 2019****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 2019, the Company has 35 branches in Bangkok and upcountry (31 December 2018: 42 branches).

**2. Basis for the preparation of financial statements**

The financial statements for the year ended 31 December 2019 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 period, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are 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 recognised 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.

This standard does not have any significant impact on the Company's financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments 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 believes that adoption of these standards will not have any significant impact on the financial statements.

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company believes that adoption of this standard will not have any significant impact on the financial statements.

## **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, cash pledged with foreign securities companies as collateral for securities 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 from 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
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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 period. 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 settlement 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 estimations. 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.

## 5.10 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Cash, short-term fixed deposits and short-term certificate		
of deposits maturing within 3 months from date of acquisition	782,709	3,727,466
Less: Cash deposits held for customers	(419,374)	(3,355,535)
Cash and cash equivalents	363,335	371,931

### Supplemental cash flows information

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Non-cash items:		
Purchase of equipment and intangible asset on credit	831	76

## 7. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Receivables from Clearing House	982,995	987,251
Receivables from foreign brokers	438,665	441,382
Less: Receivables from Clearing House held for customers	(496,154)	(327,563)
Less: Receivables from foreign brokers held for customers	(430,903)	(420,601)
Receivables from Clearing House and brokers	<u>494,603</u>	<u>680,469</u>

## 8. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
<b>Securities business receivables</b>		
Cash accounts	1,587,342	1,670,294
Credit balance accounts	11,145,387	11,904,766
Receivables under securities borrowing and lending business	42,394	126,424
Other receivables	<u>249,115</u>	<u>251,937</u>
Total securities business receivables	13,024,238	13,953,421
Add: Accrued interest receivables	64,353	67,970
Less: Allowance for doubtful accounts	<u>(251,164)</u>	<u>(252,151)</u>
Securities business receivables	<u>12,837,427</u>	<u>13,769,240</u>
<b>Derivatives business receivables</b>		
Derivatives business receivables	17,881	537
Other receivables	456	287
Less: Allowance for doubtful accounts	<u>(456)</u>	<u>(287)</u>
Derivatives business receivables	<u>17,881</u>	<u>537</u>
Securities and derivatives business receivables	<u><u>12,855,308</u></u>	<u><u>13,769,777</u></u>

### 8.1 Non-accrued securities receivables

As at 31 December 2019, the Company had other receivables (included accrued interest receivables) with book values totaling Baht 264 million from which it has ceased recognising income (31 December 2018: Baht 266 million).

## 8.2 Classification of securities and derivatives business receivables

As at 31 December 2019 and 2018, 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)

Classification	31 December 2019			31 December 2018		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	12,843,172	-	12,843,172	13,755,806	-	13,755,806
Sub-standard Debt	12,136	-	12,136	13,971	-	13,971
Doubtful Debt	251,621	(251,621)	-	252,438	(252,438)	-
Total	13,106,929	(251,621)	12,855,308	14,022,215	(252,438)	13,769,777

As at 31 December 2019, receivables (included accrued interest receivables) classified as sub-standard debt and doubtful debt approximately Baht 254 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 2018: Baht 255 million).

## 8.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	31 December 2019	31 December 2018
Balance - beginning of the year	252,438	261,916
Add: Doubtful accounts	389	11,649
Less: Reversal of doubtful accounts	(1,206)	(20,893)
Less: Write-off bad debts	-	(234)
Balance - end of the year	251,621	252,438

## 9. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

	31 December 2019		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Derivatives warrants	-	16,801	3,064,554
Futures <sup>(1)</sup>	-	-	1,656,835
Derivatives assets and derivatives liabilities	-	16,801	4,721,389

<sup>(1)</sup> The futures 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 2019: fair value of derivative assets- future is Baht 24 million.

(Unit: Thousand Baht)

	31 December 2018		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Derivatives warrants	-	418	11,907
Futures <sup>(1)</sup>	-	-	658,839
Derivatives assets and derivatives liabilities	-	418	670,746

<sup>(1)</sup> The futures 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.

### 9.1 Gain (loss) on derivatives

(Unit: Thousand Baht)

	For the years ended 31 December	
	2019	2018
Realised gain (loss) on derivatives trading	(116,406)	157,427
Unrealised gain (loss) on revaluation of derivatives	(8,099)	15,370
Total	(124,505)	172,797

## 10. Investments

### 10.1 Cost and fair value

	31 December 2019		31 December 2018	
	Cost /	Fair value	Cost /	Fair value
	amortised cost		amortised cost	
<b>Trading securities</b>				
Equity securities	1,599,881	1,625,617	643,469	635,032
Add (less) : Allowance for revaluation	25,736		(8,437)	
Trading securities	1,625,617		635,032	
<b>Held-to-maturity investment</b>				
Government bonds	11,352,000	11,330,384	2,644,000	2,625,307
Fixed deposits	5	5	7,200,004	7,200,004
Deposits with restriction	3,529	3,529	3,527	3,527
Less: Accumulated amortisation	(25,330)		(18,559)	
Less: Investments held for customers	(11,326,671)		(9,825,442)	
Held-to-maturity investment	3,533		3,530	
<b>General investments</b>				
Other securities - ordinary shares	24,420		24,010	
Less: Allowance for impairment	(14,663)		(14,663)	
General investments	9,757		9,347	
<b>Investments</b>	1,638,907		647,909	

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

(Unit: Thousand Baht)

	31 December 2019			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	11,326,670	-	-	11,326,670
Fixed deposits	5	-	-	5
Deposits subject to restriction	3,529	-	-	3,529
Less: Investments held for customers	(11,326,671)	-	-	(11,326,671)
<b>Total</b>	<b>3,533</b>	<b>-</b>	<b>-</b>	<b>3,533</b>

(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)
<b>Total</b>	<b>3,530</b>	<b>-</b>	<b>-</b>	<b>3,530</b>

## 10.3 Gain (loss) on investments

(Unit: Thousand Baht)

	For the years ended 31 December	
	2019	2018
Realised gain (loss) on securities trading	128,900	(54,571)
Realised gain (loss) on revaluation of securities trading	33,911	(78,420)
<b>Total</b>	<b>162,811</b>	<b>(132,991)</b>



## 11. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease - Vehicles	Assets under installation	Total
<b>Cost</b>					
1 January 2018	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
Additions	2,309	20,599	-	7,669	30,577
Transfer in (out)	4,490	11,300	-	(15,790)	-
Disposals/written-off	(20,746)	(44,115)	-	-	(64,861)
31 December 2019	202,907	597,218	34,241	8	834,374
<b>Accumulated depreciation</b>					
1 January 2018	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
Depreciation for the year	7,396	37,071	3,742	-	48,209
Disposals/written-off	(19,547)	(43,719)	-	-	(63,266)
31 December 2019	186,383	536,131	31,666	-	754,180
<b>Net book value</b>					
31 December 2018	18,320	66,655	6,317	8,129	99,421
31 December 2019	16,524	61,087	2,575	8	80,194
Depreciation charge for the year ended 31 December					
2018					68,248
2019					48,209

As at 31 December 2019 and 2018, the Company had vehicles which were acquired under finance lease agreements with net book value of Baht 3 million and Baht 6 million, respectively.

As at 31 December 2019 and 2018, 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 653 million and Baht 594 million, respectively.

## 12. Intangible assets

(Unit: Thousand Baht)

	For the year ended 31 December 2019										
		Cost					Accumulated amortization				
		Transfer in					Net intangible assets				
	Useful lives	1 January 2019	Increase	(transfer out)	Written-off	31 December 2019	1 January 2019	Increase	Written-off	31 December 2019	
Computer software	5 years	153,406	4,056	10,309	-	167,771	137,418	10,384	-	147,802	19,969
Software under installation	-	3,402	9,789	(10,309)	-	2,882	-	-	-	-	2,882
Membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
Total		161,808	13,845	-	-	175,653	139,097	10,384	-	149,481	26,172

(Unit: Thousand Baht)

		For the year ended 31 December 2018									
		Cost					Accumulated amortization				
		Transfer in									Net
	Useful	1 January		(transfer		31 December	1 January			31 December	intangibl
					Written-				Written-		e
	lives	2018	Increase	out)	off	2018	2018	Increase	off	2018	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

As at 31 December 2019 and 2018, 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 127 million and Baht 104 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 2019	31 December 2018
<b>Deferred tax assets</b>		
Allowance for doubtful accounts - other receivables	7,917	7,400
Provisions for long-term employee benefits	47,504	36,687
Others	2,469	2,535
<b>Total</b>	<b>57,890</b>	<b>46,622</b>
<b>Deferred tax liabilities</b>		
Unrealised gains on exchange rate	3,079	3,730
Others	7,603	2,441
<b>Total</b>	<b>10,682</b>	<b>6,171</b>
<b>Deferred tax assets - net</b>	<b>47,208</b>	<b>40,451</b>

#### 13.2 Income tax

Income tax for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
<b>Current income tax:</b>		
Corporate income tax for the year	71,522	116,037
Adjustment of corporate income tax expenses of previous years	1,354	245
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(9,141)	(17,098)
<b>Income tax reported in profit or loss</b>	<b>63,735</b>	<b>99,184</b>

The amounts of income tax relating the each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Deferred tax relating to actuarial gains	2,384	-

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Accounting profits before tax	318,480	490,478
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	63,696	98,096
Adjustment of income tax of previous years	1,354	245
Tax effect of non-deductible tax revenue or expenses	(1,315)	843
Income tax reported in profit or loss	63,735	99,184

#### 14. Other assets

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Prepaid expenses	107,076	175,079
Clearing fund	176,515	160,175
Accrued income	30,305	71,517
Deposits	44,742	46,081
Property foreclosed	15,887	15,887
Others	19,636	14,049
Other assets	394,161	482,788

## 15. Borrowings from financial institutions

As at 31 December 2019 and 2018, borrowings from financial institutions are domestic borrowings in Baht currency as follows:

(Unit: Thousand Baht)

	31 December 2019		
	Interest rate per annum (percent)	Remaining period to maturity	
		At call	Within 1 year
			Total
Promissory notes	1.60 - 1.75	1,300,000	-
Borrowings from financial institutions		1,300,000	-
			1,300,000

(Unit: Thousand Baht)

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

## 16. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	31 December 2019	31 December 2018
Payables to Clearing House	499,472	355,986
Payables to foreign brokers	8,731	9,612
Payables to Clearing House and brokers	508,203	365,598

## 17. Securities and derivatives business payables

(Unit: Thousand Baht)

	31 December 2019	31 December 2018
Cash accounts	1,144,994	1,066,193
Guaranteed deposit payables	-	6,353
Payables under securities borrowing and lending business	101,113	152,852
Securities and derivatives business payables	1,246,107	1,225,398

## 18. Debt issued and other borrowings

As at 31 December 2019 and 2018, debt issued and other borrowings are classified as follows:

(Unit: Thousand Baht)

	31 December 2019			
	Interest rate	Remaining period to maturity		
	per annum			
	(percent)	Within 1 year	1 - 5 years	Total
Bills of exchange	1.70 - 2.17	7,815,566	-	7,815,566
Debenture	2.35 - 2.45	531,000	-	531,000
Debt issued and other borrowings		8,346,566	-	8,346,566

(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

## 19. Provisions

(Unit: Thousand Baht)

	Provisions for long-term employee benefits	Decommissioning cost	Other	Total
Balance as at 1 January 2018	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
Increase during the year	54,084	-	1,480	55,564
Balance as at 31 December 2019	237,519	4,389	1,480	243,388



## 20. Provisions for long-term employee benefits

As at 31 December 2019 and 2018, provisions for long-term employee benefits were as follows:

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
<b>Defined benefit obligation at beginning of year</b>	183,435	158,609
Current service cost	34,063	25,401
Interest cost	3,275	5,127
Past service cost	41,500	-
Actuarial (gains) losses		
Demographic assumption changes	(5,541)	-
Financial assumptions changes	16,780	-
Experience adjustments	(23,160)	-
Benefits paid during the year	(12,833)	(5,702)
<b>Defined benefit obligation at end of year</b>	<b>237,519</b>	<b>183,435</b>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 42 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Current service cost	34,063	25,401
Interest cost	3,275	5,127
Past service cost	41,500	-
<b>Total</b>	<b>78,838</b>	<b>30,528</b>

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 3 million in long-term employee benefits during the next year (31 December 2018: Baht 7 million). As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is about 10 years (31 December 2018: 10 years)

Significant actuarial assumptions are summarised below:

	31 December 2019	31 December 2018
	(% per annum)	(% per annum)
Discount rate	1.62	3.21
Salary increase rate	5.00	6.00
Turnover rate	0.00 - 22.00	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 2019 and 2018 are summarised below:

	(Unit: Million Baht)			
	31 December 2019		31 December 2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(19)	22	(16)	18
Salary increase rate	22	(20)	18	(16)
Turnover rate	(20)	14	(10)	12

## 21. Other liabilities

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Accrued expenses	119,045	173,062
Liabilities under finance lease agreements	4,003	9,214
Others	30,910	27,439
Other liabilities	153,958	209,715

## 22. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	31 December 2019	31 December 2018
Liabilities under finance lease agreements	4,208	9,789
Less: Deferred interest expenses	(205)	(575)
Total	4,003	9,214
Less: Portion due within one year	(2,299)	(5,211)
Total liabilities under finance lease agreements - net of portion due within one year	1,704	4,003

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 2019			
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,451	1,757	4,208
Deferred interest expenses	(152)	(53)	(205)
Present value of future minimum lease payments	2,299	1,704	4,003

(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

## 23. Share capital

	31 December 2019		31 December 2018	
	Number of shares (Thousand shares)	Amount (Thousand Baht)	Number of shares (Thousand shares)	Amount (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 dividend for the period as from 1 January 2019 to 30 June 2019 which had been paid from retained earnings	Annual Board of Director meeting on 6 August 2019	388	0.68
Dividends for the operating result as from 1 January 2018 to 31 December 2018	Annual General Meeting of the shareholders on 1 April 2019	160	0.28
Dividend paid for the year ended 31 December 2019		548	0.96
Interim dividend for operating result as from 1 January 2018 to 30 June 2018	Annual Board of Director 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		485	0.85

## 26. Brokerage fees income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Brokerage fees from securities business	1,282,929	1,571,005
Brokerage fees from derivatives business	138,264	163,796
Other brokerage fees	-	19,799
Brokerage fees income	1,421,193	1,754,600

## 27. Fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Underwriting fee	1,528	18,898
Financial advisory	61,025	41,900
Securities borrowing and lending	5,851	7,237
Others	5,712	7,452
Fees and service income	74,116	75,487

## 28. Gains and returns on financial instruments

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Gain (loss) on investments	162,811	(132,991)
Gains (loss) on derivatives	(124,505)	172,797
Interest and dividend income	229,386	221,040
Gains and returns on financial instruments	267,692	260,846

## 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 2019 and 2018 amounting to approximately Baht 43 million and Baht 38 million, respectively, were recognised as expenses.

### 31. Other expense

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2019	2018
Rental and service fees	98,460	104,545
Utilities expense	14,509	15,933
Maintenance expenses	66,067	60,605
Depreciation and amortization	58,594	80,866
Taxes and duties	23,824	28,298
Travelling expenses	26,068	29,559
Telephone and Information service expenses	56,996	57,869
Others	120,473	135,669
Other expenses	464,991	513,344

### 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 summarized 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		
	2019	2018	Pricing policies
<b>Transactions with related parties</b>			
<u>Brokerage fees income</u>			At normal rate charged to other
Maybank Kim Eng Securities Pte. Ltd.	134	120	clients, in accordance with
Kim Eng Securities (Hong Kong) Limited	14	7	SET's and SEC's notification
<u>Fee and service income</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	-	1	
<u>Research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	43	30	
<u>Fees and service expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	2	2	
<u>Brokerage expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1	3	
Maybank Kim Eng Securities Limited	1	1	
<u>Research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	9	10	
<u>Dividend paid</u>			As declared
Maybank Kim Eng Holdings Limited	456	404	
Maybank Kim Eng Securities Pte. Ltd.	1	1	



As at 31 December 2019 and 2018, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

	31 December 2019	31 December 2018	(Unit: Million Baht) Pricing Policies
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	276	2	
Kim Eng Securities (Hong Kong) Limited	221	-	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	11	
Maybank Kim Eng Securities Limited	-	1	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	438	430	Kim Eng Securities Pte. Ltd.
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	42	101	
Kim Eng Securities (Hong Kong) Limited	-	23	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	9	10	
<u>Foreign deposit payables</u>			No interest charged
Kim Eng Securities (Hong Kong) Limited	10	8	
<u>Other payables</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	-	2	
Maybank Investment Bank Berhad	3	3	

As at 31 December 2019, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2018: Baht 30 million). There is no overdraft outstanding balance as at 31 December 2019 and 2018.

### 33.1 Loans to employees

As at 31 December 2019, the Company had loans to employees under welfare program amounting to Baht 238 million. The loans charged interest at rate of 1.48 and 2.10 percent per annum (31 December 2018: Baht 244 million, interest at rate of 1.40 and 2.00 percent per annum).

### 33.2 Management's remuneration

During the years ended 31 December 2019 and 2018, 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	
	2019	2018
Management's remuneration		
Short-term employee benefits	93	101
Post-employment benefits	18	11
	<u>111</u>	<u>112</u>

### 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 2019 and 2018, respectively.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2019</b>			
<b>Income</b>			
Revenue from external customers			
Brokerage fees income	1,421	-	1,421
Fees and service income	11	63	74
Interest on margin loans	565	-	565
Gains and returns on financial instruments	268	-	268
Other income	75	-	75
<b>Total income</b>	<b>2,340</b>	<b>63</b>	<b>2,403</b>
<b>Expenses</b>			
Employee benefit expenses			1,119
Fee and service expenses			174
Financial cost			327
Reversal of bad debt and doubtful accounts			(1)
Other expenses			465
<b>Total expenses</b>			<b>2,084</b>
<b>Profit before income tax</b>			<b>319</b>
Income tax			(64)
<b>Profit for the year</b>			<b>255</b>

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2018</b>			
<b>Income</b>			
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
<b>Total income</b>	<b>2,708</b>	<b>81</b>	<b>2,789</b>
<b>Expenses</b>			
Employee benefit expenses			1,268
Fee and service expenses			180
Financial cost			347
Reversal of bad debt and doubtful accounts			(9)
Other expenses			513
<b>Total expenses</b>			<b>2,299</b>
<b>Profit before income tax</b>			<b>490</b>
Income tax			(99)
<b>Profit for the year</b>			<b>391</b>

The following table presents segment assets of the Company's operating segments as at 31 December 2019 and 2018.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
<b>Segment assets</b>					
As at 31 December 2019	12,887	14	12,901	3,237	16,138
As at 31 December 2018	13,821	2	13,823	2,537	16,360

### 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 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 35. Commitments and contingent liabilities

### 35.1 Leases

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

	(Unit: Million Baht)	
	31 December 2019	31 December 2018
Payable:		
In up to 1 year	87	90
In over 1 and up to 5 years	121	32

### 35.2 Litigation

As at 31 December 2019 and 2018, the Company has legal disputes in the court that the Company is acting as the respondent. The pending disputed amounts are totaling approximately Baht 55 million for both years. While the final judgments have not yet been reached in respect of these cases, the management of the Company under legal advice believed that no material losses to the financial statements will be incurred as a result of the mentioned legal disputes.

## 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 2019 and 2018, 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 2019						Interest rate (% p.a.)	
	Fixed interest rates						Interest rate (% p.a.)	
	Remaining period to the							
	contractual repricing date or						Floating	Fixed
Floating	maturity date					Without	Floating	Fixed
interest						interest	interest	interest
rate	Within 1 year	1 - 5 years			Total	rate	rate	
Financial assets								
Cash and cash equivalents	267	-	-	96	-	363	0.10 - 1.10	-
Receivables from Clearing House and brokers	-	-	-	495	-	495	-	-
Securities and derivatives business receivables	11,195	-	-	1,648	264	13,107	5.05 - 5.90	-
Investments	-	4	-	1,635	-	1,639	-	0.08 - 1.00
Loans	238	-	-	-	-	238	1.48 - 2.10	-
Financial liabilities								
borrowings from financial institutions	-	1,300	-	-	-	1,300	-	1.60 - 1.75
Payables to Clearing House and brokers	-	-	-	508	-	508	-	-
Securities and derivatives business payables	-	-	-	1,246	-	1,246	-	-
Derivative liabilities	-	-	-	17	-	17	-	-
Debt issued and other borrowings	-	8,347	-	-	-	8,347	-	1.70 - 2.45
Liabilities under financial lease agreements <sup>(1)</sup>	-	2	2	-	-	4	-	4.60 - 6.00

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	Outstanding balance of financial instruments as at 31 December 2018								
	Fixed interest rates					Interest rate (% p.a.)			
	Floating interest rate	Remaining period to the contractual repricing date or maturity date		Without interest	Non-performing debts	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 <sup>(1)</sup>	-	5	4	-	-	9	-	4.84 - 6.00	

<sup>(1)</sup> 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 2019 and 2018, remaining periods to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

	31 December 2019						
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	Total
<b>Financial assets</b>							
Cash and cash equivalents	363	-	-	-	-	-	363
Receivables from Clearing House and brokers	-	495	-	-	-	-	495
Securities and derivatives business receivables	42	1,605	-	-	11,196	264	13,107
Investments	-	4	-	-	1,635	-	1,639
Loans	-	32	105	101	-	-	238
<b>Financial liabilities</b>							
Borrowings from financial institutions	1,300	-	-	-	-	-	1,300
Payables to Clearing House and brokers	-	508	-	-	-	-	508
Securities and derivatives business payables	101	1,145	-	-	-	-	1,246
Derivatives liabilities	-	17	-	-	-	-	17
Debt issued and other borrowings	-	8,347	-	-	-	-	8,347
Liabilities under financial lease agreements <sup>(1)</sup>	-	2	2	-	-	-	4

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	31 December 2018						
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	Total
<b>Financial assets</b>							
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
<b>Financial liabilities</b>							
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 <sup>(1)</sup>	-	5	4	-	-	-	9

<sup>(1)</sup> 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 2019 and 2018 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 31 December 2019		as at 31 December 2018	
	31 December	31 December	31 December	31 December	Buying	Selling	Buying	Selling
	2019	2018	2019	2018				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
Hong Kong dollar	119	54	119	53	3.8328	3.9136	4.1023	4.1808
Singapore dollar	70	25	67	24	22.0554	22.5935	23.4165	23.9720
US dollar	242	353	239	347	29.9767	30.3313	32.2848	32.6148
Malaysian ringgit	1	1	1	-	7.2154	7.4290	7.6965	7.9146
Euro	8	9	7	8	33.3775	34.0846	36.7620	37.4884
Pound sterling	3	2	1	1	39.0910	39.9523	40.6118	41.5216
Australian dollar	5	1	5	1	20.6800	21.4184	22.4505	23.2317
Japanese Yen	1	4	-	3	0.2723	0.2796	0.2892	0.2970
Vietnamese dong	123	150	115	143	0.0013	0.0013	0.0014	0.0014
Taiwan dollar	-	3	-	1	0.9960	1.0078	1.0491	1.0598
Chinese Yuan	3	4	3	4	4.2558	4.3736	4.6636	4.7838

## 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 2019 and 2018, the Company has outstanding derivatives assets (liabilities) as stated in Note 9 as follows:

(Unit: Million Baht)

	31 December 2019		31 December 2018	
	Fair value	Notional amount	Fair value	Notional amount
Derivatives warrants	(17)	3,065	(1)	12
Futures <sup>(1)</sup>	-	1,657	-	659

<sup>(1)</sup> The futures 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 2019, fair value of derivative assets - future is Baht 24 million (31 December 2018: fair value of derivative assets - future is Baht 33 million).

As at 31 December 2019 and 2018, 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 2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in trading securities				
Equity instruments	1,626	-	-	1,626
Derivatives assets <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	17	-	-	17

<sup>(1)</sup> Fair value of derivatives assets - futures as at 31 December 2019 amounting to Baht 24 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 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in trading securities				
Equity instruments	635	-	-	635
Derivatives assets <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	1	-	-	1

<sup>(1)</sup> 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.

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 12 February 2020, the meeting of the Company's Board of Directors resolved to approve annual dividends from the operating result as from 1 January 2019 to 31 December 2019 in cash at Baht 0.18 per share, or a total of Baht 103 million. The cash dividend payments will be made on 20 April 2020.

### **40. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2020.

**MAYBANK KIM ENG SECURITIES (THAILAND) PLC.**

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