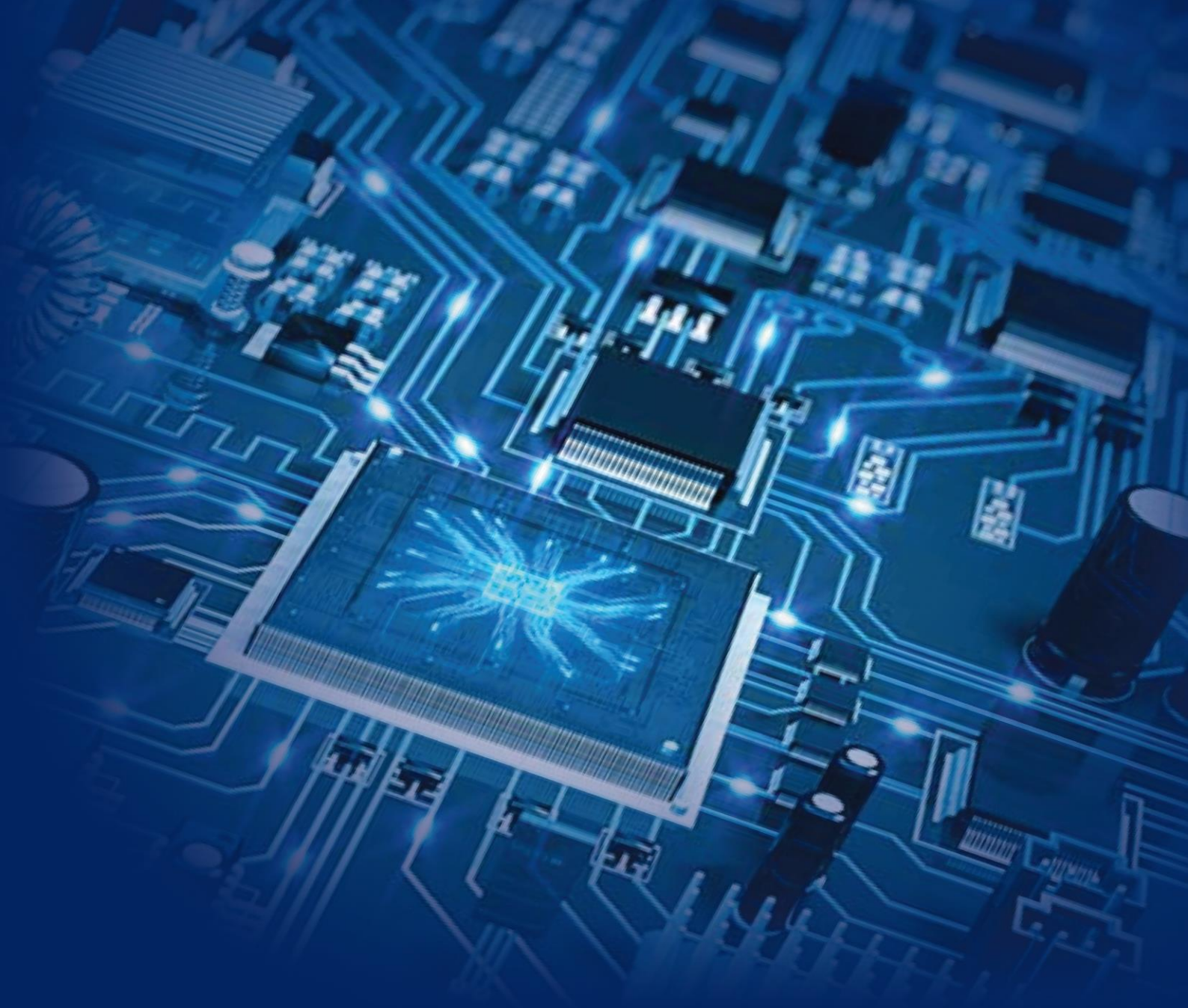


# ALWAYS A STEP AHEAD



**“WE ARE STRENGTHENING OUR ONLINE-TRADING PLATFORM  
BY INCREASING THE USE OF CUTTING-EDGE TECHNOLOGIES.”**

**FINANSIA**  
ALWAYS A STEP AHEAD

**KIWOOM** 

**“Finansia HERO** We’ re cooperating with Kiwoon Securities, the number 1 online broker in Korea to make your investment journeys seamless - now and in the future.

<https://www.finansiahero.com>



# FINANSIA

## HERO



## MOST ADVANCED ONLINE ONLINE TRADING PLATFORM



### Submit orders 5 times faster

Buy/sell from all screens  
which is designed for  
user experience and  
submit order faster with  
the state-of-the-art  
technology from Korea



### The most advanced features

Excellent features will help  
selecting stocks based on  
your need to support  
your investment decision  
with genius trading systems



### More innovative with functionality

Wide range of distinctive  
functions with various  
screen customization to  
offer the optimal  
solutions for investors



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# Step of Finansia Syrus

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## Vision

“Building wealth by upgrading the investment.”

## Mission

Providing services which are accessible to individual investors and offering investment advice to produce attractive returns; develop integrated products; pay attention to provide services with ethics and good corporate governance; and also develop its staff and technology to deliver the excellent services.

## Core Value



### **H-Honesty**

Be honest and, dare to do the right things and be trustworthy.

### **E-Engagement**

Participate and be responsible for driving the organization forward to achieve its goals.

### **R-Responsibility**

Have self-responsibility, responsibility towards duties and responsibility towards others for both words and deeds.

### **O-Originality**

Contribute original ideas, embrace new things and adapt to changing situations.



## Chairman Message

### DEAR SHAREHOLDERS,

We are pleased to present the annual report of Finansia Syrus Securities Public Company Limited ("Finansia") for the fiscal year ended 31 December 2018 ("FY2018").

### COMPANY'S FINANCIAL PERFORMANCE

During FY2018, we continued to make progress on our strategy to undergo Transformation by i) increasing online brokerage market share by introducing an advanced new online trading platform for the Thai equity market, ii) increase our capabilities in institutions segment and iii) building up a wealth management operation. These achievements were made through substantial investments and reorganization of systems, process, people and technology despite facing a challenging FY2018 due to the slackening economy and market conditions.

A sluggish market resulted in the Company's total revenue for FY2018 to drop from Baht 1,655 million in FY2017 to Baht 1,463 mainly due to a decline in retail investors trading activities, which resulted in a 4% decrease in average commission rate and also a 9% decrease in trading volume. The combination of lower revenue and heavy investments during the year resulted in the Company posting a net loss after tax of Baht 24 million in FY2018 compared to a net profit after tax of Baht 177 million for FY2017. Most of the investments costs were associated with the launching of Finansia HERO application and the E-business operations as well as augmenting the institutional department.

As at December 31, 2018, there was no outstanding bank borrowing and the Company's total cash and cash equivalents remained in a healthy condition at Baht 377 million as at December 31, 2018, compared to Baht 141 million as at December 31, 2017.

## STRATEGIC DISPOSALS

As at April 27, 2018, the Company completed the disposal process of the investment in SBI Thai Online Securities Company Limited by exercising option to sell the remaining shares according to the resolution of the Board of Directors' Meeting, at the total amount of 1,645,554 shares, at the price of 71.49 Baht per share, with the total disposed value of Baht 118 million.

## OUR MARKETS AND CAPABILITIES

Finansia is a leading brokerage company with emphasis on retail investors, but also established a growing institutional client base. Our customer base comprises of more than 65,000 accounts from both retail and institutional clients, with our key Investment Consultant (IC) totaling 465 officers and over 30 branches.

As from the previous years, we have made significant progress in growing up an E-Business platform through partnership with Kiwoom Securities by developing Finansia HERO, our new trading application for Thai Equity Market. The Application is state of art and is considered the most advanced trading tool available in Thailand. At the same time, our Derivative Warrants business continues to attract a growing number of investors. However, due to a sluggish market, our Investment Banking only lead underwrote 2 issues last year. We also continue to streamline our operational processes through automation and cost reduction.

Finansia also maintains a strong institutional research coverage through its subsidiary, FSS

International Investment Advisory Securities Company ("FSSIA") in cooperation with BNP Paribas Asia Securities.

## LOOKING FORWARD

For the year ahead, the Company will remain focused in transforming its core businesses from traditional brokerage model to strengthen its online emphasis and a wider business range to create stronger sustainability in an ever increasing competitive environment. Being one of the few leading brokers which without a banking parent; the Company will also continue to form strategic alliances with overseas partners in various fields particularly in technology, research, and wealth management. The Company will also continue to streamline its operations and scale down non-profitable areas.

## APPRECIATION

The past year has been a difficult period for the Company, and bottom line results can obscure the real underlying progresses that are being made. We would therefore like to thank the Board, the management team and all our staff for the efforts they are making. We believe that with stronger efforts from all parties, our endeavors to transforms Finansia into a stronger and sustainable Investment Bank will start to take form during 2019. Finally, we would also like to thank all our customers, business associates and shareholders for their staunch support. We look forward to journeying with you as we continue to deliver innovation, growth and value to shareholders.



**Mr. Chatchaval Jiaravanon**  
Chairman

# Board of Directors

---



**(1) Mr. Chatchaval Jiaravanon**

Chairman of the Board

**(6) Mr. Yang Liu**

Director

**(2) Mr. Varah Sucharitakul**

Deputy Chairman of the Board

**(7) Pol.Lt.Gen. Visanu Prasattongsoth**

Chairman of Audit Committee and Independent Director

**(3) Mr. Chuangchai Nawongs**

Chief Executive Officer

**(8) Mr. Phaiboon Siripanoosatien**

Audit Committee and Independent Director

**(4) Mr. Somphop Keerasuntonpong**

President

**(9) Mr. Kittisak Bencharit**

Audit Committee and Independent Director

**(5) Mrs. Pornpring Suksantisuwan**

President



# Important Events in 2018

## 20 March



- The Company changed its logo to modernize its image.
- The Board of Directors' Meeting approved the Company to negotiate and exercise the option to sell the remaining shares in SBI Thai Online Securities Company Limited at the total amount of 1,645,554 shares, at the price of 71.49 baht per share, at the disposal value of Bath 118 million. Provided that all conditions specified in the Share Purchase Agreement dated April 27, 2018 are met. In this regard, the Company completed the investment disposal process and obtained consideration for the sale of shares at the same time.

## 23 March



- The Company launched its new innovation called “**Finansia HERO**”, the most innovative securities trading system, co-developed by Finansia Syrus Securities Public Company and KIWOOM Securities, Korea’s No.1 online broker at Sugree Kaewcharoen Convention Hall, the Stock Exchange of Thailand.

## 24 April

- The 2018 Annual General Meeting of Shareholders unanimously approved the appropriation of 5 percent of the 2017 net profit as the Company’s legal reserves in the amount of 4,447,424 baht, and approved the dividend payments from the Company’s 2017 operating results to shareholders whose name appeared in the shareholders’ register book on the record date of March 7, 2018 and set the dividend payment date on May 22, 2018.

# Financial Highlights

		<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Statement of Income</b>				
Total Revenues	(THB million)	1,463	1,655	1,856
Total Expenses	(THB million)	1,487	1,447	1,548
Net Income	(THB million)	(24)	177	231
<b>Statement of Financial Position</b>				
Total Assets	(THB million)	4,754	5,953	6,541
Total Liabilities	(THB million)	2,223	3,357	4,039
Total Equity	(THB million)	2,531	2,596	2,502
<b>Shares Information</b>				
Number of Shares	(Million Shares)	581	581	581
Par Value	(THB)	1.60	1.60	1.60
Book Value per Share	(THB)	4.35	4.46	4.30
Earnings per Share	(THB)	(0.04)	0.30	0.40
Dividend Payout Ratio	(%)	39.22 <sup>(1)</sup>	28.25	46.51
Dividend per Share	(THB)	0.06	0.13	0.13
Share Price at the End of Period	(THB)	1.84	2.84	2.86
<b>Financial Ratios</b>				
Net Profit Margin	(%)	-1.62	10.71	12.47
Return on Assets	(%)	-0.44	2.84	4.39
Return on Equity	(%)	-0.92	6.96	9.54
Debt to Equity	(Times)	0.88	1.29	1.61
NCR	(%)	79.90	61.31	46.99

Remark: <sup>(1)</sup> The Company paid dividends on May 22, 2018 in the amount of 34.9 million baht from the 2017 operating results where the Company had net profits in the amount of 88.9 million baht according to the Company's separate financial statement.

# Financial Status

## Cash Flow Statements

for the Year Ended 31 December 2018

Net Cash provided by (used in) Operating Activities	640
Net Cash provided by (used in) Investing Activities	(8)
Net Cash provided by (used in) Financing Activities	(396)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>236</b>

Cash and Cash Equivalents as at 31 December 2017	141
Cash and Cash Equivalents as at 31 December 2018	377

## Financial Position

as at 31 December 2017

<u>Assets</u>	
Cash and Cash Equivalents	141
Securities and Derivatives	3,925
Business Receivables	
Other Assets	1,887
<b>Total Assets</b>	<b>5,953</b>
<u>Liabilities</u>	
Securities and Derivatives	1,574
Business Payables	
Other Liabilities	1,783
<u>Equity</u>	
Share Capital, Premium and Reserves	1,628
Retained Earnings - Net	966
Non-controlling Interests	1
<b>Total Liabilities and Equity</b>	<b>5,953</b>

## Comprehensive Income

for the Year Ended 31 December 2018

Total Revenues	1,463
Total Expenses	1,487
Profit before Income Tax	(24)
Income Tax	0
Profit for the Year	(24)
Other Comprehensive Income	(5)
<b>Total Comprehensive Income (Loss) for the year</b>	<b>(29)</b>

## Financial Position

as at 31 December 2018

<u>Assets</u>	
Cash and Cash Equivalents	377
Securities and Derivatives	2,221
Business Receivables	
Other Assets	2,156
<b>Total Assets</b>	<b>4,754</b>
<u>Liabilities</u>	
Securities and Derivatives	1,495
Business Payables	
Other Liabilities	728
<u>Equity</u>	
Share Capital, Premium and Reserves	1,628
Retained Earnings - Net	902
Non-controlling Interests	1
<b>Total Liabilities and Equity</b>	<b>4,754</b>

## Retained Earnings

for the Year Ended 31 December 2018

Balance as at 31 December 2017	966
Legal Reserve	-
Total Comprehensive Income for the Year	(29)
Dividends <sup>(1)</sup>	(35)
<b>Balance as at 31 December 2018</b>	<b>902</b>

Remark: <sup>(1)</sup> The Company paid dividend at 0.06 baht per share on May 22, 2018

## Our Footprint

---

**15**

Provinces

**31**

Branches

**465**

Investment  
Consultants





## Nature of Business

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Our Company aims to provide services which are accessible to individual investors and offering investment advice to produce good returns; developing integrated products and services with ethics and good corporate governance; and also developing its staff and technology to deliver the best services.



# Securities Brokerage Business

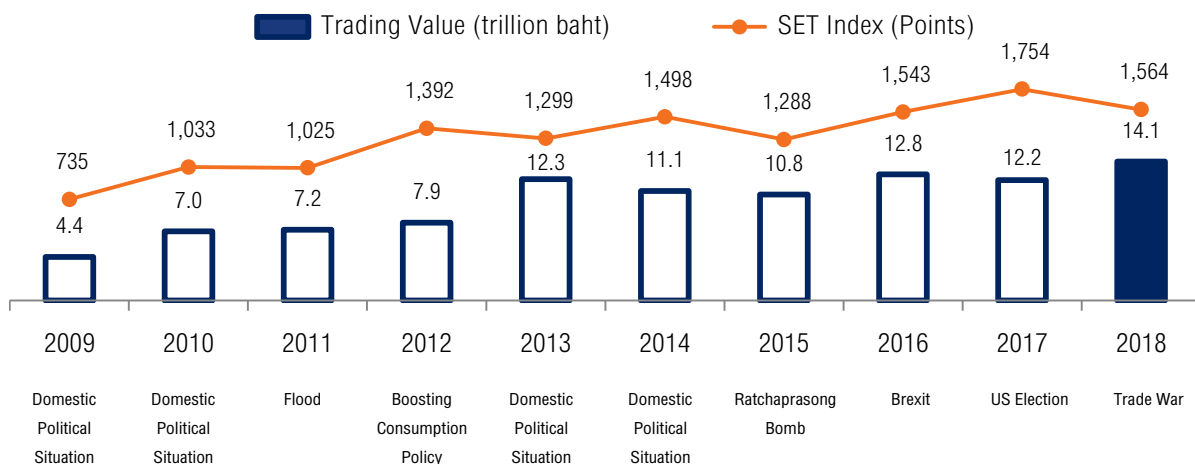
## Market Overview

At the end of 2018, SET Index closed at 1,563.88 points, almost hit the lowest point of the year, decreased by 189.83 points or 10.8% from the end of the previous year which is 1,753.71 points, whereas mai Index closed at 356.44 points, decreased by 183.93 points or 34.0% from the end of the previous year which is 540.37 points. Market Capitalization of SET and mai at the end of 2018 is 16.22 trillion baht, decreased by 9.5%. Index of Thai equity market in 2018 decreased almost throughout the year according to the global and regional equity market's trend, MSCI World decreased by 10.6% and MSCI Asia, excluding Japan, decreased by

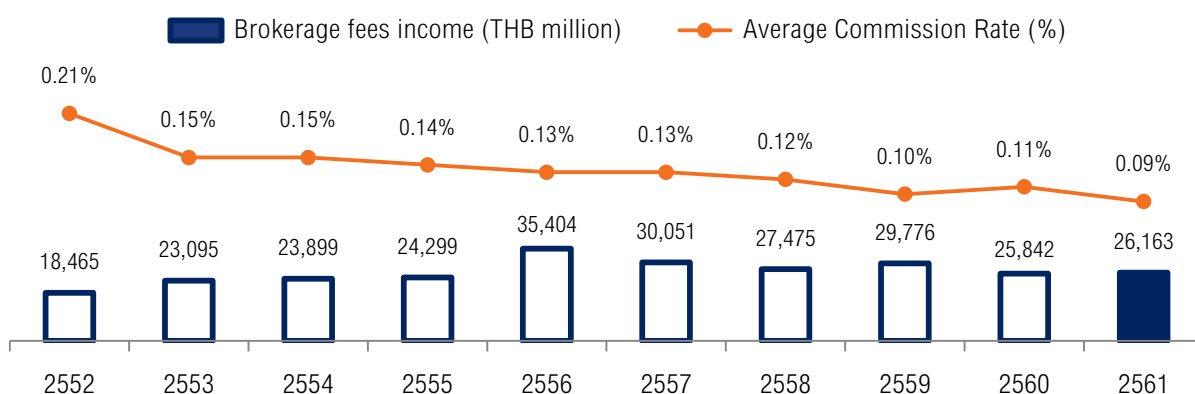
16.1%. The decrease by 10.8% in SET Index is the average in the regional equity markets which are all in the downward trend, except for the market in India which increased by 5.9%. Equity markets that have the most negative returns were China (decreased by 24.6%), South Korea (decreased by 17.3%) and Hong Kong (decreased by 13.6%).

Decreasing in SET Index was affected to dividend yield which increased to 3.2% from 2.7% in the previous year. Likewise, dividend yield of mai market increased to 2.1% from 1.4% in the previous year. Daily average turnover in 2018 (SET and mai) was 57,674 million baht, increasing to 15.1% from the previous year which was 50,114 million baht.

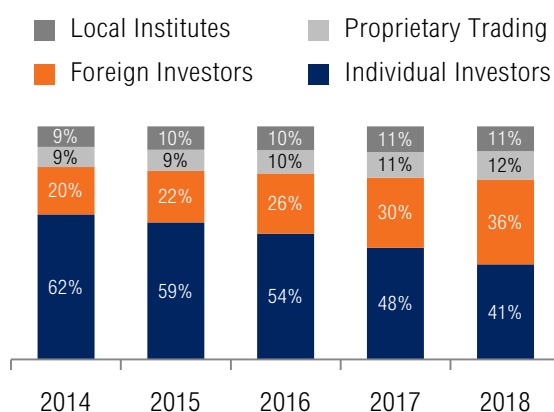
## SET Statistics



## Brokerage Fees



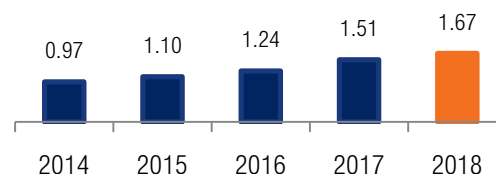
### Trading Value by Investor Type (%)



In 2018, individual investors' trading proportion is still higher than other types of investors, which was equivalent to 41% of total trading value. However, according the trading history in last 5 years, the proportion of the individual investors tends to decrease gradually in

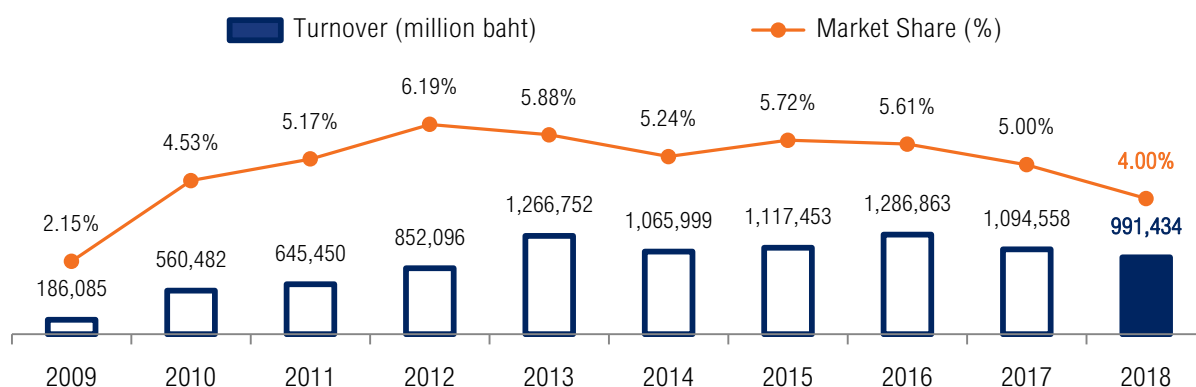
the opposite direction of the proportion of the foreign investors which tends to increase significantly, whereas the proportion of proprietary trading is quite stable.

### No. of Investors (Million Accounts)



In 2018, the number of accounts opening according to the Stock Exchange of Thailand was 1.67 million accounts, increased by 10.60% from the end of 2017.

### FSS Performance



In the last 7 years during 2011-2017, the Company's market share had always been ranked among the first four in securities business. However, in 2018, the Company was ranked as the ninth, with the trading value of 9.9 hundred billion baht, declined by 9.42 percent from last year, and its market share was 4.00 percent, declined by 1.00% from last year since there was a decline in trading value of individual investors who are the Company's main group of customers compared to the increase in trading value of other groups of investors which are foreign investors, whereas the Company's trading value of foreign investors had increased by 3 percent. In addition, the average of commission fee decreased from 0.100 in 2017 to 0.096 in 2018. Such decrease reflects more intense competition and the change in the investors' behavior which tend to submit orders through internet with lower brokerage fees, compared to the brokerage fees charged from submitting orders via investment consultants. Considering these factors, the Company cooperates with Korean Securities Company, namely, KIWOOM Securities to develop the online trading platform called "Finasia HERO" which was initially launched on March 23, 2018, resulting in the increase in online market share and become No.1 in market share in April 2018 at the rate of 8.29 percent.

# Investment Banking Business

The Company operates investment banking business which provides financial advisory and underwriting services by experienced and skillful staff that are competent in money and equity markets in both domestic and international countries. The Company obtained a license from the SEC to operate financial advisory services on September 30, 2002, and also obtained a license from the Ministry of Commerce to provide underwriting services. In addition, the Company provides advisory service for other transactions i.e. Mergers and Acquisition, Financial Restructuring, Feasibility Study, Business Valuation and other transactions to ensure the compliance with the rules and regulations of the SEC and the SET i.e. delisting, acquisition or disposition of assets or connected transactions.

In the previous year, the Company served as the financial advisor for the initial public offering of SISB Public Company Limited.



SISB

For the underwriting services, the Company had provided underwriting services both in debenture market and equity market. In 2018, the Company was engaged in the underwriting of the initial public offering of shares (IPO) for 10 securities, where the Company was the lead underwriter for 2 companies, and the co-

underwriter for 8 companies. In this regard, the details on the previous underwritings in 2018 are as follows:

## Lead Underwriter of the IPO shares

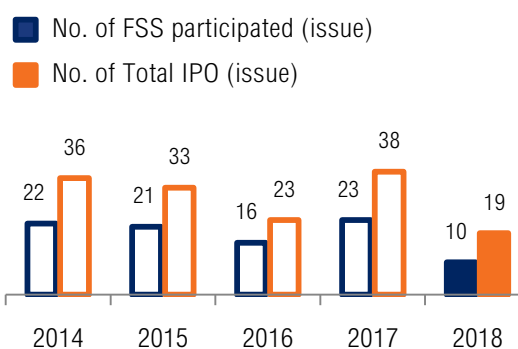
- TEAM Consulting Engineering and Management PLC
- SISB PLC

## Underwriter of the IPO shares

- Asia Biomass PLC
- Chememan PLC
- DOD Biotech PLC
- M Vision PLC
- Osotspa PLC
- Sonic Interfreight PLC
- Thai Enger Holding PLC
- North East Rubber PLC

The Company received financial advisory service fee and underwriting fee. These services also support the brokerage business of the Company by creating customers' satisfaction towards the allocation of IPO shares.

## Underwriting Services of the IPO shares





## Other Businesses

### Derivatives Brokerage Business

The Company obtained the futures brokerage license from the SEC on October 14, 2005 and the Company has been qualified as a member of Thailand Futures Exchange Plc. (“TFEX”) and Thailand Clearing House Co., Ltd. (“TCH”) where the Company started providing futures brokerage services on March 17, 2008.

Moreover, in July 2018, the Company commenced activities in Single Stock Futures through Block Trades to increase its liquidity of Single Stock Future. The Company expected to handle the increase of transactions and to increase revenue for the Company because TFEX is a market that investors have high interest. The overall volume of trading of TFEX market increases every year especially the Single Stock Future.

Business plans and marketing plans of the future brokerage are to build a customer base from existing customers who traded equities with the Company because these customers already understand investments in a certain level. For new customers, the Company will focus on the customers with good financial stability and good knowledge of the securities and futures trading. In addition, the Company also conducted seminars to educate customers and interested persons to understand investment strategy, return, and risk arising from the investment and to be able to make use of derivative in investment or hedging against investments risks.

### Investment-Related Business

The Company has a proprietary trading department which is responsible for the Company’s investment related business whereby the Company has policies to invest in equity, bond instrument, mutual fund and other non-listed companies and

strictly comply with the regulations specified by the authorizations, with the objective of short-term trading and long-term investment. The Company’s Board of Directors will consider the allocation of fund, procedures, criteria, practices and investment policy which are clear and in accordance with related regulations of the SEC. The Company gains benefit from securities trading, dividends and interests. In addition, the Company established the Risk and Investment as approved by the Board of Directors to be responsible for setting strategies and investment policies for both short-term and long-term investment by diversifying risks with appropriate proportion and setting limit for potential losses; and report the investment status to the Board of Directors to efficiently follow up on the Company’s investment status.

### Derivative Warrants Business

The Company’s first issuance and offering of Derivative Warrants (DW) happened in February 2016, in the form of Direct Listing. In 2018, the Company issued and offered DW, totaling 293 series and received good response from investors. In this regard, the Company received a BBB+ credit rating from Fitch Ratings Thailand Limited on August 29, 2018.

DW has recently been the products that investors has studied and paid more intention. To develop DW business to grow sustainably, the Company strongly emphasizes on providing knowledge to investors in order to enable them to understand the complexity, risks and returns from DW investment by establishing various information channels i.e. websites, Line Official Account and Facebook; and assisting them in the decision making. In addition, the Company conducts analysis to be used as the trading tool for investors.

## Selling Agent Business

This business provides mutual fund investment service which facilitates the customers under the idea of one-stop service. Customers are able to buy, sell and switch between mutual funds managed by any asset management companies which the company acts as an agent without additional charges. The Company also provides comparative data and summarizes all investment information in one report which will simplify the mutual fund investment for customers.

The Company offers 2 types of mutual fund accounts, namely:

- Omnibus Account

Customers can buy, sell and switch between mutual funds managed by any asset management company which the company acts as an agent under one account, and execute transactions via telephone or sign in the transaction form. In addition, there is an all-inclusive summary of monthly mutual fund investment from every asset management company to the convenience in reviewing the fund status and management.

- Selling Agent Account

For customers who wish to invest in Long Term Equity Fund (LTF), Retirement Mutual Fund (RMF) and Property Fund which are closed-end fund.

In addition, the Company offers the service called “Trading Plus.” This service will help boost returns from investment by using the proceeds received from the sale of securities to invest automatically in money market funds, and automatically sell units in mutual funds to pay for such securities. The selected funds are the low-risk funds with better returns compared to the deposit interest rate.

At the end of 2018, the Company has acted as the selling agent of investment unit for 21 asset management companies. The Company has a plan to be the selling agent for more asset management companies to increase a variety of mutual funds and constantly develop the mutual fund service system which will fulfill the customers’ desire and maximize their satisfaction.

## Securities Borrowing and Lending Business

The Company obtained a license from the Ministry of Finance to operate securities borrowing and lending business on August 25, 2010 and started to operate such business since September 2010.

The Company acted as a principal to investors who are borrowers and lenders in providing borrowing and lending services to customers. This transaction provides investors more alternatives in fluctuated market, as well as alternatives for risk management and increase of returns. It also support other business of the Company i.e. brokerage business, investment-related business, derivatives brokerage business, derivatives warrant business, etc. The Company also develops the technology system to support the securities borrowing and lending business which will greatly facilitate customers in using the service. The details are summarized as follows:

- The Company lends securities to customers for conducting short sales of securities specified by the Company, namely securities in SET100 index, ETF and underlying stocks of SFF. The Company provides enough securities for customers to borrow. Therefore, customers will not miss any investment opportunities while they can manage risks for their investment portfolio. Short sales can be conducted

in cash balance accounts and credit balance accounts.

- Benefits derived from borrowed securities remain with the lender.
- On July 20, 2015, the Company provided SMART ACCESS in which clients shall lend and borrow securities via Internet.
- On March 23, 2018, the Company launched HERO System whereby customers can use the SBL service of the Company to borrow and return securities faster and more conveniently.

- Germany
- Switzerland
- Austria
- Belgium
- France
- United Kingdom
- Norway
- Denmark
- Sweden
- Spain
- Poland

#### ❖ North America

- United States

#### ❖ Australia

- Australia

## Global Trading Business

The Company provides securities trading service in foreign capital market via efficient internet trading program with data security system that is internationally recognized, allowing investors to trade in 33 capital markets globally. The investors are able to manage their own investment portfolio under one time account opening, providing multi-currency settlement without having foreign currency deposit account. Investors can move the investments from other markets to markets that are likely to offer higher returns at any time. The Company handles transactions of international settlement through professional foreign agent who specializes in international settlement in order to raise confidence for investors in the efficiency of the settlement and safety in foreign investment.

The Company's services covered these following global markets:

#### ❖ Asia

- Hong Kong
- Singapore
- Japan
- Cambodia
- Laos
- Vietnam

#### ❖ Europe

- Netherland
- Portugal
- Italy
- Finland

## Bond Trading Business

The Company is a dealer member of the Thai Bond Market Association and the Thailand Bond Exchange where the Company provides the bond dealing service to bond investors having bond trading account opened together with securities trading account. In 2015, the Company started being a dealer of debt securities/debenture bond and selling agent in Thai Bond Market by offering One Stop Service to clients.

# Risk Factors

---

## 1) Exposure to Volatility of the Market

The Company's main source of income comes from brokerage fees which are related to economic conditions, money market conditions and capital market conditions, trading volume in the Stock Exchange including confidence among local and foreign investors. The Company's performance depends on various factors i.e. political situations, global and domestic economic situations which are beyond the Company's control. If the market is volatile, it will have an impact on trading value and will cause fluctuation in brokerage fees, for example, brokerage fee will incline if trading values incline and if trading value increase, brokerage fee will increase as well, provided that other factors are stable.

The Company utilizes various tools for risk management to evaluate and analyze potential impact, for example, the use of Value at Risk (VAR) to evaluate potential damage from the Company's investment value, or the Stress Test to evaluate damage in case of volatile market. The Company also established securities trading policy i.e. determination of appropriate investment amount, stop loss limit, etc. and review such policy regularly. In addition, there is a plan to reduce dependence on brokerage fee by increasing income from other types of business of the Company.

## 2) Competition within the Industry

Securities Business is a highly competitive business since the nature of product is similar and the number of competitors is relatively high. Moreover, commission rates are liberalized and a low pricing strategy is used for business operation.

The Company prepares to alleviate such impact by creating its business' strength, promptly adjusting its strategies to be consistent with a variety of situations, emphasizing on quality and standard of service, developing personnel's competencies, developing information technology system to be novel and secure, as well as create new products and services to facilitate customers and respond their needs.

## 3) Risk of Derivatives Brokerage Business

The causes of volatility in the direction of securities index throughout 2018 are from various factors which are both internal and external factors. The internal factor to be followed up is the internal political situation which is uncertain. The significant external factor is the tendency to increase interest rates of the Federal Reserve (FED) and the trade war between China and the United States which affects Thai exports. In addition, the fluctuation of the price of commodity i.e. gold and gasoline also affects the futures exchange of such commodity.

Due to the high-risk nature of the future exchange from price fluctuations and complexity of commodity, the Company set out the strict and concise risk management whereby the customers are selected based on their knowledge and experience of the futures; consider the credit limit to fit their condition, repayment ability; set sufficient amount of margin prior to submitting the futures order; set out clear working procedures on margin call and position closing by checking Intraday Force status at 12.30 P.M. of the business



day. In addition, the Company arranges the training sessions to instruct the Company's employees in providing futures services on a continuous basis.

For SSF Block Trade transaction, apart from the above-mentioned risk management procedures, the Company required customers to sign in an addendum to the appointment of derivatives agent agreement prior to the transaction execution so as to acknowledge terms and conditions of the transaction. In addition, the Company established the internal risk management policy policies to control the risk incurred from this transaction.

#### **4) Risk Associated with Operating a Business under Regulated Environment**

Since the securities and derivatives businesses are regulated by the related laws of the regulated authorization i.e. the SEC, the SET, Thailand Futures Exchange Public Company Limited, Anti Money Laundering Office and Association of Securities Companies (Thailand), etc., the Company may have an operational impact i.e. the increase of operational costs, knowledge and understanding of relevant departments, etc., arising from the stipulation and/or amendment of the regulations, policies including measurements to regulate securities and derivatives businesses by the government bodies or regulated authorizations. In addition, the Company may face the operational error risks in various aspects such as the operational errors in the Company's departments, failure to comply with working standards and code of conducts for investment consultants and securities analysts, etc., which will affect the reputation of the Company, and the Company may have been imposed a fine and/or other action specified by laws and/or the employees of the Company may be imposed penalties from admonishment to suspension.

However, the Company has a policy for the internal audit department and compliance department to oversee and monitor to ensure that all level of its employees carry out their duties accurately and strictly complying with rules and regulations of the regulated authorizations, and when there are any changes in related rules and regulations, the Company will announce such changes to related employees to acknowledge and comply with the current regulations.

#### **5) Risk from System Failure**

The current role of technology makes the computer system the important factors in business operation i.e. supporting the volume of transactions, a variety of products and services, data backup and security of information, etc. If the errors or problems occur, they will directly affect the operation and the reliability of the Company.

The Company foresees the importance of the computer system; therefore, it conducts the improvement and increase the efficiency on a continual basis by increasing more of its efficiency in data processing and increase more storage. The Company also increases all kinds of backup systems, namely data backup, power backup, network backup to ensure more safety. Apart from the data backup at the head office, the Company established the data backup center at 47/553-4, 47/557-8, 8th floor, Bangkok Land Tower, Popular Road, Pakkred District, Nonthaburi 11120, in which can immediately replace the computer system regarding securities system in case of errors in the computer system at the head office. However, with regard to utilization rate, the computer system of the Company has been utilized only 50 percent which can still be processed and store a lot of data. For the policy regarding the supervision of operation and IT security, the Company has strictly complied with the regulations of the SEC.

For provincial branches, the Company has installed computer with MPLS line to enable faster data travelling between head office and branches while the backup circuit will shift in when there is a system failure. The Company has also installed backup power system in case of any power system failure.

Although none of such system errors happened since the Company operated, the Company conducts the monthly test on the computer system especially electrical problem. There is also staff from the company that owns the systems to conduct the inspection every three months. In addition, the Company aware of the selection of efficient technology and emphasize on the constant development of information technology system.

## **6) Risk from Default Payment**

The Company reduced default risk by only selecting clients with financial stability. Furthermore, the Company has strict risk management policy and assesses client credit line according to Association of Thai Securities Companies. Credit limit review is taken seriously to ensure that the trading limit is appropriate and suitable for the clients' financial status. In case of default, the Company has stipulate measure to handle the case. Normally, clients are required to pledge collateral with the Company; the collateral can be forced sell to pay off debt immediately. Together with SET regulation, it enforces clients to deposit cash as collateral with the Company in an amount with no less than 20 percent of the credit line.

Furthermore, the Company has offered more margin loan service to clients. However, the Company has clear credit assessment with strict control and monitoring procedure to follow. The Company produces lists of securities and initial margin rate and reviews regularly. In addition, the Company has procedure to control collateral in margin account, once the value of asset is lower than required level, margin call or force sell will be enforced.

On December 31, 2018, the Company has total account receivable and accrued interest in the amount of 2,281.98 million baht with total doubtful debt in the amount of 75.31 million baht or 3.30 percent of total account receivable and accrued interest (such percentage is increased from last year since the SET changed the payment period from 3 business days to 2 business days which was effective from March 2, 2018). The Company has set aside a full amount of doubtful debt reserve. It is currently asking the debtors for payments and taking legal proceeding against the debtors who have doubtful debts. The Company has a policy to write off such debt when the litigation case is final and a debtor is unable to repay debt.

## **7) Underwriting Risk**

Even though underwriting business can generate income to the Company and serves as a factor in preserving and expanding the customer, the Company has to take risks as the underwriter in case of undersubscribed offerings by purchasing the outstanding shares in the Company's proprietary accounts which may cause the Company to realize loss if such shares are traded at the price below the IPO price after trading in the Stock Exchange, such loss may affect the Company's liquidity. Such risk is subject to factors like market volatility and investor opinion on the share price, etc.

To avoid such risk, the Company will ensure that the IPO price is appropriate and suitable. The Company must inspect and conduct a thorough examination on the company in which the Company will underwrite based on the owner's need and money market sentiment before agreeing to offer underwriting service. The Company Executive Committee will evaluate the risk before the Company commit to any underwriting service; of which the Company has never been affected by such risk. Furthermore, the Company always maintains NCR at a higher level than the 7 percent required by SEC.

## 8) Risks on DW Business

### 8.1 Risks on Derivative Warrants

#### ➤ Risks on Derivative Warrants

The prices of DW's change rapidly and the true theoretical price are difficult to calculate because it depends on many factors. This makes DW's a low-cost but high-yield financial product where investors also make substantial losses if the price move in the opposite direction from their expectations. The losses will be limited to the amount of the purchase of DW's. Therefore, to invest in such products, the investors should study and understand before investing in DW. The factors that affect the price of the DW's are as follows;

#### ❖ Demand and supply of DW's

- DW's price may rise or fall sharply depending on the demand of buying and selling (Demand and supply) of DW at that moment.

#### ❖ Prices of the underlying securities or underlying stock index (when other factors are constant)

- When the prices of the underlying securities or underlying securities index rise, the price of the Call Warrant will increase accordingly, while price of the Put Warrant will drop.
- When the prices of the underlying securities or underlying stock index drop, the price of the Call Warrant will drop accordingly, while price of the Put Warrant will increase.

#### ❖ Exercise price (when other factors are constant)

- When the exercise price rises, the price of Call Warrant will drop, while price of the Put Warrant will increase.
- When the exercise price drops, the price of Call Warrant will increase, while price of the Put Warrant will drop.

#### ❖ Fluctuation in the prices of the underlying securities or underlying stock index (when other factors are constant)

- When the fluctuation of the price of underlying securities or underlying securities index rise, the price of the Call Warrant and Put Warrant may rise as well.
- When the fluctuation of the price of underlying securities or underlying securities index drop, the price of the Call Warrant and Put Warrant may drop as well.

#### ❖ Expiration date of the DW (when other factors are constant)

- When the expiration date of the DW comes up, the price of the Call Warrant and Put Warrant will decline.

#### ❖ Interest Rate (when other factors are constant)

- When interest rate rise, the price of the Call Warrant will increase while the price of the Put Warrant will decline.

- When interest rate decline, the price of the Call Warrant will decline while the price of the Put Warrant will increase.

❖ Dividend yield of the underlying securities (when other factors are constant)

- When dividend yield increase, the price of Call Warrant will drop while the price of Put Warrant may rise.
- When dividend rate drop, the price of Call Warrant will rise while the price of Put Warrant may drop.

➤ Liquidity Risks

Each DW series that trade in the stock market may have liquidity risks because of the small amount of each series compare to securities traded in the market. In addition, the liquidity of the DW may reduce when trading of the underlying securities drop.

However, the Market Maker will send buying and selling orders to stabilize the prices and volumes in accordance with the terms of the Rights that investors can trade DW when they need. Investors should study and consider the information from a 69-Full / Short and also terms of Rights carefully before investing.

## 8.2 Risks from the underlying securities or underlying stock index

➤ The Company that issued the underlying securities grants privileges to the existing shareholders

The Company may adjust the rights for investors by varying the Exercise Price and /or Exercise ratio for Derivative Warrants which the underlying assets are in form of shares by calculating a formula specified in the Terms and Conditions. The issuer of the underlying securities (the underlying company) may give privileges to existing shareholders. These include:

1. Allocation of new shares to existing shareholders of the Company (the issuer of the underlying securities)
2. The stock dividend of the underlying company
3. The dividend of the underlying company
4. Stock split or reverse stock split of the underlying company

➤ Suspension or cessation of trading of the underlying securities or cessation of calculating the underlying securities index

In the event that the underlying securities are either suspended or cease trading due to announcement of Suspension (SP) or Halt (H) signs, DW's of such underlying securities will also be suspended as well and investors will not be able to trade the DW's during that period. In the event securities index ceases to calculate the related DW's will be affected as well including the underlying products which are the underlying assets which have been ceased the calculation of the underlying. It will affect the DW as well.

➤ The delisting of underlying securities from listed securities in the SET

In the event of delisting of underlying securities from the SET before the maturity date of the DW, the Company will move up the maturity date of DW to be sooner. Therefore, the remaining life of the DW will decline rapidly and may cause the price of DW to drop sharply as well.



➤ Liquidation of the underlying company

In case of the shareholders of the underlying company approved the resolution for dissolution or appointed the liquidator or court order to dissolve the company or appoint a liquidator, the Call Warrants that have not been exercised, will be cancelled and cannot be exercised. Such DW's will be cancelled at the date of the Shareholders' Meeting that approved the Company's resolution or by the date specified by the court. In that case, prices of DW's may decline drastically. In case of Put DW's, the issuer will announce the fair price of the underlying securities to holders within fifty (50) days after the meeting of shareholders of the Company has approved the dissolution resolution, or appointed a liquidator, or the court has ordered the dissolution of the Company. "Fair Price" means the price supplied by an Independent Financial Advisor which is licensed by SEC. The fair price must be calculated no more than fifty (50) days prior to the issuer announcing the fair price which is deemed to be the underlying price. The issuer must pay the different part of Net Cash Settlement Amount (if any) to the holders of DW's by paying to the bank account of the holders of the DW's or by cheque made payable to holders of the DW that are listed on the share register at the Automatic Exercise Date and sent by registered mail within nine (9) days from the date that the fair price has been announced.

In the case of DW's with underlying stock index, the Company does not adjust the multiplier index and / or exercise price, unless the issuer deems that there are reasonable grounds which have significant impact on the holders of DW's. The Company will determine the appropriate method of adjusting the multiplier index and / or exercise price fairly as well as to set the date for the adjustment of multiplier index and / or exercise price and its effective date without decreasing the rights of DW holders. The Company will notify DW holders according to the regulations of the SET and other entities involved.

### **8.3 Risks of failure in the settlement and delivery**

The event of settlement failure refers to events that are beyond the control of the issuer of DW and not due to the fault of the issuer. This results in the issuer unable to settle with the holders of DW in exercising their rights. This includes (but is not limited) to the following events:

- War or riots in the country or abroad or any other causes which results in unable DW's or the underlying securities unable to trade the stock market as normal
- SET suspend trading of the underlying securities, for whatever reason
- Due to laws or orders of relevant authorities with the impact on the trading of DW and / or adversely affect the underlying securities that cannot find the underlying price.

### **8.4 Risks of delivering securities or payment cash for difference with the Company's obligations (Credit Risk)**

DW's are securities derivatives without assets collateral, so the risk of investors who invest in DW's depends on the reliability of the underlying issuer and guarantor of repayment. If the underlying issuer or guarantor of the debt cannot pay for the debt or default, the investors will have the same status as unsecured creditors of the issuer or guarantor of the underlying debt, regardless of the return of the underlying securities or index. There is a risk that investors will not get a repayment in whether in full amount or partial. Investors will have no rights to claim any of the terms of the issuer of the underlying securities or indexes.

Investors should study the information and qualifications of issuers and study factors of risk associated with the operations of the issuer, financial status, performance in the recent years and credit rating. The issuer has been rated by Fitch Ratings (Thailand) Limited at BBB + (on August 29, 2018), which is a requirement of the SEC for issuance of DW's. Investors can find out more from 69-dw-full / short 56-1 Draft terms of rights, including the events of default and the consequences of default under section 1 of the Terms and Conditions before investing.

## **9) Risk of Securities Borrowing and Lending Business**

Investors mainly use borrowing and lending of stocks as tool for hedging and seek for return in volatile market. The Company manages the possible risks that may arise from customer transactions by requiring borrower's deposit collateral, the value of which must be maintained at the minimum set level. If the value of the deposit collateral drops below a given level, the Company has the right to call additional collateral from the borrowers.

## **10) Reliance on Human Resources**

The securities business relies highly on experienced employees especially in the field of marketing, investment banking and research which are the professions highly desired. The resignation from such employees could affect the Company's performance.

To minimize such risk and effect, the Company has policy to develop and educate every level and profession so replacement is easy when needed. Furthermore, Association of Thai Securities Companies sets the allowance on compensation given to investment consultants to help controlling the movement of such profession. The Company has also developed a clear policy where investment consultants will be properly compensated in terms of salary, bonus and welfare; as well as good caring environment at a well maintained workplace. The Company encourages good team work, bonding among co-worker, as well as offers opportunity for career growth.

## **11) Client Concentration**

The Company has no concentration on any customers more than 30 percent of total income. However, the Company aware of the potential impact and prepare a solution to manage such risk by expanding more of its customer base, namely individual investors, and local and foreign institutions; developing the online order submission to facilitate its customers. The purpose of which is to expand the customer base and not excessively relying on high-volume customer or a small group of customers.

## **12) Risk from having major shareholder exceeding 25% shareholding**

Finansa Fund Management Company Limited is the major shareholder holding 29.29 percent of the total paid-up shares. The Shareholder is able to control the resolution of the important agenda of annual general meeting or the resolutions which legally require three-quarter of the shareholders attending the meeting. Consequently, other shareholders have risk in terms of having not enough votes to ask for the verification or balance the vote. However, the 3 independent directors from 9 directors acting as the Company's Audit

Committee are responsible for checking and recommending the Company to operate in a correct and transparent manner.

### **13) Risk from changes of technologies**

Since the Company changed its core strategy to provide online trading platform which was launched on March 23, 2018 under the name “Finansia HERO”, the Company aware of the ever-changing information technology because the implemented technology is always developed and changed. In this regard, the Company may pose risks in offering online trading platform system which is obsolete to investors resulted in the decrease in value added of the Company and loss its capability in a long-term competition.

However, the risk from obsolescence will slightly affect the Company because technologies from the Company’s partner, namely, Kiwoom Securities, is on the cutting-edge according to the Company’s results of studies and comparison of the online trading systems which are currently available in the market before its cooperation in developing the online trading system. Such cooperation is not only to buy a computer program but to also conduct the investors’ behaviors to develop the online trading system with the idea of Customer Centric. In addition, the Company also protects itself by following up the movement and trends of the investors’ behaviors, as well as new technology and innovation which will be offered to the market and response the needs of customers. The source of which was from investors, partners, cyber-related news, international seminars regarding technologies, etc. The Company also established E-Business Technology department which comprises of the 5-6 proficient programmers who stationed at Kiwoom Securities and possess knowledge and experiences regarding information technology in various fields to cooperate in considering and design various features to be the alternative investment tool and new innovation for investors. Moreover, the Company’s organizational culture always emphasizes on the adoption of new technology and innovation. The average age of the Company’s E-business technology team is approximately 25-26 years old which is considered as the group of people with constant eagerness to learn and adopt new technologies as well as ability to adapt quickly.

## Report of the Board of Directors' Responsibility for the Financial Reports

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The Board of Directors of Finansia Syrus Securities Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand by implementing the appropriate accounting policies consistently, and provide an adequate disclose of important information in the notes to the financial statements.

The Board has appointed the Audit Committee which comprises three independent members to provide effective oversight of finances and evaluation of internal control system to ensure that accounting information is recorded accurately, adequately and timely, to prevent fraud and irregular transactions. The views of the Audit Committee are included in the Audit Committee's report in this annual report.

The Board is confident that the internal control system of Finansia Syrus Securities Public Company Limited and its subsidiaries represents the financial position, results, operations and cash flow accurately.



**Chatchaval Jiaravanon**

Chairman of the Board of Directors

# Independent Auditor's Report

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## Independent Auditor's Report

To the Shareholders of Finansia Syrus Securities Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Finansia Syrus Securities Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Finansia Syrus Securities Public Company Limited for the same year.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Finansia Syrus Securities Public Company Limited and its subsidiary and of Finansia Syrus Securities Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **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***

The Group's core revenues consisted of brokerage fees income, totaling 1,050 million baht, representing 72 percent of the total revenues. The Company charges brokerage fees income at percentages of trading volume, which are freely negotiated, and based on a sliding scale fee structure. 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 relying primarily on data processed by information and technology (IT) systems, I therefore focused on examining that brokerage fees are recognised correctly as actually incurred.

I assessed and tested, on a sampling basis, the operation of the Company's internal controls relevant to recognition of brokerage fees, the IT controls relevant to the calculation of brokerage fees and checked, on a sampling basis, the brokerage rates, calculation and recording. In addition, I performed analytical procedures on brokerage fees and tested, on a sampling basis, material manual adjustments made through journal vouchers.

### ***Allowance for doubtful accounts on securities and derivatives business receivables***

As discussed in Note 4.8 to the financial statements, the Company set aside allowance for doubtful accounts, taking into consideration, status of each debtor, collection risk and the value of the collateral. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the value of collateral required dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts on securities and derivatives business receivables is importance because of the number of customers and the significance to the Company's financial statements (As at 31 December 2018, securities business receivables were 2,221 million baht, representing 47 percent of the Group's total assets). Therefore, I focused on the adequacy of allowance for doubtful accounts on such receivables.



I have performed audit procedures on the adequacy of allowance for doubtful accounts as follows:

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

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 12 February 2019

Finansia Syrus Securities Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Assets</b>					
Cash and cash equivalents	6, 28.3	376,612,496	140,522,829	354,046,723	114,463,433
Receivables from Clearing House and broker-dealers	7	688,722,575	149,724,393	688,722,575	149,724,393
Securities and derivatives business receivables	8	2,220,757,080	3,925,107,300	2,220,757,080	3,925,107,300
Derivatives assets	9	-	961,652	-	961,652
Investments	10	820,769,503	973,542,869	820,769,503	973,542,869
Loans to employees		1,248,294	266,558	1,248,294	266,558
Investments in a subsidiary, an associate and a joint venture	11	119,060,796	225,669,644	113,162,491	230,803,146
Equipment	12	74,105,487	71,737,726	74,105,487	71,737,726
Intangible assets	13	260,339,270	253,079,923	260,339,270	253,079,923
Deferred tax assets	14.1	25,292,812	23,702,309	27,886,746	23,598,041
Other assets	15	167,411,251	188,524,511	168,599,156	191,680,719
<b>Total assets</b>		<b>4,754,319,564</b>	<b>5,952,839,714</b>	<b>4,729,637,325</b>	<b>5,934,965,760</b>
<b>Liabilities and owners' equity</b>					
<b>Liabilities</b>					
Borrowings from financial institutions		-	200,000,000	-	200,000,000
Payables to Clearing House and broker-dealers	16	423,883,317	909,729,983	423,883,317	909,729,983
Securities and derivatives business payables	17	1,495,294,583	1,573,696,190	1,495,294,583	1,573,696,190
Derivatives liabilities	9	4,772,145	88,506,729	4,772,145	88,506,729
Income tax payable		-	10,162,133	-	9,515,980
Debt issued		-	158,856,887	-	158,856,887
Provision for long-term employee benefits	18	55,463,100	61,139,130	54,834,762	57,375,853
Other payables	19	1,438,802	1,439,163	8,838,802	1,439,163
Other liabilities	20	242,311,018	353,848,634	234,676,411	353,055,380
<b>Total liabilities</b>		<b>2,223,162,965</b>	<b>3,357,378,849</b>	<b>2,222,300,020</b>	<b>3,352,176,165</b>

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

Finansia Syrus Securities Public Company Limited and its subsidiary  
Statement of financial position (continued)  
As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Owners' equity</b>					
Share capital					
Issued and paid-up share capital					
581,403,025 ordinary shares of Baht 1.60 each		930,244,840	930,244,840	930,244,840	930,244,840
Share premium		620,892,885	620,892,885	620,892,885	620,892,885
Capital reserve for share-based payment transactions		322,946	322,946	322,946	322,946
Deficit as a result of change in holding percentage in a subsidiary		(251,580)	(251,580)	-	-
Retained earnings					
Appropriated - statutory reserve	21	78,640,769	78,640,769	78,640,769	78,640,769
Unappropriated		901,949,260	965,867,466	877,235,865	952,688,155
Other component of owners' equity					
Exchange differences on translation of financial statements in foreign currency - net of income tax		(1,417,318)	(938,307)	-	-
Total equity attributable to the Company's shareholders		2,530,381,802	2,594,779,019	2,507,337,305	2,582,789,595
Non-controlling interests of the subsidiary		774,797	681,846	-	-
<b>Total owners' equity</b>		<b>2,531,156,599</b>	<b>2,595,460,865</b>	<b>2,507,337,305</b>	<b>2,582,789,595</b>
<b>Total liabilities and owners' equity</b>		<b>4,754,319,564</b>	<b>5,952,839,714</b>	<b>4,729,637,325</b>	<b>5,934,965,760</b>

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

**Statement of comprehensive income**

For the year ended 31 December 2018

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Profit or loss:</b>				
<b>Income</b>				
Brokerage fees income	22, 28.2	1,049,505,108	1,169,079,301	1,049,505,108
Fees and service income	23	94,195,367	148,573,511	94,195,367
Interest income on margin loans		67,677,923	80,526,168	67,677,923
Gain (loss) and return on financial instruments	24	226,280,431	250,833,020	226,217,315
Shares of gain (loss) from investments in an associate and a joint venture	11.2	2,832,737	(22,254,040)	-
Gain on sale of investment in joint venture		8,797,834	-	-
Gain from charge in a joint venture proportion		-	9,874,074	-
Other income	28.2	14,014,637	18,538,156	17,614,636
<b>Total income</b>		<b>1,463,304,037</b>	<b>1,655,170,190</b>	<b>1,455,210,349</b>
<b>Expenses</b>				
Employee benefits expenses	18,25	874,700,850	903,145,856	841,148,211
Fees and service expenses		166,365,028	146,238,201	166,305,028
Finance costs		31,537,137	31,135,553	31,537,137
Bad debt and doubtful accounts (reversal)		(96,000)	5,660,196	(96,000)
Loss from impairment on investment		-	842,088	-
Loss on sale of investment in a joint venture proportion		-	291,427	-
Other expenses	28.2	414,617,796	359,591,935	455,199,883
<b>Total expenses</b>		<b>1,487,124,811</b>	<b>1,446,905,256</b>	<b>1,494,094,259</b>
<b>Profit (loss) before income tax</b>		<b>(23,820,774)</b>	<b>208,264,934</b>	<b>(38,883,910)</b>
Income tax	14.2	133,647	(31,009,824)	3,094,068
<b>Profit (loss) for the year</b>		<b>(23,687,127)</b>	<b>177,255,110</b>	<b>(35,789,842)</b>
<b>Other comprehensive income:</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of financial statements in foreign currency - net of income tax		(479,011)	(6,266,755)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(479,011)	(6,266,755)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income from investments in joint venture - net of income tax		-	467,821	-
Actuarial loss - net of income tax		(5,254,228)	(2,110,293)	(4,778,548)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(5,254,228)	(1,642,472)	(4,778,548)
<b>Other comprehensive income for the year</b>		<b>(5,733,239)</b>	<b>(7,909,227)</b>	<b>(4,778,548)</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(29,420,366)</b>	<b>169,345,883</b>	<b>(40,568,390)</b>

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



Finansia Syrus Securities Public Company Limited and its subsidiary  
Statement of comprehensive income (continued)  
For the year ended 31 December 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Profit (loss) attributable to:</b>					
The Company's shareholders		(23,797,934)	176,920,803	(35,789,842)	88,948,467
Non-controlling interests of the subsidiary		110,807	334,307		
		<u>(23,687,127)</u>	<u>177,255,110</u>		
<b>Comprehensive income attributable to:</b>					
The Company's shareholders		(29,513,317)	169,030,234	(40,568,390)	87,335,225
Non-controlling interests of the subsidiary		92,951	315,649		
		<u>(29,420,366)</u>	<u>169,345,883</u>		
<b>Earnings per share</b>					
<b>Basic earnings (loss) per share</b>					
Profit (loss) attributable to shareholders of the Company	26	(0.04)	0.30		0.15

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

Finansia Syrus Securities Public Company Limited and its subsidiary

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(23,820,774)	208,264,934	(38,883,910)	117,022,800
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities:				
Depreciation and amortisation	60,247,624	45,470,796	60,247,624	45,470,796
Bad debt and doubtful accounts (reversal)	(96,000)	5,660,196	(96,000)	5,660,196
(Gain) loss on disposals and write-off of				
Equipment and intangible assets	215,942	5,977,405	215,942	5,977,405
Loss from impairment on investment	-	842,088	-	47,756,833
Loss on sale of investment in a joint venture	-	291,427	-	45,742,698
Gain on sale of investment in a joint venture	(8,797,834)	-	-	-
Gain from change in a joint venture proportion	-	(9,874,074)	-	-
Unrealised (gain) loss on revaluation of trading investments	23,256,367	(2,532,520)	23,256,367	(2,532,520)
Unrealised (gain) loss on revaluation of derivatives	(10,605,531)	(13,043,522)	(10,605,531)	(13,043,522)
Share of (gain) loss from investments in an associate and a joint venture	(2,832,737)	22,254,040	-	-
Provision for long-term employee benefits	(3,096,790)	7,670,187	607,124	7,184,646
Interest and dividend income	(74,775,849)	(57,618,296)	(74,712,732)	(57,618,296)
Interest income on margin loans	(67,677,923)	(80,526,168)	(67,677,923)	(80,526,168)
Finance costs	31,516,820	31,049,636	31,516,820	31,049,636
Amortisation of interest expense on financial lease agreement	20,317	85,917	20,317	85,917
Amortisation of discount on debt issued	1,143,113	(1,143,113)	1,143,113	(1,143,113)
<b>Profit (loss) from operating activities before changes in operating assets and liabilities</b>	<b>(75,303,255)</b>	<b>162,828,933</b>	<b>(74,968,789)</b>	<b>151,087,308</b>
(Increase) decrease in operating assets				
Receivables from Clearing Houses and broker-dealers	(517,836,210)	119,688,452	(517,836,210)	119,688,452
Securities and derivatives business receivables	1,702,836,465	521,282,298	1,702,836,465	521,282,298
Investments	129,516,999	(453,274,319)	129,516,999	(453,274,319)
Loan to employees	(981,736)	1,235,318	(981,736)	1,235,318
Other assets	13,337,813	(52,930,862)	14,240,488	(52,911,861)
Increase (decrease) in operating liabilities				
Payables to Clearing Houses and broker-dealers	(485,846,666)	(567,165,022)	(485,846,666)	(567,165,022)
Securities and derivatives business payables	(78,401,607)	(540,395,647)	(78,401,607)	(540,395,647)
Derivatives liabilities	(93,329,374)	59,974,167	(93,329,374)	59,974,167
Paid for long-term employee benefits	(9,121,400)	(3,545,400)	(9,121,400)	(3,545,400)
Other payables	(361)	(196,081)	7,399,639	(196,081)
Other liabilities	(55,387,238)	(55,825,070)	(62,228,592)	(55,675,489)
Cash received (paid) from operating activities	529,483,430	(808,323,233)	531,279,217	(819,896,276)
Proceeds on interest and dividend income	152,947,804	142,742,269	152,884,687	142,742,269
Cash paid on interest expense	(31,406,494)	(31,222,617)	(31,406,494)	(31,222,617)
Cash paid on income tax expense	(11,276,933)	(67,687,482)	(9,515,980)	(67,141,655)
<b>Net cash provided by (used in) operating activities</b>	<b>639,747,807</b>	<b>(764,491,063)</b>	<b>643,241,430</b>	<b>(775,518,279)</b>

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

Finansia Syrus Securities Public Company Limited and its subsidiary  
Statement of cash flows (continued)  
For the year ended 31 December 2018

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Cash received (paid) from investing activities				
Cash received from disposal of investment in a joint venture	117,640,655	114,701,702	117,640,655	114,701,702
Proceeds on disposals of equipment	565,533	676,589	565,533	676,589
Cash paid for purchases of equipment	(25,844,658)	(59,065,269)	(25,844,658)	(59,065,269)
Cash paid for purchases of intangible assets	(100,465,905)	(140,483,013)	(100,465,905)	(140,483,013)
<b>Net cash provided by (used in) investing activities</b>	<b>(8,104,375)</b>	<b>(84,169,991)</b>	<b>(8,104,375)</b>	<b>(84,169,991)</b>
<b>Cash flows from financing activities</b>				
Cash received (paid) from financing activities				
Cash received (paid) from borrowings from financial institutions	(200,000,000)	200,000,000	(200,000,000)	200,000,000
Cash received (paid) from debt issued	(160,000,000)	160,000,000	(160,000,000)	160,000,000
Cash paid for liabilities under finance lease agreement	(669,865)	(1,148,340)	(669,865)	(1,148,340)
Dividend paid	(34,883,900)	(75,582,380)	(34,883,900)	(75,582,380)
<b>Net cash provided by (used in) financing activities</b>	<b>(395,553,765)</b>	<b>283,269,280</b>	<b>(395,553,765)</b>	<b>283,269,280</b>
Net increase (decrease) in cash and cash equivalents	236,089,667	(565,391,774)	239,583,290	(576,418,990)
Cash and cash equivalents at the beginning of the year	140,522,829	705,914,603	114,463,433	690,882,423
<b>Cash and cash equivalents at the ending of the year</b>	<b>376,612,496</b>	<b>140,522,829</b>	<b>354,046,723</b>	<b>114,463,433</b>

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

Finansia Syrus Securities Public Company Limited and its subsidiary

Statement of changes in owners' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements											
Equity attribute to of the Company's shareholders											

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

Finansia Syrus Securities Public Company Limited and its subsidiary  
Statement of changes in owners' equity (continued)  
For the year ended 31 December 2018

(Unit: Baht)

		Separate financial statements				
Note	Issued and paid-up share capital	Share premium	Capital reserve		Retained earnings	
			for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	Total owners' equity
<b>Balance as at 1 January 2017</b>	930,244,840	620,892,885	322,946	74,193,345	945,382,734	2,571,036,750
Profit (loss) for the year	-	-	-	-	88,948,467	88,948,467
Other comprehensive income for the year	-	-	-	-	(1,613,242)	(1,613,242)
Total comprehensive income (loss) for the year	-	-	-	-	87,335,225	87,335,225
Dividend paid	-	-	-	-	(75,582,380)	(75,582,380)
Appropriated to statutory reserve	-	-	-	4,447,424	(4,447,424)	-
<b>Balance as at 31 December 2017</b>	930,244,840	620,892,885	322,946	78,640,769	952,688,155	2,582,789,595
<b>Balance as at 1 January 2018</b>	930,244,840	620,892,885	322,946	78,640,769	952,688,155	2,582,789,595
Profit (loss) for the year	-	-	-	-	(35,789,842)	(35,789,842)
Other comprehensive income for the year	-	-	-	-	(4,778,548)	(4,778,548)
Total comprehensive income (loss) for the year	-	-	-	-	(40,568,390)	(40,568,390)
Dividend paid	-	-	-	-	(34,883,900)	(34,883,900)
<b>Balance as at 31 December 2018</b>	930,244,840	620,892,885	322,946	78,640,769	877,235,865	2,507,337,305

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

**Finansia Syrus Securities Public Company Limited and its subsidiary**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2018**

**1. General information**

Finansia Syrus Securities Public Company Limited (“the Company”) is a public company incorporated under Thai laws and domiciled in Thailand. Its major shareholders are Finansia Fund Management Limited and Industrial and Commercial Bank of China (Thai) Public Company Limited, which held shares in the Company at the rates of 29.29% and 22.29%, respectively, of the Company’s issued and paid-up share capital. The Company’s registered address and head office are located at No. 999/9, 18th and 25th floors of The Offices at Centralworld, Rama 1 Road, Pathumwan Sub-district, Pathumwan District, Bangkok.

The Company has been operating its businesses in Thailand and undertaken business licenses as follows:

1. Securities brokerage
2. Securities trading
3. Investment advisory
4. Securities underwriting
5. Financial advisory
6. Derivatives brokerage
7. Securities borrowing and lending

As at 31 December 2018 and 2017, the Company had 31 branches and 31 branches, respectively.

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

- 2.1** The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Office of the Securities and Exchange Commission (“SEC”). The presentation of the financial statements has been made in compliance with the requirement of the Notification of the SEC 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 Thai language financial statements.

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

**2.2 Basis of consolidation**

- (a) The consolidated financial statements included the financial statements of the Company and the following subsidiary company (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 December 2018	31 December 2017
			(%)	(%)
FSS International Investment Advisory Securities Company Limited	Advisory	Thailand	96.25	96.25



- (b) The Company is deemed to have control over an investee or a subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as those of the Company.
- (e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within owners' equity in the consolidated statement of financial position.
- (g) The net assets in the financial statements of an overseas associate are translated into Baht using the exchange rate prevailing at the end of the reporting periods. Profit or loss of the associate is translated using a monthly average exchange rate. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" and presented as a part of other component of owners' equity in the statements of financial position.

### **2.3 Separate financial statements**

The Company has prepared its separate financial statements, which present investments in a subsidiary, an associate and a joint venture under the cost method.

## **3. New financial reporting standards**

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

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

### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

## TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

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 and its subsidiary are currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 4. Significant accounting policies

### 4.1 Revenue recognition

(a) Brokerage fees income

Brokerage fees income on securities and derivatives trading are recognised as revenue on the transaction dates.

(b) Fees and service income

Fees and service income are recognised as revenue, taking into account the stage of completion, which is measured based on service performed to date as a percentage of total service to be performed. Revenue is recognised when it is probable that the amount will be collected.

(c) Interest income on margin loans

Interest income is recognised as it accrues based on the effective rate method, except that there is uncertainty as to the collectability of loans and interest, the Company ceases accrual.

The following cases are considered as uncertainty of collectability of loans and interest.

- (1) Receivables from general debtors, which are not fully collateralised.
- (2) Installment loans with repayments scheduled less frequently than every three months and for which principal or interest is overdue longer than three months.
- (3) Installment loans with repayments scheduled longer than every three months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- (4) Problem financial institutions.
- (5) Other receivables from which interest payment is overdue for three months or more.

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission ("SEC").

(d) Gain and return 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 Expenses recognition

Expenses are recognised on an accrual basis.

### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, all bank deposit accounts with an original maturity less than 3 months, promissory notes and term notes with an original maturity less than 3 months and exclude deposits used as collateral.

### 4.4 Recognition and derecognition of customers' assets

Cash received from customers on their cash balance accounts, credit balance accounts and derivatives trading accounts are recorded as assets and liabilities of the Company for internal control purposes. At the end of the reporting period, the Company excludes these amounts from its both assets and liabilities and presents only those belong to the Company.

#### **4.5 Receivables from/payables to Clearing House and broker-dealer**

Receivables from/payables to Clearing House and broker - dealer comprise the net receivable from/payables to Thailand Clearing House (TCH) for settlement of equity securities trading and derivatives trading, including cash collateral pledged with TCH for derivatives trading instruments and receivable/payables from overseas securities companies in respect of overseas securities trades settle through those companies.

#### **4.6 Securities and derivatives business receivables**

Securities and derivatives business receivables are the balances of securities business receivables and derivatives business receivables and including accrued interest receivables after deducting allowance for doubtful accounts.

Securities business receivables comprise receivables on cash accounts, credit balance receivables for which the securities purchased are used as collateral, securities borrowing and lending receivables and guaranteed deposit receivables which comprise cash placed as guarantee for borrowers of securities and other receivables (such as overdue in cash accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are being settled in installments).

#### **4.7 Securities borrowing and lending**

The Company records its obligations to return borrowed securities which it has been sold as short selling or lent as "Securities borrowing and lending payables" in the statements of financial position. At the end of the reporting periods, the balance of securities borrowing and lending payables are adjusted by the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the reporting period. Gains or losses arising from such adjustment are recorded in profit or loss in the statement of comprehensive income. Securities lent to customers are recorded as "Securities borrowing and lending receivables" in the statements of financial position. Cash paid or received as collateral for securities borrowing and lending is recorded as "Collateral receivables" or "Collateral payables". Fees on securities borrowing and lending are recognised on an accrual basis.

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

The Company has provided an allowance for doubtful accounts based on a review of each debtor's repayment capability, taking into consideration the risk of recovery and the value of the collateral. An allowance will be set aside for doubtful accounts that their collaterals are not fully covered and/or debtors can not be recovered in full. Such debt classifications and allowances are made in accordance with guidelines stipulated by the Office of the Securities and Exchange Commission ("SEC") as the following criteria:

- (a) Debts classified as bad debts are defined as follows:
  - (1) Debts which the Company has made effort to follow up, but could not collect repayment. The Company has written them off in accordance with tax law.
  - (2) Debts on which the Company has forgiven.
- (b) Doubtful debt is defined as the uncollateralised portion of the debt which meets the following criteria:
  - (1) Debtors in general, problem financial institutions, and other debtors which have the value of the underlying collateral less than the debts.
  - (2) Installment loans with repayments scheduled no longer than three months for each installment, which principal or interest is overdue by three months or more.

- (3) Installment loans with repayments scheduled longer than three months for each installment, unless there is clear evidence and high degree of certainty that full is recovered.

- (c) Sub-standard debt is defined as the collateralised portion of debts, which meet the criteria in (b).

Bad debts will be written off when identified. Full allowance of the debt balance will be set aside for debts classified as doubtful. These conditions are complied with the guidelines stipulated by the Office of the Securities and Exchange Commission ("SEC").

#### **4.9 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 in the statement of comprehensive income.
- (b) Investments in deposits at financial institutions are fixed deposits with original maturity within 3 months from the date of acquisition, but the Company intends to roll-over them, or deposits subject to withdrawal restrictions.
- (c) Investments in non-marketable equity securities which the Company classified as general 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 reporting period. The fair value of investment units is determined based on their net asset value at the end of the reporting period.

Impairment loss (if any) is recognised in profit or loss.

In the event that 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 recognised in profit or loss or in other component of owners' equity depending on the type of investment that is reclassified.

Purchase and sales of investments are recorded on trade date. On disposal of an investment, the difference between net disposal proceeds and the cost of the investment is recognised as revenue or expense in profit or loss. The weighted average method is used for computation of the cost of investment.

#### **4.10 Loans**

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

#### **4.11 Investments in a subsidiary, an associate and a joint venture**

- (a) Consolidated financial statements  
Investments in an associate and a joint venture are accounted for in the consolidated financial statements using the equity method.
- (b) Separate financial statements  
Investments in a subsidiary, an associate and a joint venture are stated in the separate financial statements at cost net of allowance for impairment loss (if any).

#### 4.12 Equipment and depreciation

Equipment is stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of equipment is calculated by reference to their cost on the straight-line method over the following estimated useful lives:

Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

No depreciation is provided for equipment under installation.

Depreciation is included in profit or loss.

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.

#### 4.13 Intangible assets and amortisation

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

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

Intangible assets with finite useful lives are amortised on a straight line method over the estimated period of their economic benefits as follows:

Futures exchange membership fee	10 years
Retail brokerage business acquisition cost	2 years
Computer softwares	5 - 15 years
Right to use system	5 years

No amortisation is provided for computer softwares under development.

#### 4.14 Income tax

Income tax expenses represent 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 and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses brought forward



to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses brought forward can be utilised.

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

The Company and its subsidiary record deferred income tax directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

#### **4.15 Impairment of assets**

At each end of reporting year, the Company and its subsidiary perform impairment reviews in respect of equipment and other intangible 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **4.16 Borrowings from financial institution**

Borrowings from financial institution is recognised initially at the fair value of the proceeds received. borrowings from financial institution is 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 period of the borrowings.

#### **4.17 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.

#### **4.18 Debt issued**

Debt issued is recognised initially at the fair value of the proceeds received. Debt issued is 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 period of the borrowings.

#### **4.19 Provisions**

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.20 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 plan

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

Defined benefit plan

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

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

Actuarial gains and losses arising from the defined benefit plan are recognised in other comprehensive income or loss and as a part of retained earnings.

#### 4.21 Long-term leases

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

Leases of equipment which do not transfer substantially all the risks and rewards of ownership to the Company and its subsidiary are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line method over the lease term.

#### 4.22 Related party transactions

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

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiary that give them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiary's operations, together with closed family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

#### 4.23 Foreign currencies

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

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

Gains and losses on exchange are included in profit or loss.

#### 4.24 Derivatives

(a) Derivative warrants

The Company initially recognises the fair value of derivative warrants as derivatives liabilities and will subsequently recognise unrealised gains or losses resulting from changes in the fair values of derivative warrants in profit or loss in the statement of comprehensive income. The fair value of marketable derivative warrants being calculated with reference to the last offer price quoted on the Stock Exchange of Thailand on the last working day of the year.

(b) Futures

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

(c) Forward exchange contracts

Forward exchange contracts are initially recognised as off-balance transactions. Gains (losses) from changes in the fair value of derivatives is included in profit or loss. The fair value of forward foreign currency contracts is determined based on an average rate of buying or selling for the remaining period of each contract.

#### 4.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure 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 categorisation of input to be used in fair value measurement as follows:

- |         |   |
|---------|---|
| Level 1 | Use of quoted market prices in an observable active market for such assets or liabilities     |
| Level 2 | Use of other observable inputs for such assets or liabilities, whether directly or indirectly |
| Level 3 | Use of unobservable inputs such as estimates of future cash flows                             |

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant 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 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 exercise 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 (the Company and its subsidiary and their counterparties) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these variables could affect the fair value recognised in the statements of financial position and reported in disclosures of fair value hierarchy.

### **5.3 Allowance for doubtful accounts on securities and derivatives business receivables**

Allowances for doubtful accounts on 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 debtor when there is any doubt about the debtor's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

### **5.4 Allowance for impairment on investments**

The Company and its subsidiary treat investments in equity securities 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.

### **5.5 Equipment and depreciation**

In determining depreciation of equipment, the management is required to make estimates of the useful life and residual values of equipment and to review estimated useful life and residual 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

their carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **5.6 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.

#### **5.7 Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

#### **5.8 Provision for employee benefits**

Provision for employee benefits is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, mortality rate and staff turnover rate.

#### **5.9 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 or not significant risk and rewards of ownership of the leased asset has been transferred to the Company and its subsidiary, taking into consideration terms and conditions of the arrangement.

#### **5.10 Litigation**

The Company and its subsidiary have contingent liabilities as a result of litigation whereby the management have used judgement to assess the outcome of the litigation cases. In case where the management believe that loss will not be incurred, no contingent liabilities will be recorded for such cases.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cash, short-term deposits and short-term note receivables with original maturity periods of less than 3 months	593,134	903,573	570,569	877,513
Less: Cash deposits held for customers	(216,522)	(763,050)	(216,522)	(763,050)
Cash and cash equivalents	<u>376,612</u>	<u>140,523</u>	<u>354,047</u>	<u>114,463</u>

## Supplemental cash flows information

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2018	2017	2018	2017
Non-cash items:				
Purchase of equipment and				
intangible assets on credit	41,876	97,488	41,876	97,488

## 7. Receivables from Clearing House and broker-dealers

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Receivables from Clearing House	727,708	182,583
Receivables from overseas securities companies	233,762	124,124
Receivables from securities company	4,555	200
Less: Receivables from Clearing House held for customers' account	(58,495)	(39,777)
Less: Receivables from overseas securities companies for customers' account	(218,807)	(117,406)
Receivables from Clearing House and broker-dealers	<u>688,723</u>	<u>149,724</u>

## 8. Securities and derivatives business receivables

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
<u>Securities business receivables</u>		
Cash accounts receivables	1,091,714	2,630,768
Credit balance accounts	928,833	1,266,588
Collateral receivables	90,731	9,557
Securities borrowing and lending receivables	90,890	9,587
Other receivables	74,856	70,138
Total securities business receivables	2,277,024	3,986,638
Add: Accrued interest receivables	4,954	6,564
Less: Allowance for doubtful accounts	(69,358)	(69,550)
Securities business receivables	2,212,620	3,923,652
<u>Derivatives business receivables</u>		
Derivatives business receivables	8,137	1,455
Other receivables	5,960	5,960
Less: Allowance for doubtful accounts	(5,960)	(5,960)
Securities and derivatives business receivables	2,220,757	3,925,107

### 8.1 Non-accrued securities and derivatives business receivables

As at 31 December 2018 and 2017, the Company has securities and derivatives business receivables (included accrued interest receivables) of 81 million baht and 76 million baht, respectively, for which the recognition of interest income has been ceased and the Company has set aside allowances for doubtful accounts of Baht 75 million and 76 million baht, respectively.

### 8.2 Classification of securities and derivatives business receivables

As at 31 December 2018 and 2017, the Company has classified securities and derivatives business receivables in accordance with the Office of the Securities and Exchange Commission's Notification regarding accounting for non-performing debts of securities companies as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2018			31 December 2017		
	Debt balance	Allowance for doubtful accounts	Net debt balance after allowance for doubtful accounts	Debt balance	Allowance for doubtful accounts	Net debt balance after allowance for doubtful accounts
Normal debt	2,216	-	2,216	3,925	-	3,925
Sub-standard debts	5	-	5	-	-	-
Doubtful debts	75	(75)	-	76	(76)	-
Total	2,296	(75)	2,221	4,001	(76)	3,925

### 8.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December	
	2018	2017
Balances - beginning of the year	75,510	69,849
Allowance for doubtful accounts (reversal)	(192)	5,661
Balances - end of the year	75,318	75,510

### 9. Derivatives assets and liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2018		
	Fair value		Notional
	Assets	Liabilities	amount
<b>Trading derivatives</b>			
Derivatives warrants	-	4,772	1,083,365
Futures <sup>(1)</sup>	-	-	404,295
<b>Total</b>	-	4,772	1,487,660

(1) Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level on settlement date, fair value of outstanding futures contracts as at the end of period included in "Receivables from Clearing House and broker-dealers". As at 31 December 2018, the fair value of derivative assets and liabilities for futures contracts are 26 million baht and 1 million baht respectively.

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	31 December 2017		
	Fair value		Notional
	Assets	Liabilities	Assets
<b>Trading derivatives</b>			
Derivatives warrants	-	87,284	2,146,316
Futures <sup>(1)</sup>	-	-	400,866
Forward exchange contracts	962	1,223	667,816
<b>Total</b>	962	88,507	3,214,998

(1) Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level on settlement date, fair value of outstanding futures contracts as at the end of period included in "Receivables from Clearing House and broker-dealers". As at 31 December 2017, the fair value of derivative liabilities for futures contracts are 8 million baht and 4 million baht respectively.



Delivery method of the derivatives warrants is cash settlement between the close price of the underlying asset as quoted on the last trading date and the exercise price.

Forward exchange contracts have a short-term maturity period and delivery method is cash settlement between contract buying/selling rates and buying/selling rates as quoted by the Bank of Thailand on the contract maturity dates. Therefore, real exposure under forward exchange contracts would be such price difference.

## 9.1 Gain (loss) on derivatives

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Realised gain (loss) on derivatives trading	272,157	84,367
Unrealised gain (loss) on revaluation of derivatives	10,606	13,043
Total	282,763	97,410

## 10. Investments

### 10.1 Cost value and fair value

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2018		31 December 2017	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
<b>Trading securities</b>				
Equity securities	440,114	418,402	969,999	970,197
Investment units	-		150,000	151,346
Add (less): Revaluation allowance	(21,712)		1,544	
Less: Investment held for customers	-		(150,000)	
Trading securities	418,402		971,543	
<b>Held-to-maturity securities</b>				
Fixed deposits	1,251,279		2,451,269	
Bank of Thailand bond	2,345,890		-	
Less: Investment held for customers	(3,197,272)		(2,451,269)	
Held-to-maturity securities	399,897		-	
<b>General investments</b>				
Equity securities	19,779		19,952	
Less: Allowance for impairment	(17,308)		(17,952)	
General investments	2,471		2,000	
Investments	820,770		973,543	

## 10.2 Investments in deposits at financial institutions

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2018			
	Within 1 year	1 - 5 years	No maturity	Total
<b>Held-to-maturity securities</b>				
Fixed deposits	1,251,279	-	-	1,251,279
Bank of Thailand bond	2,345,890	-	-	2,345,890
Less: Investments held for customers	(3,197,272)	-	-	(3,197,272)
<b>Total</b>	<b>399,897</b>	<b>-</b>	<b>-</b>	<b>399,897</b>

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2017			
	Within 1 year	1 - 5 years	No maturity	Total
<b>Held-to-maturity securities</b>				
Fixed deposits	2,451,269	-	-	2,451,269
Less: Investments held for customers	(2,451,269)	-	-	(2,451,269)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 10.3 Gain (loss) on investments

(Unit: Thousand Baht)

	For the years ended 31 December	
	2018	2017
Realised gain (loss) on trading securities	(108,002)	93,264
Unrealised gain (loss) on revaluation of trading securities	(23,256)	2,532
<b>Total</b>	<b>(131,258)</b>	<b>95,796</b>

## 11. Investments in a subsidiary, an associate and a joint venture

### 11.1 Details of investments in a subsidiary, an associate and a joint venture

Investments in a subsidiary, an associate and a joint venture as at 31 December 2018 and 2017 were as follows:

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Type of investment	Currency	Issued and paid-up share capital		Percentage of shareholding		Investment value under equity method	
					31	31	31	31	31	31
					December	December	December	December	December	December
					2018	2017	2018	2017	2018	2017
					(Thousand units)	(Thousand units)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
<b>Associate</b>										
SBI Royal Securities Plc.	Securities	Cambodia	Equity securities	Cambodian Riel (KHR)	63,960,000	63,960,000	20.01	20.01	119,061	115,317
Total Investment in an associate									119,061	115,317
<b>Joint venture</b>										
SBI Thai Online Securities Co., Ltd.	Securities	Thailand	Equity securities	Baht	-	802,222	-	20.51	-	110,353
Total Investment in a joint venture									-	110,353
Total investments in an associate and a joint venture									119,061	225,670

Separate financial statements										
Company's name	Nature of business	Country of incorporation	Type of investment	Currency	Issued and paid-up share capital		Percentage of shareholding		Investment value under equity method	
					31	31	31	31	31	31
					December	December	December	December	December	December
					2018	2017	2018	2017	2018	2017
					(Thousand units)	(Thousand units)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
<b>Subsidiary</b>										
FSS International Investment Advisory Securities Co., Ltd.	Advisory	Thailand	Equity securities	Baht	8,000	8,000	96.25	96.25	7,700	7,700
Total Investment in a subsidiary									7,700	7,700
<b>Associate</b>										
SBI Royal Securities Plc.	Securities	Cambodia	Equity securities	Cambodian Riel (KHR)	63,960,000	63,960,000	20.01	20.01	105,462	105,462
Total Investment in an associate									105,462	105,462
<b>Joint venture</b>										
SBI Thai Online Securities Co., Ltd.	Securities	Thailand	Equity securities	Baht	-	802,222	-	20.51	-	164,555
Less : Allowance for impairment									-	(46,914)
Total Investment in a joint venture									-	117,641
Total investments in a subsidiary, an associate and a joint venture									113,162	230,803

On 26 June 2017 a meeting of the Company's Board of Directors resolved to approve the sale of the Company's investment in SBI Thai Online Securities Company Limited to that company's major shareholder. On 31 July 2017 the Company and the purchaser entered into a Share Purchase Agreement to sell 3,249,998 shares of such investment, with 1,604,444 shares sold in the first phases at a price of 71.49 baht per share, or for a total of 115 million baht, settled on August 15, 2017, which reduced the Company's shareholding from 40.51% to 20.51%. The Company had a right to sell the remaining shares at the price and in accordance with the conditions set out in the agreement, with the transfer and settlement to be completed within 1 year from 15 August 2017.

Subsequently, on 20 March 2018, the Company's Board of Directors meeting passed a resolution which approved and granted the authority to the management to negotiate and exercise the option to sell all remaining 1,645,554 shares at a price of 71.49 baht per share, or for a total of Baht 118 million in SBI Thai Online Securities Company Limited, which requires the fulfillment of conditions specified in the Share Purchase Agreement dated 27 April 2018. The Company has completed the processes relevant to the investment disposal and received payment for the shares on the same date.

## 11.2 Share of gain (loss) and dividend income from an associate and a joint venture

Company's name	(Unit: Thousand Baht)					
	Consolidated financial statements				Separate financial statements	
			Shares of other			
	Share of gain (loss) from investments in an associate and a joint venture for the years ended 31 December		comprehensive income from investments in an associate and a joint venture for the years ended 31 December		Dividend received during the years ended 31 December	
	2018	2017	2018	2017	2018	2017
<b>Associate</b>						
SBI Royal Securities Plc.	4,342	11,568	(598)	(6,267)	-	-
<b>Joint venture</b>						
SBI Thai Online Securities Co., Ltd.	(1,509)	(33,822)	-	468	-	-
<b>Total</b>	<b>2,833</b>	<b>(22,254)</b>	<b>(598)</b>	<b>(5,799)</b>	<b>-</b>	<b>-</b>

During the years ended 31 December 2018 and 2017, the Company recognised shares of gain (loss) from the associate and the joint venture under equity method based on financial information, as prepared by the associate's and the joint venture entity's management. However, the Company obtained the 2017 financial statements of the associate and the joint venture entity, which were audited by associate's and the joint venture auditors, and showed the amounts that are not significantly different from the financial information prepared by the associate's and the joint venture entity's management used in recognition of share of comprehensive income in that year.

### 11.3 Summarised financial information about material associate and a joint venture

#### Summarised information from statements of financial position

	(Unit: Million Baht)			
	Associate		Joint venture	
	SBI Royal Securities Plc.		SBI Thai Online Securities Co., Ltd.	
	31	31	31	31
	December	December	December	December
	2018	2017	2018	2017
Cash and cash equivalents	420	403	-	248
Other current assets	37	24	-	460
Non-current assets	34	34	-	283
Current liabilities	(27)	(16)	-	(454)
Net assets	464	445	-	537
Shareholding percentage	20.01%	20.01%	-	20.51%
The Company's equity interest in the investments				
net assets	94	90	-	110
Goodwill	25	25	-	-
Total investment values	119	115	-	110
Carrying values of investments in an associate and a joint venture (under equity method)	119	115	-	110

#### Summarised information from statements of comprehensive income

	(Unit: Million Baht)			
	Associate		Joint venture	
	SBI Royal Securities Plc.		SBI Thai Online Securities Co., Ltd.	
	For the years ended 31 December			
	2018	2017	2018	2017
Revenues	43	78	-	81
Profit (loss) for the year	22	58	-	(94)
Other comprehensive income for the year	-	-	-	1
Total comprehensive income for the year	22	58	-	(93)

## 12. Equipment

(Unit: Thousand Baht)

	Consolidated and separate financial statements				
	Office equipment	Furniture and fixtures	Vehicles	Equipment under installation	Total
<b>Cost</b>					
1 January 2017	243,644	186,413	14,581	1,279	445,917
Additions	46,788	2,201	-	10,946	59,935
Disposals/write-off	(3,324)	(3,037)	(2,151)	(154)	(8,666)
Transfers in (out)	8,957	2,352	-	(11,309)	-
31 December 2017	296,065	187,929	12,430	762	497,186
Additions	14,575	1,729	-	8,538	24,842
Disposals/write-off	(42,410)	(15,847)	(1,545)	-	(59,802)
Transfers in (out)	6,816	8,597	-	(9,092)	6,321
31 December 2018	275,046	182,408	10,885	208	468,547
<b>Accumulated depreciation</b>					
1 January 2017	221,210	168,877	10,345	-	400,432
Depreciation for the year	23,126	8,475	1,749	-	33,350
Accumulated depreciation on disposals/write-off	(3,186)	(2,997)	(2,151)	-	(8,334)
Transfers in (out)	24	(24)	-	-	-
31 December 2017	241,174	174,331	9,943	-	425,448
Depreciation for the year	19,488	6,777	1,749	-	28,014
Accumulated depreciation on disposals/write-off	(42,340)	(15,135)	(1,545)	-	(59,020)
Transfers in (out)	-	-	-	-	-
31 December 2018	218,322	165,973	10,147	-	394,442
<b>Net book value</b>					
31 December 2017	54,891	13,598	2,487	762	71,738
31 December 2018	56,724	16,435	738	208	74,105
<b>Depreciation for the years</b>					
31 December 2017					33,350
31 December 2018					28,014

As at 31 December 2018 and 2017, certain equipment items have been fully depreciated but are still in use. The original costs, before deducting accumulated depreciation and allowance for impairment loss, of these assets amounted to approximately 334 million baht and 350 million baht, respectively.

### 13. Intangible assets

(Unit: Thousand Baht)

Consolidated and separate financial statements						
	Future exchange membership fee	Retail brokerage business acquisition cost	Computer software	Right to use system	Computer software under development	Total
<b>Cost</b>						
1 January 2017	5,000	6,384	126,653	-	8,649	146,686
Additions	-	-	181,824	7,332	47,549	236,705
Write-off	-	-	(10,679)	-	(3,634)	(14,313)
Transfers in (out)	-	-	44,478	-	(44,478)	-
31 December 2017	5,000	6,384	342,276	7,332	8,086	369,078
Additions	-	-	20,790	-	25,067	45,857
Write-off	-	-	-	-	(43)	(43)
Transfer in (out)	-	-	22,933	(7,332)	(22,750)	(7,149)
31 December 2018	5,000	6,384	385,999	-	10,360	407,743
<b>Accumulated amortisation</b>						
1 January 2017	4,413	6,384	101,072	-	-	111,869
Amortisation for the year	500	-	11,400	221	-	12,121
Write-off	-	-	(7,992)	-	-	(7,992)
31 December 2017	4,913	6,384	104,480	221	-	115,998
Amortisation for the year	87	-	31,540	607	-	32,234
Write-off	-	-	-	-	-	-
Transfer in (out)	-	-	-	(828)	-	(828)
31 December 2018	5,000	6,384	136,020	-	-	147,404
<b>Net book value</b>						
31 December 2017	87	-	237,796	7,111	8,086	253,080
31 December 2018	-	-	249,979	-	10,360	260,339
<b>Amortisation for the years ended</b>						
31 December 2017						12,121
31 December 2018						32,234

As at 31 December 2018 and 2017, certain computer software items have been fully amortised but are still in use. The original costs, before deducting accumulated amortisation, of these assets amounted to 89 million baht and 77 million baht, respectively.

## 14. Deferred tax assets and income tax

### 14.1 Deferred tax assets

Deferred tax assets consisted of tax effects on the following temporary differences:

(Unit: Thousand Baht)

	Consolidated financial statements			
			Changes in deferred income tax reported in the statements of comprehensive income	
			For the years ended 31	
	31 December 2018	31 December 2017	December 2018	2017
<b>Deferred tax assets arose from:</b>				
Allowance for impairment loss on general investments	3,462	3,590	(128)	168
Share of profit (loss) from investments in an associate and a joint venture	(2,719)	9,023	(11,742)	10,247
Provision for long-term employee benefits	11,093	11,939	(846)	1,353
Unrealised (gain) loss on revaluation of investments and derivatives	(1,658)	(5,326)	3,668	(4,253)
Unutilised tax loss	10,581	-	10,581	-
Others	4,534	4,476	58	70
<b>Deferred tax assets</b>	<b>25,293</b>	<b>23,702</b>	<b>1,591</b>	<b>7,585</b>
Recognised as income tax:				
- Recognised in profit or loss			182	5,608
- Recognised in other comprehensive income			1,409	1,977
<b>Total</b>			<b>1,591</b>	<b>7,585</b>



(Unit: Thousand Baht)

	Separate financial statements			
			Changes in deferred income tax reported in the statements of comprehensive income	
			For the years ended 31	
	31 December	31 December	December	
	2018	2017	2018	2017
<b>Deferred tax assets arose from:</b>				
Allowance for impairment loss on investments	3,462	12,973	(9,511)	9,551
Provision for long-term employee benefits	10,967	11,475	(508)	1,131
Unrealised (gain) loss on revaluation of investments and derivatives	(1,658)	(5,326)	3,668	(4,253)
Unutilised tax loss	10,581	-	10,581	-
Others	4,534	4,476	58	70
<b>Deferred tax assets</b>	<b>27,886</b>	<b>23,598</b>	<b>4,288</b>	<b>6,499</b>
Recognised as income tax:				
- Recognised in profit or loss			3,094	6,096
- Recognised in other comprehensive income			1,194	403
<b>Total</b>			<b>4,288</b>	<b>6,499</b>

## 14.2 Income tax

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	(49)	(36,617)	-	(34,170)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	182	5,607	3,094	6,096
Income tax reported in the statement of comprehensive income	133	(31,010)	3,094	(28,074)

Reconciliations between income tax and the product of accounting profits for the years ended 31 December 2018 and 2017 and the applicable tax rate are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	For the years ended 31 December			
	2018	2017	2018	2017
Accounting profit (loss) before tax	(23,821)	208,265	(38,884)	117,023
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	4,764	(41,653)	7,776	(23,404)
Effects of:				
Revenue or expenses that are not taxable or not deductible in determining taxable profits	(4,630)	(4,680)	(4,682)	(4,670)
Shares of losses on investments in a joint venture entity	-	15,323	-	-
Income tax reported in the statement of comprehensive income	134	(31,010)	3,094	(28,074)

## 15. Other assets

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Interest receivables	2,500	10,540	2,500	10,540
Prepaid expenses	33,968	33,793	33,849	33,533
Deposits	21,409	21,568	21,409	21,568
Contribution to the compensation fund for clearing and securities delivery system	84,703	75,956	84,703	75,956
Asset for protecting the clearing system	5,000	5,000	5,000	5,000
Fee receivables	4,820	31,281	4,820	31,281
Advances paid	6,730	3,315	6,730	3,315
Dividend receivables	284	1,128	284	1,128
Other receivable - related party	-	-	3,085	4,272
Others	10,853	8,800	9,076	7,944
Total	170,267	191,381	171,456	194,537
Less: Allowance for doubtful accounts/ allowance for impairment	(2,856)	(2,856)	(2,856)	(2,856)
Other assets	167,411	188,525	168,600	191,681

**16. Payables to Clearing House and broker - dealers**

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Payables to Clearing House	423,409	908,641
Payables to overseas securities companies	474	1,089
Payables to Clearing House and broker - dealers	423,883	909,730

**17. Securities and derivatives business payables**

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
<u>Securities business payables</u>		
Cash accounts payable	1,295,601	1,551,718
Collateral payables	90,731	9,557
Securities borrowing and lending payables	90,890	9,587
Securities business payable	1,477,222	1,570,862
<u>Derivatives business payables</u>		
Derivatives business payables	18,073	2,834
Securities and derivatives business payables	1,495,295	1,573,696

## 18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2018	2017	2018	2017
Provision for long-term employee benefit				
at the beginning of the year	61,139	54,376	57,376	51,720
Included in profit or loss:				
Current service cost	6,210	6,250	5,802	5,857
Interest cost	1,357	1,420	1,251	1,328
Past service costs - Curtailment	(10,664)	-	(6,446)	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumption changes	(277)	2,638	(218)	2,016
Financial assumption changes	657	-	657	-
Experience adjustments	6,162	-	5,534	-
Benefits paid during the year	(9,121)	(3,545)	(9,121)	(3,545)
Provision for long-term employee benefit				
at the end of the year	55,463	61,139	54,835	57,376

As at 31 December 2018, the Company and its subsidiary expect to pay 9 million baht of long-term employee benefits during the next year (the Company only: 9 million baht).

As at 31 December 2018, the Company's and its subsidiary's weighted average durations of the liabilities for long-term employee benefit is 9 years (the Company only: 9 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	Consolidated and separate financial statements	
	31 December 2018	31 December 2017
Discount rate	2.7	2.9
Salary increase rate	1.2 - 7.0	1.2 - 6.0
Turnover rate	0.0 - 33.0	0.0 - 33.0

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

Consolidated financial statement				
31 December 2018				
	Provision for employee benefits were increased		Provision for employee benefits were increased	
	(decreased) by		(decreased) by	
	Increased in assumption	Decreased in assumption	Increased in assumption	Decreased in assumption
	(% per annum)	(Million Baht)	(% per annum)	(Million Baht)
Discount rate	1.0	(3.2)	1.0	3.6
Salary increase rate	1.0	3.6	1.0	(3.3)
Turnover rate	20.0	(5.1)	20.0	6.2

Consolidated financial statement				
31 December 2017				
	Provision for employee benefits were increased		Provision for employee benefits were increased	
	(decreased) by		(decreased) by	
	Increased in assumption	Decreased in assumption	Increased in assumption	Decreased in assumption
	(% per annum)	(Million Baht)	(% per annum)	(Million Baht)
Discount rate	1.0	(3.2)	1.0	3.6
Salary increase rate	1.0	4.1	1.0	(3.7)
Turnover rate	20.0	(5.9)	20.0	7.4

Separate financial statement				
31 December 2018				
	Provision for employee benefits were increased		Provision for employee benefits were increased	
	(decreased) by		(decreased) by	
	Increased in assumption	Decreased in assumption	Increased in assumption	Decreased in assumption
	(% per annum)	(Million Baht)	(% per annum)	(Million Baht)
Discount rate	1.0	(3.2)	1.0	3.5
Salary increase rate	1.0	3.5	1.0	(3.2)
Turnover rate	20.0	(5.0)	20.0	6.1

Separate financial statement			
31 December 2017			
	Increase in assumption (% per annum)	Provision for employee benefits were increased (decreased) by (Million Baht)	Provision for employee benefits were increased (decreased) by (Million Baht)
Discount rate	1.0	(2.8)	3.2
Salary increase rate	1.0	3.7	(3.3)
Turnover rate	20.0	(5.3)	6.6

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional liabilities for long-term employee benefits of 7 million baht (The Company only: 7 million baht). The Company and its subsidiary will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 19. Other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Other payable - CIMB Thai				
Bank Plc.	1,353	1,353	1,353	1,353
Other payable - related party	86	86	7,486	86
Total other payables	1,439	1,439	8,839	1,439

Other payable - CIMB Thai Bank Plc. is payable as a result of cash received from debtors under Loan Management Agency Agreement on behalf of the bank.

## 20. Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Accrued expenses	212,636	321,407	205,393	321,117
Withholding tax payable	7,035	8,165	6,643	7,687
Value added tax payable	5,896	6,170	5,896	6,144
Liabilities under finance lease agreements	-	650	-	650
Employee retention payables	3,112	3,112	3,112	3,112
Others	13,632	14,345	13,632	14,345
Total other liabilities	242,311	353,849	234,676	353,055

## 21. Statutory reserve

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

## 22. Brokerage fees income

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Brokerage fee from securities business	951,429	1,093,713
Brokerage fee from derivatives business	98,076	73,606
Other brokerage fee	-	1,760
Total	1,049,505	1,169,079

## 23. Fees and service income

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the years ended 31 December	
	2018	2017
Underwriting fee	51,927	72,673
Financial advisory fee	15,110	20,140
Borrowing and lending fee	1,145	894
Research fee	14,309	45,700
Selling agent fee	9,671	8,298
Others	2,033	869
Total	94,195	148,574

## 24. Gain (loss) and return on financial instruments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December			
	2018	2017	2018	2017
Gain (loss) on investments	(131,258)	95,796	(131,258)	95,796
Gain (loss) on derivatives	282,763	97,410	282,763	97,410
Interest and dividend income	74,775	57,627	74,712	57,627
Total	226,280	250,833	226,217	250,833

## 25. Provident fund

The Company, its subsidiary and their employees have jointly established provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiary and employees of each company contributed to the funds monthly at the rates of 5% to 10% of basic salary. The funds, which are managed by two asset management companies, will be paid to employees upon termination in accordance with the fund rules. The contributions for the years ended 31 December 2018 and 2017 were recognised as expenses as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Contributions to provident funds	26,899	27,079	25,086	24,448

## 26. Earnings per share

Basic earnings per share for the year was calculated by dividing profit (excluding other comprehensive income) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

## 27. Dividends

Dividends	Approved by	Total dividends paid (Million Baht)	Dividend per share (Baht)
Dividend for 2016	Annual General Meeting of the shareholders on 25 April 2017	76	0.13
Dividend for 2017	Annual General Meeting of the shareholders on 24 April 2018	35	0.06



## 28. Related party transactions

### 28.1 The relationships

Name	Relationship
FSS International Investment Advisory Securities Company Limited	Subsidiary
SBI Royal Securities Plc.	Associate
SBI Thai Online Securities Company Limited	Joint venture until April 2018
Industrial and Commercial Bank of China (Thai) Public Company Limited	Major shareholder of the Company
Finansa Fund Management Limited	Major shareholder of the Company
Finansa Public Company Limited	Parent of major shareholder of the Company
Finansa Securities Company Limited	Subsidiary of parent of major shareholder of the Company
True Vision Group Public Company Limited	Having common director
ZAAP Enterprise Company Limited	Having common director
True Touch Company Limited	Having common director
Ultra Wealth Group Company Limited	Having common director

### 28.2 Significant transactions during the year

During the year, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and base agreed upon in the ordinary course of businesses between the Company, the subsidiary and those parties. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the years ended 31 December		For the years ended 31 December		
	2018	2017	2018	2017	Transfer Pricing Policy
<b>Transactions with subsidiary</b>					
(eliminated from the consolidated financial statements)					
Other income	-	-	3,600	3,600	Contract value
Other expenses	-	-	42,900	48,000	Contract value
<b>Transactions with related parties</b>					
Directors and executive employees					
Brokerage fees income	13	154	13	154	Similar rates charged to general customers
Major shareholders					
Brokerage fees income	27	399	27	399	Similar rates charged to general customers
Interest income	10,336	13,359	10,336	13,359	Similar rates charged to general customers
Related companies and person					
Brokerage fees income	322	-	322	-	Similar rates charged to general customers
Other income	3,378	8,202	3,378	8,202	Contract value
Rental and service expenses	7,934	731	7,934	731	As mutually agreed

## 28.3 Outstanding balances

The balances of accounts as at 31 December 2018 and 2017 between the Company, its subsidiary and their related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
<b>Cash collateral for derivatives trading</b>				
Industrial and Commercial Bank of China (Thai) Public Company Limited	617	612	617	612
<b>Investment in deposits at financial institution for the Company' accounts</b>				
Industrial and Commercial Bank of China (Thai) Public Company Limited	1,900	1,920	1,900	1,920
<b>Investment in deposits at financial institution held for customers' and employees' accounts</b>				
Industrial and Commercial Bank of China (Thai) Public Company Limited	-	970,000	-	970,000
<b>Loans to employees</b>				
Executive employees	-	103	-	103
<b>Other receivables</b>				
FSS International Investment Advisory Securities Company Limited	-	-	3,085	4,272
<b>Accrued interest receivables</b>				
Industrial and Commercial Bank of China (Thai) Public Company Limited	-	2,601	-	2,601
<b>Accrued expenses</b>				
Directors and executive employees	280	404	280	404
Related companies and person	494	-	494	-
<b>Unearned revenue</b>				
Finansa Securities Company Limited	-	50	-	50
<b>Debt issued</b>				
Directors and executive employees	-	20,000	-	20,000

## 28.4 Movements of inter-company borrowings

During the years ended 31 December 2018 and 2017, movements of borrowings to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2018	Increase	(Decrease)	31 December 2018
<b>Loans to employees</b>				
Executive employees	103	-	(103)	-
<b>Debt issued</b>				
Directors and executive employees	20,000	-	(20,000)	-

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2018	Increase	(Decrease)	31 December 2018
<b>Loans to employees</b>				
Executive employees	506	-	(403)	103
<b>Debt issued</b>				
Directors and executive employees	-	20,000	-	20,000

## 28.5 Directors and key management's remunerations

For the years ended 31 December 2018 and 2017, the Company and its subsidiary had employee benefit expenses incurred for their directors and key management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2018	2017	2018	2017
Short-term employee benefits	188	163	179	154
Post-employment benefits	7	11	6	10
Total	195	174	185	164

## 29. Commitments and contingent liabilities

### 29.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately 3 million baht relating to information technology (31 December 2017: Nil).

## 29.2 Operating lease and service agreements commitments

The Company and its subsidiary have entered into several lease agreements in respect of the lease of office building space, vehicles and equipment which the terms of the agreements are generally 1 - 5 years, and various service agreements which the terms of the agreements are generally 1 - 3 years.

As at 31 December 2018 and 2017, future minimum lease and service payments required under these agreements of the Company and its subsidiary were as follows:

(Unit: Million Baht)

Payable within	Consolidated financial statements	
	31 December 2018	31 December 2017
1 year	106	88
1 to 5 years	84	94

(Unit: Million Baht)

Payable within	Separate financial statements	
	31 December 2018	31 December 2017
1 year	105	87
1 to 5 years	84	94

## 30. Segment information

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

For management purposes, the Company and its subsidiary are summarize into business units based on their products and services and have 3 reportable segments as follows:

- Securities and derivatives brokerage segment, which provide service according to brokering, derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory and financial advisory.
- Proprietary trading segment, which provide service according to investment.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The following table presents information by operating segment for the years ended 31 December 2018 and 2017:

(Unit: Million Baht)

	For the years ended 31 December									
	Securities and derivatives brokerage segment		Investment banking segment		Proprietary trading segment		Elimination of inter-segment transactions		Consolidation	
	2561	2560	2561	2560	2561	2560	2561	2560	2561	2560
Revenues from external	1,279	1,447	62	93	90	90	(43)	(48)	1,388	1,582
Profit (loss) from operating by segment	205	353	33	78	28	23	(43)	(48)	223	406
Unallocated income and expenses:										
Interest and dividend income									49	48
Other income									26	25
Operating expenses									(323)	(271)
Income tax expenses									1	(31)
Profits for the year attributable to the Company									(24)	177

The following table presents segment assets, classified by operating segments, as at 31 December 2018 and 2017:

(Unit: Million Baht)

	Securities and derivatives brokerages segment	Investment banking segment	Proprietary trading segment	Total segments	Unallocated assets	Total
<b>Segment assets</b>						
31 December 2018	2,476	-	-	2,476	2,279	4,755
31 December 2017	4,130	-	-	4,130	1,823	5,953

## Geographic information

The Company and its subsidiary are operated in only Thailand and as a result all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical segment.

## Major customers

During the years ended 31 December 2018 and 2017, the Company and its subsidiary do not have revenue generated from any customer more than 10 percent of the consolidated revenues.

## 31. Financial instruments

### 31.1 Financial risk management

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

## Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to receivables from Clearing House and broker - dealers, securities and derivatives business receivables, investment in deposits at financial institutions, investments in debt securities and so on. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and depositing and investing with creditable financial institutions and therefore do not expect to incur material financial loss. In addition, the Company does not have high concentration of credit risk since it has a large customer base.

## Interest rate risk

The Company's and its subsidiary's exposure to interest rate risk relates primarily to their cash and cash equivalents, receivables from Clearing House and broker - dealers, securities and derivative business receivables, derivatives assets and liabilities, investments, loans to employees, payables to Clearing House and broker - dealers, securities and derivative business payables, borrowings from financial institutions and debt issued. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2018 and 2017 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement								
	31 December 2018								
	Outstanding balances of financial instruments								
	Fixed interest rate								
	Remaining period to								
	the contractual							Interest rate (% p.a.)	
	Floating	Less			Non-	Non-			
	interest	At call	than	1 - 5	performing	interest	Total	Floating	Fixed
	rate		1 year	years	receivables	bearing			
<b>Financial assets</b>									
Cash and cash equivalents	332	-	-	-	-	45	377	0.13 - 1.10	-
Receivables from Clearing House and broker - dealers	-	-	-	-	-	689	689	-	-
Securities and derivatives business receivables	929	91	-	-	-	1,201	2,221	5.25	5.25
Investments	-	-	400	-	-	421	821	-	-
Loans to employees	1	-	-	-	-	-	1	3.40 - 3.43	-
<b>Financial liabilities</b>									
Payables to Clearing House and broker - dealers	-	-	-	-	-	424	424	-	-
Securities and derivatives business payables	-	91	-	-	-	1,404	1,495	0.80	3.00
Derivatives liabilities	-	-	-	-	-	5	5	-	-

(Unit: Million Baht)

Consolidated financial statement									
31 December 2017									
Outstanding balances of financial instruments									
	Fixed interest rate						Interest rate (% p.a.)		
	Floating interest rate	Remaining period to the contractual			Non-performing receivables	Non-interest bearing			
		At call	Less than 1 year	1 - 5 years			Floating	Fixed	
<b>Financial assets</b>									
Cash and cash equivalents	61	-	-	-	-	80	141	0.13 - 1.29	-
Receivables from Clearing House and broker - dealers	-	-	-	-	-	150	150	-	-
Securities and derivatives business receivables	1,266	10	-	-	-	2,649	3,925	5.75	5.25
Derivatives assets	-	-	-	-	-	1	1	-	-
Investments	-	-	-	-	-	974	974	-	-
Loans to employees	1	-	-	-	-	-	1	3.40 - 3.50	-
<b>Financial liabilities</b>									
Borrowings from financial institutions	-	200	-	-	-	-	200	-	1.95 - 2.20
Payables to Clearing House and broker - dealers	-	-	-	-	-	910	910	-	-
Securities and derivatives business payables	-	10	-	-	-	1,564	1,574	0.80	3.00
Derivatives liabilities	-	-	-	-	-	89	89	-	-
Debt issued	-	-	159	-	-	-	159	-	1.80 - 2.20

(Unit: Million Baht)

Separate financial statement									
31 December 2018									
Outstanding balances of financial instruments									
Fixed interest rate									
Remaining period to the contractual									
Interest rate (% p.a.)									
Floating interest rate	At call	Less than 1 year	1 - 5 years	Non-performing receivables	Non-interest bearing	Total	Floating	Fixed	
<b>Financial assets</b>									
Cash and cash equivalents	311	-	-	-	-	43	354	0.13 - 1.10	-
Receivables from Clearing House and broker - dealers	-	-	-	-	-	689	689	-	-
Securities and derivatives business receivables	929	91	-	-	-	1,201	2,221	5.25	5.25
Investments	-	-	400	-	-	421	821	-	-
Loans to employees	1	-	-	-	-	-	1	3.40 - 3.43	-
<b>Financial liabilities</b>									
Payables to Clearing House and broker - dealers	-	-	-	-	-	424	424	-	-
Securities and derivatives business payables	-	91	-	-	-	1,404	1,495	0.80	3.00
Derivatives liabilities	-	-	-	-	-	5	5	-	-

	Separate financial statement								
	31 December 2017								
	Outstanding balances of financial instruments								
	Fixed interest rate						Interest rate (% p.a.)		
	Remaining period to the contractual			Non-performing receivables	Non-interest bearing	Total			
	Floating interest rate	At call	Less than 1 year				1 - 5 years		
<b>Financial assets</b>									
Cash and cash equivalents	61	-	-	-	-	53	114	0.13 - 1.29	-
Receivables from Clearing House and broker - dealers	-	-	-	-	-	150	150	-	-
Securities and derivatives business receivables	1,266	10	-	-	-	2,649	3,925	5.75	5.25
Derivatives assets	-	-	-	-	-	1	1	-	-
Investments	-	-	-	-	-	974	974	-	-
Loans to employees	1	-	-	-	-	-	1	3.40 - 3.50	-
<b>Financial liabilities</b>									
Borrowings from financial institutions	-	200	-	-	-	-	200	-	1.95 - 2.20
Payables to Clearing House and broker - dealers	-	-	-	-	-	910	910	-	-
Securities and derivatives business payables	-	10	-	-	-	1,564	1,574	0.80	3.00
Derivatives liabilities	-	-	-	-	-	89	89	-	-
Debt issued	-	-	159	-	-	-	159	-	1.80 - 2.20

## Liquidity risk

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

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

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



(Unit: Million Baht)

	Consolidated financial statement					
	31 December 2018					
	At call	Within 1 year	1 - 5 years	No maturity	Non- performing receivables	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	377	-	-	-	-	377
Receivables from Clearing House and broker – dealers	-	689	-	-	-	689
Securities and derivatives business receivables	91	1,201	-	929	-	2,221
Investments	-	400	-	421	-	821
Loans to employees	1	-	-	-	-	1
<b><u>Financial liabilities</u></b>						
Payables to Clearing House and broker – dealers	-	424	-	-	-	424
Securities and derivatives business payables	91	1,404	-	-	-	1,495
Derivatives liabilities	-	5	-	-	-	5

(Unit: Million Baht)

	Consolidated financial statement					
	31 December 2017					
	At call	Within 1 year	1 - 5 years	No maturity	Non- performing receivables	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	141	-	-	-	-	141
Receivables from Clearing House and broker – dealers	-	150	-	-	-	150
Securities and derivatives business receivables	10	2,642	-	1,273	-	3,925
Derivatives assets	-	1	-	-	-	1
Investments	-	-	-	974	-	974
Loans to employees	1	-	-	-	-	1
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	200	-	-	-	-	200
Payables to Clearing House and broker – dealers	-	910	-	-	-	910
Securities and derivatives business payables	10	1,564	-	-	-	1,574
Derivatives liabilities	-	89	-	-	-	89
Debt issued	-	159	-	-	-	159

(Unit: Million Baht)

	Separate financial statement					
	31 December 2018					
	At call	Within 1 year	1 - 5 years	No maturity	Non- performing receivables	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	354	-	-	-	-	354
Receivables from Clearing House and broker – dealers	-	689	-	-	-	689
Securities and derivatives business receivables	91	1,201	-	929	-	2,221
Investments	-	400	-	421	-	821
Loans to employees	1	-	-	-	-	1
<b><u>Financial liabilities</u></b>						
Payables to Clearing House and broker – dealers	-	424	-	-	-	424
Securities and derivatives business payables	91	1,404	-	-	-	1,495
Derivatives liabilities	-	5	-	-	-	5

(Unit: Million Baht)

Separate financial statement						
31 December 2018						
	At call	Within 1 year	1 - 5 years	No maturity	Non- performing receivables	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	114	-	-	-	-	114
Receivables from Clearing House and broker – dealers	-	150	-	-	-	150
Securities and derivatives business receivables	10	2,642	-	1,273	-	3,925
Derivatives assets	-	1	-	-	-	1
Investments	-	-	-	974	-	974
Loans to employees	1	-	-	-	-	1
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	200	-	-	-	-	200
Payables to Clearing House and broker – dealers	-	910	-	-	-	910
Securities and derivatives business payables	10	1,564	-	-	-	1,574
Derivatives liabilities	-	89	-	-	-	89
Debt issued	-	159	-	-	-	159

### Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from brokerage service for securities listed in stock exchange in overseas and revenue and expense transactions that are denominated in foreign currencies.

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rates	
	31 December	31 December	31 December	31 December	31 December	31 December
	2018	2017	2018	2017	2018	2017
(Baht per 1 foreign currency unit)						
Vietnamese dong	121,673	133,739	118,458	159,696	0.0014	0.0014
Hong Kong dollar	2.2	2.6	2.1	2.6	4.1416	4.1803
United States dollar	1.1	0.9	1.0	0.8	32.4498	32.6809
Laos kip	343.5	326.9	324.6	326.9	0.0038	0.0039
Singapore dollar	0.1	0.1	0.1	0.1	23.6943	24.4503
Cambodian riel	232.5	228.7	221.3	220.4	0.0080	0.0081
Japanese yen	13.5	0.1	13.4	0.1	0.2931	0.2898

In addition to the above, as of 31 December 2018, the Company no has forward contract (31 December 2017: USD 20 million with exchange rate at 32.56 - 32.78 Baht per USD).

### 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.

### 32. Fair value of financial instruments

As of 31 December 2018 and 2017, the Company and its subsidiary had the financial assets and liabilities that were measured at fair value or their fair values are disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated and separate financial statements			
	31 December 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Trading investments				
Equity securities	418	-	-	418
Bank of Thailand bond	-	400	-	400
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities				
Derivatives warrants	5	-	-	5

	(Unit: Million Baht)			
	Consolidated and separate financial statements			
	31 December 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives assets				
Forward exchange contracts	-	1	-	1
Trade securities				
Equity securities	970	-	-	970
Investment units	-	151	-	151
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities				
Forward exchange contracts	-	1	-	1
Derivatives warrants	87	-	-	87

(Unit: Million Baht)

## Consolidated financial statement

31 December 2018

## Fair value

	Level 1	Level 2	Level 3	Total
<b>Financial assets for which fair values are disclosed</b>				
Cash and cash equivalents	377	-	-	377
Receivable from Clearing House and broker - dealers	-	689	-	689
Securities and derivatives business receivables	-	2,221	-	2,221
General investments	-	-	2	2
Loans to employees	-	-	1	1
<b>Financial liabilities for which fair values are disclosed</b>				
Payable to Clearing House and broker - dealers	-	424	-	424
Securities and derivatives business payables	-	1,495	-	1,495

(Unit: Million Baht)

## Consolidated financial statement

31 December 2017

## Fair value

	Level 1	Level 2	Level 3	Total
<b>Financial assets for which fair values are disclosed</b>				
Cash and cash equivalents	141	-	-	141
Receivable from Clearing House and broker - dealers	-	150	-	150
Securities and derivatives business receivables	-	3,925	-	3,925
General investments	-	-	2	2
Loans to employees	-	-	1	1
<b>Financial liabilities for which fair values are disclosed</b>				
Borrowings from financial institutions	-	200	-	200
Payable to Clearing House and broker - dealers	-	910	-	910
Securities and derivatives business payables	-	1,574	-	1,574
Debt issued	-	159	-	159
Liabilities under financial lease agreements <sup>(1)</sup>	-	1	-	1

<sup>(1)</sup> Included in "Other liabilities" in statements of financial position.

(Unit: Million Baht)

Separate financial statement				
31 December 2018				
Fair value				
	Level 1	Level 2	Level 3	Total
<b>Financial assets for which fair values are disclosed</b>				
Cash and cash equivalents	354	-	-	354
Receivable from Clearing House and broker - dealers	-	689	-	689
Securities and derivatives business receivables	-	2,221	-	2,221
General investments	-	-	2	2
Loans to employees	-	-	1	1
<b>Financial liabilities for which fair values are disclosed</b>				
Payable to Clearing House and broker - dealers	-	424	-	424
Securities and derivatives business payables	-	1,495	-	1,495

(Unit: Million Baht)

Separate financial statement				
31 December 2017				
Fair value				
	Level 1	Level 2	Level 3	Total
<b>Financial assets for which fair values are disclosed</b>				
Cash and cash equivalents	114	-	-	114
Receivable from Clearing House and broker - dealers	-	150	-	150
Securities and derivatives business receivables	-	3,925	-	3,925
General investments	-	-	2	2
Loans to employees	-	-	1	1
<b>Financial liabilities for which fair values are disclosed</b>				
Borrowings from financial institutions	-	200	-	200
Payable to Clearing House and broker - dealers	-	910	-	910
Securities and derivatives business payables	-	1,574	-	1,574
Debt issued	-	159	-	159
Liabilities under financial lease agreements <sup>(1)</sup>	-	1	-	1

<sup>(1)</sup> Included in "Other liabilities" in statements of financial position.

The Company and its subsidiary in estimating the fair value of financial instruments are as follows:

- (a) Financial assets and liabilities, which have short-term maturity periods or bear interest at rates close to market interest rates, including cash and cash equivalents, receivables from Clearing House and broker - dealers, securities and derivatives business receivables, general investment, short-term loans, payables to Clearing Houses and broker - dealers, and securities and derivative business payables, their fair values approximate their carrying values in the statements of financial position.
- (b) The fair value of marketable equity securities is derived from market price. The fair value of non-marketable equity securities is determined using net asset value per share of the investee company, except investment units which are not listed on the Stock Exchange of Thailand, is determined using the net asset value per unit announced by fund managers.
- (c) The fair value of derivatives has been determined by using a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies and forward exchange rates.
- (d) For loans to employees, 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.
- (e) Liabilities under financial lease agreements carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

### **33. Capital management**

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

### **34. Event after the reporting period**

On 12 February 2019, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders 2019 for approval the payment of a dividend of 0.06 baht per share, or a total of 35 million baht, to the ordinary shareholders.

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 12 February 2019.

# Management Discussion and Analysis

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## Business Overview

At the beginning of 2018, SET Index made a new high record since the SET was established by reaching its peak at 1,838.96 points on January 24, 2018. External factors including the rising oil price due to the oil production control by OPEC; and the US economy had tendency to expand continually, whereas Thai economy had tendency to grow due to exports and tourism. However, SET Index continually declined between March – June due to pressures from domestic and foreign factors, especially anxiety of the investors over trade war between US and China including other factors such as the raising of interest rate of the US central bank, and the reduction in oil price, as well as anxiety over emerging market currencies which cause sell-off by foreign investors. As a result, the index decreased to 1,595.58 points at the end of June. Later in the third quarter of 2018, the SET Index had increased due to the clearer general election timeframe and the increase in oil price after the request from US to cut oil imports from Iran. In the fourth quarter, the SET Index had reduced since the oil price reduce quite drastically, as well as the effect from trade conflict between US – China such as establishment of tariff wall which leads to anxiety about the growth of global economy. Moreover, due to the change in regulations regarding housing loans by the Bank of Thailand, it has a direct impact to real estate stocks. As a result, the SET Index ended on December 28, 2018 at 1,563.88 points, down from 1,753.71 points as of December 29, 2017.

The Company operates brokerage business as its main business; thereby it mainly depends on the brokerage fees at the percentage of 71.7 of the total income. Apart from the effect from the domestic and global economic factors that the

Company suffered which have an impact on the decision making of investors, the proportion of local investors as the target customers of the Company which previously hold the highest trading value compared to other group of investors tend to decrease throughout the previous years. Such change is opposed to the proportion of the foreign investors as well as the trading value which are increasing every year. As a result, the Company's market share ranking in securities business dropped from 4 in 2017 to 9 in 2018, having market share equivalent to 4.00% in 2018, down 1.00% from the previous year. In addition, since technology has played more roles in daily life, it is easier and more convenient to submit online orders resulted in significantly increase in online orders. The Company envisions such change; hence its investment, development and launching of Finansia Hero online trading system last year. It has run advertisement and public relations in various channels and receives good responses from both existing and new customers as those customers start to ask the investment consultants regarding the features and functions and also switch to use the Company's system, resulted in the continual increase of the number of downloads. As a result, the online trading value of the Company is slightly increasing compared to the previous year's and the market share is increasing from 7.44 percent to 7.50 percent regardless of the dropped ranking from 2 to 3 in the previous year.

## Results of Operations and Profitability

### (1) Income

Items	2018		2017		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Brokerage fees income	1,049	71.7	1,169	70.6	(120)	-10.3
Fees and services income	94	6.4	148	9.0	(54)	-36.5
Interest income on margin loans	68	4.7	81	4.9	(13)	-16.0
Gain and return on financial instruments	226	15.4	251	15.1	(25)	-10.0
Shares of loss from investments in an associate and a joint venture	3	0.2	(22)	-1.3	+25	-113.6
Gain from investment disposal in an associate	9	0.6	-	-	+9	N.A.
Gain from change in a joint venture proportion	-	-	10	0.6	(10)	-100.0
Other income	14	1.0	18	1.1	(4)	-22.2
<b>Total Income</b>	<b>1,463</b>	<b>100.0</b>	<b>1,655</b>	<b>100.0</b>	<b>(192)</b>	<b>-11.6</b>

#### Brokerage Commission Income

In 2018, the major source of income of the Company is brokerage commission accounted for 71.7 of total revenue decreased by Baht 120 million from last year or accounted for 10.3 percent. This is mainly due to the decrease in brokerage commissions in equity market accounted for 90.8 of total brokerage commission. The cause of such decrease is due to the decrease in the trading value of local investors from Baht 11.8 trillion in 2017 to Baht 11.5 trillion in 2018 or accounted for 2.4 percent resulted in the decrease in the total trading value of Company which mainly comprises of local investors from Baht 1.1 trillion in 2017 to Baht 1.0 trillion in 2018 or accounted for 9.4 percent.

#### Fees and Services Income

Fees and services are accounted for 6.4 percent of total income. They decreased from Baht 148 million in 2017 to Baht 94 million in 2018 or accounted for 36.5. Such decrease was due to the decrease in securities research fees from Baht 45.7 million in 2017 to Baht 14.3 million in 2018. The revenue from financial advisory and underwriting service also decreased from Baht 92.8 million to Baht 67.0 million in 2018 due to the decrease in the number of initial public offerings (IPO) from 38 issues to 18

issues resulted in loss of revenues from this business.

#### Interest on Margin Loans

Interest on Margin Loans is accounted for 4.7 percent of total income. It decreased from Baht 13 million in 2017 or accounted for 16.0 percent due to the volatile market which make it harder to generate returns from investment. Therefore, the customers slow down their investment resulted in the decrease in total margin loans from Baht 1,267 million in 2017 to Baht 929 million in 2018.

#### Gain and return on financial instruments

Gain and return on financial instruments are regarded as significant revenue accounted for 15.4 percent of total income. The major source is from brokerage business and derivative warrants business. In 2018, revenue from such business went down Baht 25 million or accounted for 10 percent. This is mainly due to the decrease in gain (loss) on brokerage business as well as the decrease in gain (loss) on derivative warrants business. The massive loss in gain (loss) incurred from derivative warrants with hedging which was compensated by the increase of gain (loss) on derivatives.



### Share of loss from investments in an associate and a joint venture, share of loss from investment disposal and gain from change in a joint venture proportion

On March 20, 2018, the Board of Directors' Meeting passed a resolution which approve to sell the remaining shares in SBI Thai Online Securities Company Limited. As a result, the Company recognized gain from the investment disposal in an amount of Baht 9 million after the recognized gain from the change in a joint venture proportion in 2017 which is equivalent to Baht 10 million. Such

investment disposal resulted in the increase in share of loss from investments in an associate and a joint venture as the Company reduced its shareholding proportion since last year and recognize share of gain (loss) during the holding period.

### Other revenues

The Company received other revenues apart from its ordinary course of business in an amount of Baht 14 million in 2018 which decreased by Baht 4 million or 22.2 percent.

## (2) Expense

Items	2018		2017		Change	
	Million Baht	%	Million Baht		Million Baht	%
Employee Benefits	875	59.8	903	54.6	(28)	-3.1
Fees and Service Expenses	166	11.3	146	8.8	+20	+13.7
Finance costs	31	2.1	31	1.9	+0	+0.0
Bad debt and doubtful accounts (reversal)	(0)	-0.0	6	0.3	(6)	-101.7
Loss from impairment on investment	-	-	1	0.1	(1)	-100.0
Loss on sale of investment in a joint venture proportion	-	-	0	0.0	(0)	-100.0
Other expenses	415	28.4	360	21.7	+55	+15.3
<b>Total</b>	<b>1,487</b>	<b>101.6</b>	<b>1,447</b>	<b>87.4</b>	<b>+40</b>	<b>+2.8</b>

### Employee Benefits

The Company had employee benefits expense as a major expense accounted for 59.8 percent of income. In 2018, this expense decreased by Baht 28 million or 3.1 percent which was a result of the decrease in the Company's trading value resulted in the decrease in brokerage commission income. As a result, the Company paid lower benefit for its employees. However, the Company invested and launched Finansia HERO, the online trading system and recruit more employees to manage the system resulted in the unproportionate decrease between employee benefits and brokerage commission incomes.

### Fees and Service Expenses

In 2018, fees and service expenses of the Company increased from 2017 in an amount of Baht 20 million or accounted for 13.7 percent. The cause of which was the issuance and offering of more Derivative Warrants (DW). In 2018, 293 series of DW were issued in 2018, increased from 2017 where 196 series were issued resulted in the increase in fees and service expenses. Another reason was the volatile market which caused most investors to trade more in DW because they can choose to trade and manage risks both in Bull and Bear market resulted in the increase in fees and services expenses of the Company.

## Other expenses

In 2018, other expenses of the Company increased by Baht 55 million or 15.3 percent due to the investment and launching of Finansia HERO, the online trading system which incurred more expenses in advertisement and public relations significantly and the recognition of depreciation and amortization as well as maintenance expenses of equipment. However, the Company closed some branches to adapt for the situation where technology plays more roles and to alternatively reduce the Company's expenses.

## Expenses of the Company excluding employee benefits, fees and service expenses and other expenses

The Company has other 4 types of expenses, namely, finance costs, bad debt and doubtful accounts (reversal), loss from impairment of investment, and loss on sale of investment in a joint venture proportion. A total amount of which equaled to Baht 31.4 million decreased Baht 6.5 million from last year or accounted for 17.1 percent.

## (3) Net Profit

Items	2018		2017		Change	
	Million Baht	%	Million Baht		Million Baht	%
Income	1,463	100.0	1,655	100.0	(192)	-11.6
Expenses	1,487	101.6	1,447	87.4	+40	+2.8
Income tax	(0)	-0.0	31	1.9	(31)	-100.3
Net profit	(24)	-1.6	177	10.7	(201)	-113.6

In 2018, the Company's operating result was Baht 1,463 million decreased from Baht 192 million or 11.6 percent whereas the expenses increased Baht 40 million or 2.8 percent from the expenses in 2015. The decrease in incomes and the increase in expenses resulted in operating loss at the amount of Baht 24 million accounted for 1.6 percent of loss.

In 2018, the stock exchange was currently under pressure from both domestic and foreign factors. As a result, investors who are the Company's customers tended to slow their investments which had a direct impact to the brokerage commission incomes which are the Company's major source of income. Moreover, the investment in Finansia HERO, the online trading system had incurred the advertisement and public relations expenses, including recognition of

depreciation and amortization. The aforementioned resulted in operating loss of the Company in 2018.

The Company had return on equity in 2018 at minus 0.92 percent, decreased from 2017 which equaled to 6.69 percent. This was mainly due to the operating loss which caused the net profit margin to decrease from 10.71 in 2017 to minus 1.62 in 2018. The equity multiplier also decreased from 2.45 times in 2017 to 2.09 times in 2018 due to the decrease in securities business receivables and derivatives business receivables from Baht 3,925 million in 2017 to Baht 2,221 million in 2018 which was consider an insignificant change. However, the total assets turnover increased from 0.26 times in 2017 to 0.27 times in 2018 since the decrease in assets is higher than the decrease in incomes, resulting in the slightly increase of the efficiency of the assets utilization.

## Asset Management Ability

### Receivables from Clearing House and broker-dealers

At the end of 2018, the Company had receivables from Clearing House and broker-dealers amounted to Baht 689 million increased Baht 540 million from the previous year or accounted for 360.0 percent. The reason of which was the increase in receivables from clearing house which was Baht 183 million in 2017 to Baht 728 million in 2018 or 298.6 percent.

### Securities and derivatives business receivables

As at December 31, 2018, the Company's total assets was at Baht 4,754 million, reduced from the previous year at Baht 1,199 million or 20.1 percent. Such reduce was mainly due to the decrease in securities and derivatives business receivables which was the highest proportion in the Company's assets amounted to Baht 1,704 million or 43.4 percent. Such transactions were variable depends on the trading volume of the customers during the last three business days of each fiscal period. The decreases in these transactions are regarded as the Company's ordinary course of business and do not have a significant impact on the Company's operation. Securities and derivatives business receivables comprises of:

- Receivables from cash accounts amounted to Baht 1,092 million at the end of 2018, decreased from the end of 2017 which was Baht 1,539 million or 58.5 percent.
- Credit balance accounts amounted to Baht 929 million at the end of 2018, decreased from the end of 2017 which was Baht 338 million or 26.7 percent.
- Collateral receivables amounted to Baht 91 million at the end of 2018, increased

from the end of 2017 which was Baht 81 million or 849.4 percent.

- 848.1 Receivable from securities borrowing and lending amounted to Baht 91 million at the end of 2018, increased Baht 81million or 848.1 percent from the end of 2017.
- Receivables from derivatives business amounted to Baht 8 million, increased Baht 7 million or 459.2 percent from the end of 2017.
- Other receivables (Securities and derivatives business receivables) amounted to Baht 81 million, increased Baht 5 million or 6.2 percent from the end of 2017.

At the end of 2018, the Company set its securities receivables according to the Notification of the Securities and Exchange Commission re: Categorization of the Accounts on Sub-Standard debts. The normal debt was at the amount of Baht 2,216 million. The substandard debt was at the amount of 5 million and the doubtful debt was at the amount of 75 million which was already fully reserved. In this regard, the Company selected the quality clients and follow up on clients to pay for the securities on time. Additionally, the Company strictly complies with the Notification re: Categorization of the Accounts on Sub-Standard debts of the SEC to avoid doubtful debts.

### Investments

At the end of 2018, the Company had investments amounted to Baht 821 million , divided into Baht 418 million of trading securities, Baht 400 million of held-to-maturity securities and Baht 3 million of general investments. Such investments were different from the investment in 2017 where the trading securities amounted to Baht 972 million from total investment amounted to Baht 974 million.

## Investment in Subsidiary, Associate and Joint Venture

At the end of 2018, the Company invested in its subsidiary, associate and joint venture amounted to Baht 119 million, decreased by Baht 107 million or 47.2 percent from the previous year due to its sales of remaining shares in SBI Thai Online Securities Company Limited.

## Intangible Assets

At the end of 2017, the Company had tangible assets of Baht 334 million, increased amounted to Baht 9 million or 3.0 percent due to the increase in office equipment, computer accessories

and computer program being in development process.

## Other Assets excluding receivables from clearing house and broker-dealers, securities and derivatives business receivables, investments, investment in subsidiary, associate and joint venture, intangible assets

The Company had 5 other assets, namely, cash and cash equivalents, derivatives assets, loans to employees, equipment, deferred tax assets and other net assets which are totaling Baht 571 million, increased at the amount of Baht 217 million or 61.2 percent from the previous year.

## Liquidity and Sufficiency of Capital

### Liquidity

At the end of 2018, the Company's cash and cash equivalent was baht 236 million which increased from the end of 2017, divided into:

- Operating Activities – the Company's net cash flow from operating activities was Baht 640 million which is mainly due to the decrease in securities and derivatives business receivables amounted to Baht 1,703 million and Baht 130 million respectively, resulted in the increase in the Company's cash flow from these activities.
- Investment Activities – the Company's net cash flow from investment activities was Baht 8 million. Although the Company received cash from the disposition of investment in a joint venture of Baht 118 million, the Company purchased intangible assets amounted to Baht 125 million resulted in the decrease

of the Company's cash flow from these activities.

- Financing Activities – The Company's cash flow from financing was Baht 396 million which mainly resulted from cash paid from borrowings from financial institutions, debt issued and dividend paid amounted to Baht 200 million, Baht 160 million and Baht 35 million, resulted in the increase in the Company's cash flow from these activities.

In considering the Company's liquidity, an additional issue was the ability to meet its Net Capital Requirement (NCR), to be in line with SEC's regulations. The ratio of net capital requirement will be varied depending on various factors such as securities trading volume, underwriting of securities and etc. During the past years, the Company had maintained its NCR above 7 percent which was the minimum net capital requirement of the SEC. This demonstrates that the Company had sufficient liquidity for business operation.

## Source of Funds

As at December 31, 2018, the Company's source of funds derived from 2 sources which are liabilities amounted to Baht 2,223 million and shareholder's equity amounted to 2,531 million. All of which had debt to equity ratio equivalent to 0.88 times. In considering the liabilities, it was found that the majority of debt came from securities and derivatives business payables accounted for 31.5 percent of total source of funds which varied

according to trading volume within 2 business days before the end of each accounting period. As a result, it is not regarded as the real source of funds. Therefore, to consider debt to shareholder's equity ratio excluding securities and derivatives business payables, the Company's debt to shareholder's equity was only 0.29 times, decreased by 0.69 times from the end of 2017.

## Factors or Situation Affecting Financial Status of the Company's Operation

The Company's operation relied on many factors such as economic condition, money market situation, investor sentiment, political issue or disturbance both domestic and global, including liberalization of commission rate. These factors affecting local and foreign investor's sentiments might affect financial status and operations.

Risk from changes in prices of securities invested by the Company affected profit and loss on the Company's investment in securities. Therefore, the Company set a clear investment policy and regulation to use as guideline to prevent settlement risks and trading errors. The Company has implemented risk control and management measures for proprietary trading and considers new business activities to diversify its source of revenue.

## Research and Development (R&D) According to National Science and Technology Development Agency (NSTDA)

The Company values the importance of research and development (R&D) by modernizing its technology to response the need of customers and enhances the quality of its operation to be more efficient. The expenses of research and development are as follows:

<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>1.92</b> Million Baht	<b>190.81</b> Million Baht	<b>34.96</b> Million Baht

# Related Party Transactions

Related Parties	Relationship	Transaction Details	Conditions and Price Policy	Transaction Value (THB million)	
				2017	2018
1) Directors and Executives of the Company	<ul style="list-style-type: none"> <li><u>Directors</u> As of 31 December 2017               <ol style="list-style-type: none"> <li>Mr. Chatchaval Jiaravanon</li> <li>Mr. Chatchaval Jiaravanon</li> <li>Mr. Chuangchai Nawongs</li> <li>Mr. Somphop Keerasuntonpong</li> <li>Mrs. Pornpring Suksantisuwan</li> <li>Mr. Zhisheng Xu</li> <li>Pol.Lt.Gen. Visanu Prasattongsoth</li> <li>Mr. Phaiboon Siripanoosatien</li> <li>Mr. Kittisak Bencharit</li> </ol> </li> </ul>	<b>Fee received</b> <b>Accrued expenses</b> <ul style="list-style-type: none"> <li>In 2017, Directors No.1, 3, 4, 5, and 7 had securities trading account with the Company and 2 Directors (No.3 and No. 7) had total trading value of 65.25 million baht.</li> </ul>	<ul style="list-style-type: none"> <li>The Company charges directors according to the minimum commission fee of the SET.</li> </ul>	0.15	0.01
	<ul style="list-style-type: none"> <li><u>Directors</u> As of 31 December 2018               <ol style="list-style-type: none"> <li>Mr. Chatchaval Jiaravanon</li> <li>Mr. Chatchaval Jiaravanon</li> <li>Mr. Chuangchai Nawongs</li> <li>Mr. Somphop Keerasuntonpong</li> <li>Mrs. Pornpring Suksantisuwan</li> <li>Mr. Yang Liu</li> <li>Pol.Lt.Gen. Visanu Prasattongsoth</li> <li>Mr. Phaiboon Siripanoosatien</li> <li>Mr. Kittisak Bencharit</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>In 2018, Directors No.1, 3, 4, 5, and 7 had securities trading account with the Company and 1 Directors (No. 7) had total trading value of Baht 4.72 million.</li> </ul>		0.40	0.28
	<ul style="list-style-type: none"> <li><u>Executives</u> As of 31 December 2017               <ol style="list-style-type: none"> <li>Mr. Kuntra Ladavalya Na Ayudya</li> <li>Mr. Chatchai Chumsiri</li> <li>Mr. Chaiyaporn Dhammapeera</li> <li>Mr. Pothorn Chuemvarachart</li> <li>Mr. Somchai Kaewjaroenpisan</li> <li>Mrs. Vilai Phongpreecha</li> <li>Ms. Kanoknapat Sithivaraporn</li> <li>Mr. Supat Apiratimai</li> <li>Mr. Pannatat Smitthisakda</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>In 2017, Executives No.1, 2, 3, 4, 5, 6, 13 and 14 had securities trading account with the Company and 1 Management (13) had total trading value of Baht 0.03 million.</li> </ul>			



Related Parties	Relationship	Transaction Details	Conditions and Price Policy	Transaction Value (THB million)	
				2017	2018
2) Top 10 major shareholders	<ul style="list-style-type: none"> <li>As of 31 December 2017               <ol style="list-style-type: none"> <li>1) Finansa Plc.</li> <li>2) ICBC (Thai) Plc.</li> <li>3) Ms. Chayuda Jiaravanon</li> <li>4) Mr. Chaval Jiaravanon</li> <li>5) Thai NVDR Co., Ltd.</li> <li>6) Mrs. Suporn Wattanavekin</li> <li>7) Mr. Anucha Sihanatkathakul</li> <li>8) Mr. Chamroen Rungwattanasat</li> <li>9) Mr. Paitoon Manasilp</li> <li>10) Mrs. Kesara Manasilp</li> </ol> </li> </ul>	<u>Fee received</u> <ul style="list-style-type: none"> <li>In 2017, Shareholders No.1, 2, 3, 4, 6, 7, 8 and 10 had securities trading account with the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Company charges shareholders according to the minimum commission fee of the SET.</li> </ul>	0.55	0.03
	<ul style="list-style-type: none"> <li>As of 31 December 2018               <ol style="list-style-type: none"> <li>1) Finansa Fund Management Ltd.</li> <li>2) ICBC (Thai) Plc.</li> <li>3) Morgan Stanley &amp; Co. International Plc.</li> <li>4) Thai NVDR Co., Ltd.</li> <li>5) Mrs. Suporn Wattanavekin</li> <li>6) Mr. Anucha Sihanatkathakul</li> <li>7) Mr. Paitoon Manasilp</li> <li>8) Mr. Kittichai Kraikorkij</li> <li>9) Mr. Chamroen Rungwattanasat</li> <li>10) Mrs. Kesara Manasilp</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>In 2018, Shareholders No.1, 2, 5, 6, 9 and 10 had securities trading account with the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Company charges shareholders according to the minimum commission fee of the SET.</li> </ul>		
3) Executives		<u>Loan</u>	<ul style="list-style-type: none"> <li>The Company provides loans to executives and employees according to the agreed contracts and conditions.</li> </ul>	0.10	-
		<u>Interest income</u>	<ul style="list-style-type: none"> <li>The Company charges the interest for loan at an average of 2% per annum for fix 12-month deposit.</li> </ul>	0.01	-
		<u>Debt issued</u>	<ul style="list-style-type: none"> <li>according to the agreed contracts and conditions</li> </ul>	20.00	-
4) True Vision Group Co.,	Same Director as of December 31, 2017 and December 31, 2018	<u>Service fees</u>	<ul style="list-style-type: none"> <li>The Company uses Cable TV</li> </ul>	0.69	0.70



Related Parties	Relationship	Transaction Details	Conditions and Price Policy	Transaction Value (THB million)	
				2017	2018
Ltd.			satellite service provided by True Vision Group Co., Ltd.		
5) FSS International Investment Advisory Securities Co., Ltd.	It was the Company's subsidiary as of December 31, 2018.	<u>Other receivables</u>	• according to the contracts and conditions	4.27	3.09
		<u>Other payables</u>	• according to the contracts and conditions	-	7.40
		<u>Income from service fees</u>	• according to the contracts and conditions	3.60	3.60
		<u>Other expenses</u>	• according to the contracts and conditions	48.00	42.90
6) SBI Thai Online Securities Company Limited	It was the Company's joint venture until April 2018.	<u>Income from service fees</u>	• according to the contracts and conditions	6.40	0.97
		<u>Right to use system</u>	• according to the contracts and conditions	7.33	-
7) ICBC (Thai) Plc.	It was a major shareholder of the Company as of December 31, 2018.	<u>Deposit</u>	• The Company has current account and promissory note with the Bank.	971.92	1.90
		<u>Margin pledged for derivative trading</u>	• according to the contracts and conditions	0.61	0.62
		<u>Accrued interest receivables</u>	• according to the promissory note	2.60	-
		<u>Interest incomes</u>	• according to the promissory note	13.36	10.34
8) Finansa Securities Co., Ltd.	It was the Company's subsidiary of parent of major shareholder of the Company as of December 31, 2018	<u>Other incomes</u>	• according to the contracts and conditions	1.80	2.22

Related Parties	Relationship	Transaction Details	Conditions and Price Policy	Transaction Value (THB million)	
				2017	2018
		<u>Other expenses</u>	<ul style="list-style-type: none"> <li>according to the contracts and conditions</li> </ul>	0.04	0.02
		<u>Deferred income</u>	<ul style="list-style-type: none"> <li>according to the contracts and conditions</li> </ul>	0.05	-
9) Finansa Plc.	It was a parent of major shareholder of the Company as of December 31, 2018.	<u>Fee received</u>	<ul style="list-style-type: none"> <li>The Company charges shareholders according to the minimum commission fee of the SET</li> </ul>	-	0.32
		<u>Other incomes</u>	<ul style="list-style-type: none"> <li>according to the contracts and conditions</li> </ul>	-	0.19
10) True Touch Co., Ltd.	Same Director as of December 31, 2018	<u>Other expenses</u>	<ul style="list-style-type: none"> <li>according to the contracts and conditions</li> </ul>	-	2.62
		<u>Accrued expenses</u>		-	0.49
11) Zaap Party Co., Ltd.	Same Director as of December 31, 2018	<u>Other expenses</u>	<ul style="list-style-type: none"> <li>The Company uses services provided by Zaap Party Co., Ltd. according to the contracts and conditions</li> </ul>	-	2.02
12) The Ultrawealth Group Co., Ltd.	Same Director as of December 31, 2018	<u>Other expenses</u>	<ul style="list-style-type: none"> <li>The Company uses services provided by The Ultrawealth Group Co., Ltd. according to the contracts and conditions</li> </ul>	-	2.57

# Management Structure

The Company's management structure consists of the Board of Director, 10 Sub-committees and Management Committees as follows:

- |                                   |  |
|-----------------------------------|--|
| (1) Audit Committee               | (6) Credit Committee                   |
| (2) Executive Board               | (7) Management Committee               |
| (3) Remuneration Committee        | (8) Damage Examination Committee       |
| (4) Risk and Investment Committee | (9) Complaints Consideration Committee |
| (5) IT Security Committee         | (10) Purchase Committee                |

## Board of Directors

### Composition of the Board of Directors

The Company sets out the composition of the Board of Directors to ensure a proper balance of power and responsibilities among the governance bodies with the aim of avoiding a situation whereby a single individual has absolute power in decision making.

➤ Number of Directors

The Board of Directors consists of at least five directors but not more than eleven directors where at least one-third but not less than three of them act as independent directors, and at least three independent directors shall be the members of the Audit Committee.

➤ Qualifications

The Board of Directors shall be experienced and competent in the Company's business, considering from the diversity of their skills, experiences, characteristics with an appropriate gender and age, and shall not possess any of the prohibited characteristics specified by the relevant regulations.

➤ Residency of Directors

No less than half of all directors must reside in Thailand.

➤ Authorized Directors

Two directors whose names specified in the Company's Affidavit sign and affix the Company's seal.

➤ Holding Position as Directors in other listed companies

The directors shall not hold positions as directors in more than 5 listed companies.

### Directors

As of 31 December 2018, the Company has nine directors and three of them also act as independent directors:

	Full Name	Position
1.	Mr. Chatchaval Jiaravanon	Chairman of the Board of Directors
2.	Mr. Varah Sucharitakul	Deputy Chairman of the Board of Directors
3.	Mr. Chuangchai Nawongs	President / Chief Executive Officer

	Full Name	Position
4.	Mr. Somphop Keerasuntonpong	President
5.	Mrs. Pornpring Suksantisuwan	President
6.	Mr. Yang Liu *	Director
7.	Pol.Lt.Gen. Visanu Prasattongsoth	Independent Director / Chairman of the Audit Committee
8.	Mr. Phaiboon Siripanoosatien	Independent Director / Audit Committee
9.	Mr. Kittisak Bencharit	Independent Director / Audit Committee

Remark: Mr. Yang Liu was appointed to replace Mr. Zhisheng Xu which was effective from January 25, 2018.

### **Authority and Duties of the Board of Directors**

The Board of Directors has their roles and responsibilities towards the shareholders, where individual director shall perform his duties for the utmost benefits of the Company, and shall be responsible for their performances collectively and equally. The roles and responsibilities of the board of directors are as follows:

- 1) Aware of their roles as the leader of the corporate governance, and be responsible for promoting the corporate culture with morality, and also take into consideration the stakeholders, society and environment to achieve the sustainable growth;
- 2) Determine the clear objectives and goals, and inform policies and directions of the Company to all level of personnel, enabling them to understand and implement coherently. Besides, the Board of directors should follow up and ensure that the business operation takes into account an impact on the stakeholders with morality and contributing to the society, as well as the ability to compete properly in the changing situation in a long term;
- 3) Ensure that the operation comply with the statutory requirement, the Company's articles of association, resolution of the shareholders' meeting and relevant practices;
- 4) Consider and assign its duties to the management within the scopes that the Board of Director deems appropriate and ensure that the management carries out their duties as assigned, as well as reviewing the delegation of roles and responsibilities regularly.
- 5) Consider the strategies, operational policies, and business plan for both financial and non-financial aspects as well as budget and inform to the employees to ensure that they understand the objectives and goals; and carefully analyze the environment, factors, risk and impact to stakeholders to be in line with the scope of ethics and relevant laws by implementing innovation and technology to create the ability to compete and business value, while taking care of the stakeholders properly; and allocate the resources which are important for business operation; and follow up, review and monitor the performance to sustainably meet the objectives and goal.
- 6) Determine and review the composition of the Board of Directors to ensure appropriateness and conduct the disclosure thereof including the directors' information in the Company's annual report and website.
- 7) Set out the clear scope of duties of the Chairman and the Chief Executive Officer to prevent one of them to have absolute power and to set a balance between the Board of Directors and the Management.

- 8) Appoint relevant committees to consider specific matters, scrutinize information, recommend action for board approval, and disclose their roles and responsibilities, number of meetings, and performance.
- 9) Consider the remuneration and its rate for each pay component proposed by the Remuneration Committee to be appropriate and in line with the responsibility of the directors, and disclose the remuneration policy and procedure for the directors in order to propose to the shareholders to approve.
- 10) Monitor to ensure that the company's governance framework and policies extend to its subsidiaries and other businesses in which the Company has a significant investment by determining scope of duties of the person appointed to act on behalf of the Company. The Board of Directors shall also ensure that the internal control within its subsidiaries is adequate and concise, and ensure that the financial status, performance and other important transactions are disclosed pursuant to relevant laws and regulations. The agreement or arrangement may be made to clarify the managerial power and participation in decision making.
- 11) Constantly develop skills and competencies in their duties by participating training and updating knowledge required for their roles, and disclose such participation in the annual report. The Board shall also understand the corporate's information, operations, relevant law and standards.
- 12) Appoint a company secretary who is competent and experienced to support the Board to carry out its duties to be in order and able to access necessary information.
- 13) Monitor the recruitment procedure and promote the Chief Executive Officer and Senior Executive to possess knowledge, competency, experience and characteristics that is necessary for their duties; ensure that the remuneration structure and the evaluation is adequate; and conduct the succession plan and report to the Board of Director from time to time.
- 14) Ensure that human resource management and personnel development are in line with the Company's direction and strategy; promote and encourage the employee to save money and manage their money to prepare for retirement.
- 15) Understand the structure and relationship of the shareholders to prevent it from being hindrance in performing their duties, and ensure that the information is disclosed according to the agreements which affect the control over business.
- 16) Establish the scopes of oversight and management of information technology in the corporate level to be consistent with the Company's demand and ensure that the information technology is adopted to increase business opportunity and operation development, as well as risk management.
- 17) Establish the proper risk management system and internal control, and manage the conflict of interest prevention policy, the use of nonpublic information prevention policy and anti-corruption practice, and communicate and encourage the employee to comply with relevant rules and regulations, and also establish the receipt of complaint mechanism and the whistleblowing procedure.

- 18) Supervise the preparation and disclosure of financial report to be accurate, adequate, timely and comply with relevant regulatory, standard and practices.
- 19) Monitor the financial liquidity, solvency, and mitigation plan for financial difficulty by taking into account the rights of the stakeholders.
- 20) Encourage the implementation of information technology in the disclosure of significant information.
- 21) Allow the shareholders to participate in significant matters, and ensure that the shareholders' meetings are conducted properly with transparency and efficiency; ensure the ability of all shareholders to exercise their rights; ensure accurate and complete disclosure of shareholder resolutions and minutes of the shareholders' meetings.

### **Chairman of the Board**

The Chairman has the roles as a leader of the organization and responsibility for the efficiency of the Board of Directors, namely:

- 1) Presides the Board of Directors' meetings and the Shareholders' meeting and ensure that the meetings are conducted properly;
- 2) Oversees, monitor and ensure that the Board of Directors efficiently carries out their duties to achieve the company's objectives and goals;
- 3) Ensures that all directors contribute to promote ethical organizational culture and good corporate governance;
- 4) Sets the Board Meeting agendas by discussing with the Chief Executive Officer and the Company Secretary, and sets the policy to ensure that the important matters are included;
- 5) Allocates sufficient time for the consideration of each proposed agenda and encourage directors to exercise independent judgment;
- 6) Promotes healthy relationship between executive and non-executive directors, and between the Board of Directors and the management.

### **Chief Executive Officer**

The Chief Executive Officer has the roles in developing business plans and operation plans, and ordering, oversight, monitoring daily routines, managing budget, and allocating resources to be consistent with the Company's strategy, namely:

- 1) Manages and monitors the business operation to be consistent with policies, objectives, operational plans, business strategies and budget approved by the Board or the Executive Board;
- 2) Establishes practices, work procedures, internal control system, and establishes or revokes practices, orders, rules and notifications to ensure that the operations are complied with the policy;
- 3) Approves the payment for various operations pursuant to the corporate authorization index or annual budget approved by the Board;
- 4) Approves the credit limit for cash balance account pursuant to the corporate authorization index.

- 5) Approves the purchase of computers and office appliances in addition to those specified in the annual budget in the amount not exceeding 3 million baht and in compliance with the corporate authorization index;
- 6) Approves the construction or renovation of the offices in addition to those specified in annual budget in the amount not exceeding 1 million baht and in compliance with the corporate authorization index;
- 7) Acts as the management including recruiting, employing, determining compensations, repositioning, training, terminating employment for the employee serving as senior vice president and below.
- 8) Appoints a lawyer to file a lawsuit or involve in the legal proceeding on an issue relating to the business operation.
- 9) Appoints or assigns person(s) to act on behalf as appropriate, and revoke, change or revise such appointment or assignment.
- 10) Performs any duties as assigned by the Board or the Executive Board.

### **President**

The President's roles are to support the Chief Executive Officer's duties as follows:

- 1) Manages day-to-day operations of the Company by optimizing the use of existing resources.
- 2) Assists the Chief Executive Officer in developing strategies and mission of the organization, instructs, and gives an order to employees in the lower level to implement such strategies and mission.
- 3) Conducts the operational plan by considering the importance between the need of customers, employees and the Company.
- 4) Cooperate with the Chief Executive Officer and the Executives to ensure that employees will achieve the best quality standard and comply with the corporate governance policy and the code of conduct.

### **Appointment and Retirement**

Although the Company does not have the Nomination Committee to select the person to be appointed as the Company's directors, the Company established the rules and procedures for directors' appointment and retirement as follows:

- 1) The Shareholders' meeting shall appoint a person to be the directors according to the composition of the Board. The criteria and procedures thereof are as follows:
  - (a) each shareholder shall have one vote for each share he hold.
  - (b) each shareholder may cast the total number of votes under (1) for electing one or more persons as director or directors, and in the case of electing more persons as directors, votes must not be appropriated to any person in any number at the shareholder's pleasure.
  - (c) the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as Directors in that order until all of the Director positions are filled. Where the votes cast for candidates in

descending order are tied, which would otherwise cause the number of Directors to be exceeded, the remaining appointment shall be made by the chairman of the meeting who shall have a casting vote.

- 2) At the annual general meeting of shareholders, one-third of the Directors, or if their number is not multiple of three, then the number nearest to one-third, must retire from the office.
- 3) A retiring Director is eligible for re-election.
- 4) Any director intending to resign shall submit a resignation letter to the company. The resignation takes effect as from the date on which the resignation letter reaches the company.
- 5) The directors to vacate office in the first and second years following the registration of the company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office.
- 6) In addition to vacating office at the expiration of the term, a director vacates office upon:
  - (a) death;
  - (b) resignation;
  - (c) being disqualified or being under any of the prohibitions under the laws relating to public limited company and securities and exchange;
  - (d) being removed by a resolution of a meeting of shareholders with the votes of not less than three-fourths of the number of shareholders present at the meeting and entitled to vote and also with the aggregate number of shares of not less than one half of the number of shares held by the shareholders present at the meeting and entitled to vote.
- 7) In the case where the office of a director becomes vacant by any reason other than the expiration of the term, the board of directors shall elect a person possessing the qualifications and being under no prohibitions under relevant laws and regulations as a replacing director at the next meeting of the board of directors, unless the remaining term of office of such director is less than two months. The replacing director shall hold office only for the remaining term of the replaced director. The resolution of the board of directors must be supported by votes of not less than three-fourths of the number of the remaining directors.
- 8) The appropriate term of service for the independent directors shall be limited to three terms consecutively, unless any independent directors is appropriate to hold office beyond such period, the Board of Directors shall review the independence and efficiency, and inform a rationale and performance of such independent director to shareholders.

### **The Director Orientation**

The Company set the orientation program for the new directors to make them aware and understand their roles and duties of the director which comprises of the following topics: (1) The Company's history and nature of business, (2) The Company's group structure, organizational structure and shareholding structure, (3) Duties and responsibilities of the Board of Directors according to the relevant laws, (4) Financial status and operating results, (5) Corporate governance, (6) The use of inside information, (7) Internal control and risk management, (8) Code of conduct, and (9) remuneration and benefits of directors.



## **Succession Plan**

The Board of Directors established the succession plan for the top executives, namely, the Chief Executive Officer, the President and subordinate executives. The external or internal candidate who is qualified are also eligible to be nominated for the abovementioned positions so as to fit the particular circumstance of the Company and to prepare the Company's personnel to perform their duties in case the top executives and subordinate executives cannot perform their duties or their term of service is expired. The succession plan will also minimize risk or impact caused by discontinuity in the business management, the Company; therefore, conduct the succession plan as specified follows:

- 1) Executive positions that need the succession plans are the Chief Executive Officer, the President and the Executive of all departments;
- 2) The Board of Directors will consider and determine the knowledge and experience required for each level of position;
- 3) The Board of Directors will consider and determine an executive who is qualified to succeed each position;
- 4) The Board of Directors will evaluate the performance and competencies of the qualified executives, and then compare to the required level of performance to conduct the individual development plan;
- 5) The Board of Directors may assign the Chief Executive Officer and the President to supervise the training and development program for the qualified executives;
- 6) The Board of Directors may set out the rotation of duty for qualified executives, and allow the executives in vice president level to attend the Board of the Directors' meeting to enable them to understand, experience and prepare for the overall management of the Company;
- 7) The Board of Directors may discuss the performance and the individual development report on the qualified executives in the Board of Directors' meeting;
- 8) The Board of Directors assigns the Chief Executive to report the implementation of the succession plan to them at least one time per annum.

## **Company Secretary**

The Board of Directors set out the qualification of the Company Secretary whose roles are to provide advice relating to laws and regulations which the Board of Directors are required to know, to maintain important documents, and to coordinate to ensure that all resolutions of the Board of Directors have been implemented.

### **Responsibilities of the Company Secretary**

- 1) Prepares and maintains the following documents:
  - Register of directors;
  - Board of Directors Meeting Invitation Letters and Minutes of the Board of Directors Meeting;
  - Annual General Meeting of Shareholders Invitation Letters and Minutes of the Shareholders Meeting;
  - Company's annual reports;

- 2) Maintains reports of the interests which reported by directors or executives;
- 3) Perform any duties set out by the Capital Market Supervisory Board;
- 4) Perform any tasks assigned by the Board of Directors.

## (1) Audit Committee

The Company established the structure of the Audit Committee which is independent from the executives and major shareholders to ensure that the management is conducted for the mutual benefit of the Company.

➤ Member of the Audit Committee

Consist of as least three independent directors.

➤ General Qualifications

- 1) Holding shares not more than 1% of the total number of shares with voting rights of the Company, its subsidiaries, affiliates, major shareholders or controlling person, including shares held by related persons of such independent director;
- 2) Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its subsidiaries, affiliates, major shareholders, unless the foregoing status has ended not less than 2 years prior to his appointment;
- 3) Not being a person related by blood or legally registered as parents, spouses, relatives and children, including a spouse of the executive's child, with executives, major shareholders, controlling persons, or persons who will be nominated as the executive or controlling person of the Company or its subsidiary;
- 4) Neither having nor used to have a business relationship with the Company, its subsidiaries, affiliates, major shareholders, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship, unless the foregoing relationship has ended not less than 2 years before his appointment;
- 5) Neither being nor used to be an auditor of the Company, its subsidiaries, affiliates, major shareholders or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its subsidiaries, affiliates, major shareholders, or controlling person, unless the foregoing relationship has ended not less than 2 years before his appointment;
- 6) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its subsidiaries, affiliates, major shareholders or controlling person and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years before his appointment;
- 7) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder;
- 8) Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiaries or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding

shares more than 1% of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiaries.

➤ Specific qualifications

- 1) Not being assigned by the Board of Directors to take part in the business decision of the Company, its subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person;
- 2) Not being a director of the Company's subsidiary or same-level subsidiary, which is a listed company;
- 3) Must possess sufficient knowledge and experience to serve as the Audit Committee and have sufficient time to perform his duties;
- 4) Each member of the Audit Committee shall not hold the position of a director in more than five listed companies since it will affect the effectiveness of his performance in one of those companies;
- 5) The members of the Audit Committee are not required to be knowledgeable in accounting or finance since the Audit Committee can seek advice from independent accounting or financial experts. However, at least one of the Audit Committee Members shall have sufficient knowledge and experience in accounting or finance to perform the review of the credibility of the financial statements, and be consistently knowledgeable of events affecting the changes in financial reporting process in order to increase the efficiency of the Audit Committee's performance.
- 6) A Member of the Audit Committee shall constantly participate the training and improve his knowledge relating the activities of the Audit Committee, in order to be up to date with the ongoing changes that may occur; and shall constantly improve his knowledge relating the Company's operation to increase effectiveness of the Audit Committee.

As of December 31, 2018, the Audit Committee of the Company comprises of 3 members, where Mrs. Parichart Kanthaseema serves as the secretary to the Audit Committee. Mr.Phaiboon Siripanoosatien and Mr.Kittisak Bencharit are members of the Audit Committee who have knowledge and experience in accounting or finance to perform the review of the credibility of the financial statements.

	Full Name	Position
1.	Pol.Lt.Gen. Visanu Prasattongosoth	Independent Director / Chairman of the Audit Committee
2.	Mr. Phaiboon Siripanoosatien	Independent Director / Audit Committee
3.	Mr. Kittisak Bencharit	Independent Director / Audit Committee

The Audit Committee's roles are similar to the Board of Directors. However, the additional duties are to monitor the accuracy and creditability of the financial statement, internal control system and internal audit; and ensure the Company's compliance with laws and regulations. In this regard, the roles and responsibilities of the Audit Committee are as follows:

- 1) Review the Company's financial report to ensure accuracy and completeness;
- 2) Review the internal control system and internal audit of the Company to ensure appropriateness and effectiveness;

- 3) Ensure the compliance with laws relating securities and exchange, future contract, regulations of the SET and Thailand Futures Exchange Public Company Limited, as well as any laws and regulations related to the business;
- 4) Consider the independence of the internal audit department, and consider and approve the appointment, transferring and dismissal;
- 5) Consider, select, nominate and dismissal an independent person to be the external auditor of the Company; consider and propose his remuneration; and convene the meeting with the external auditors at least one meeting a year without the presence of management;
- 6) Consider connected transactions or transactions which may constitute potential conflicts of interest to ensure that such transactions are reasonable and gain the Company maximum benefit, as well as in compliance with the relevant laws and regulations;
- 7) Review the accuracy of the reference documents and self-evaluate form relating to anti-corruption measure of Thai Private Sector Collective Action Coalition against Corruption;
- 8) Conduct the Corporate Governance Report from Audit Committee signed by the Chairman of the Audit Committee and disclose in the annual report;
- 9) Perform other duties as assigned by Board of Directors with consent from the Audit Committee.

## (2) Executive Board

The Company established the structure of the Executive Board as follows:

➤ Member of the Executive Board

At least three directors

➤ Qualification

Possess knowledge and experience related to the Company's business, especially risk management, business administration, strategy and financial products.

As of December 31, 2018, the Executive Board of the Company comprises of 4 members, where Ms. Phatra Kanchanapraphat serves as the secretary to the Executive Board.

	Full Name	Position
1.	Mr. Varah Sucharitakul	Chairman
2.	Mr. Chuangchai Nawongs	Director
3.	Mr. Somphop Keerasuntonpong	Director
4.	Mrs. Pornpring Suksantisuwan	Director

The crucial duties and responsibilities of the Executive Board are to ensure the compliance of the Company's strategies, policies and regulations, and oversees the Company's business, and perform tasks assigned by the Board of Directors, including approvals of significant or high-risk transactions in order to accomplish the Company's vision and be in line with the Company's mission and also promote management practices to be in accordance with the Company's core values. In addition, the Executive Board shall have authorities, duties and responsibilities as follows:

- 1) Consider and formulate the business strategy, financial goals, annual business plan (including short, medium and long term), including annual budget for proposal to the Board of Directors;
- 2) Review, follow up and oversee the business plan and annual budget to ensure its compliance with specified objectives and goals;

- 3) Consider and approve matters related to the business of the Company according to the Company's regulations, including but not limited to the following:
  - 3.1) credit;
  - 3.2) debt restructuring;
  - 3.3) investment strategy and investments;
  - 3.4) contingent liabilities and borrowing;
  - 3.5) expenses on various operations which are above the authorization of the authorized executives provided that it complies with the Company's authorization index or annual budget approved by the Board of Directors;
  - 3.6) MIS report;
  - 3.7) human resources matters;
  - 3.8) other crucial matters relating to the Company's business, such as new business, interest rate policy, credit policy, accounting policy, branch opening, organization structure, etc.
- 4) Approve the securities underwriting and transactions relating to investment banking business according to the transaction sizes specified by the Board of Directors;
- 5) Consider and approve the appointment of management committees or other committees as appropriate;
- 6) Consider and screen issues prior to their proposal to the Board of Directors for consideration, except where the issues are under the responsibility and/or authority of other sub-committees. Such issues shall be screened by related sub-committees to propose to the Board of Directors;
- 7) Consider and acknowledge issues both related and not related to the management of the Company, such as legal proceedings against the Company as a defendant, etc., which the Executive Board deem necessary or appropriate;
- 8) Consider and acknowledge compliance reports and/or internal audit reports concerning preventive and audit measures. In case of damage and potential loss which could severely affect the Company, the compliance department shall inspect and report to the Executive Board immediately;
- 9) Carry out any tasks assigned by the Board of Directors.

In case the Executive Board resolves or direct that a person or a group of persons be authorized to perform a task on its behalf, such authorization may not be sub-delegated to a third person unless it is allowed in the Committee's initial authorization.

### (3) Remuneration Committee

As of December 31, 2018, the Remuneration Committee of the Company comprises of 3 members, where Mr. Chuangchai Nawongs serves as the secretary to the Remuneration Committee.

	Full Name	Position
1.	Mr. Chatchaval Jiaravanon	Chairman
2.	Pol.Lt.Gen. Visanu Prasattongsoth	Director
3.	Mr. Varah Sucharitakul	Director

The Remuneration Committee serves a role in determining the remuneration of the Board of Directors and senior executives to be in line with their authority, roles, responsibilities and their ability to perform duties to achieve the goals. The roles and responsibilities of the Remuneration Committee are as follows:

- 1) Establish and review the policy and criteria for the determination of remuneration as well as other benefits for the directors, senior executives, and propose to the Board of Directors to propose to the shareholders' meeting to approve;
- 2) Ensure that directors' remunerations and other benefits are commensurate with their duties and responsibilities;
- 3) Review and approve the promotion, remuneration and other benefits of the directors and senior executives to propose to the Board of Directors;
- 4) Disclose the policy and criteria on remuneration determination and other benefits of the Board of Directors;
- 5) Perform other duties as assigned by the Board of Directors with consent from of the Remuneration Committee.

#### (4) Risk and Investment Committee

As of December 31, 2018, the Risk and Investment Committee of the Company comprises of 5 members, where Mr. Kittipong Santisarun serves as the secretary to the Risk and Investment Committee.

	Full Name	Position
1.	Chief Executive Officer	Chairman
2.	President	Director
3.	Chief Financial Officer	Director
4.	Chief Operation Officer	Director
5.	Head of Business Development	Director

The Risk and Investment Committee serves a role in supervision of risk management in various aspects related to each type of investments. The roles and responsibilities of the Risk and Investment Committee are as follows:

- 1) Establish the Company's investment strategies and policies:
  - 1.1) Short term and long term investment strategies;
  - 1.2) Approve the policies, strategies, goals and annual plan of DW proposed by the Equity Derivatives Department;
  - 1.3) Investment Risk Control policy and Investment Risk Diversification policy of the Company in accordance with the appropriate investment proportion;
  - 1.4) Report the Company's investment status to the Board of Directors to keep track on the Company's investment efficiently;
  - 1.5) Manage cash flow for the Company and customers to generate best interest under the applicable regulations of the related authorization and the Company's policy;
  - 1.6) Oversee the operation of the department in relation to DW transactions to ensure its consistency with policies, strategies, goals and operational plan including the results thereof;

- 1.7) Approve any transactions not mentioned above which is in relation to the investment, except for the determination of the;
- 2) Review the report on organizational risks i.e. market risk, operational risk, credit risk, liquidity risk, regulatory risk, legal risk, etc;
- 3) Review the policies and operational guidelines in relation to operational risks in various aspects and propose to the Audit Committee and the Board of Directors to approve;
- 4) Consider and carry out any operations in relation to Compliance related matters;
- 5) Consider and approve the marginable stocks for credit balance accounts;
- 6) Consider and approve the readiness of new products and services before proposing to the Board of Directors to approve;
- 7) Consider and approve the Business Continuity Plan and the Annual Testing Plan;
- 8) Any assignments regarding the management of operational risks as assigned by the Executive Board, the Audit Committee and the Board of Directors.

## (5) IT Security Committee

As of December 31, 2018, the IT Security Committee of the Company comprises of 4 members, where Mr. Apinut Chamlumjeak serves as the secretary to the IT Security Committee.

	Full Name	Position
1.	President	Chairman
2.	Chief Operation Officer	Director
3.	Chief Technology Officer	Director
4.	Head of E-Business Technical	Director

The IT Security Committee serves a role in establishing the policy regarding procedures for the use of information technology. The roles and responsibilities of the IT Security Committee are as follows:

- 1) Establish the policies and procedures in relation to the operational supervision and IT security to propose to the Board of Directors to approve, and disseminate them to all level of executives and officers to acknowledge, accept and comply with such policies;
- 2) Review and revise the policies from time to time to be consistent with the change and tendency of risks which may affect the IT security;
- 3) Oversee the implementation of information technology to ensure its compliance with laws, regulations, rules and other applicable standards;
- 4) Provide the information security system to preserve confidentiality, trustworthiness and readiness, and prevent the unlawful exploitation or unauthorized alteration of information.

## (6) Credit Committee

As of December 31, 2018, the Credit Committee of the Company comprises of 7 members, where Ms. Wanthani Chanmaniwong serves as the secretary to the Credit Committee.

	Full Name	Position
1.	Mr. Chuangchai Nawongs	Chairman
2.	Mrs. Pornpring Suksantisuwan	Director

	Full Name	Position
3.	Mrs. Wimon Lovichit	Director
4.	Ms. Chorpetch Riamdee	Director
5.	Ms. Kanokwan Preuksathamakovit	Director
6.	Mr. Akkayut Boonnin	Director
7.	Executive Director of Brokerage Business *	Director

Remark: \* Executive Director of Brokerage Business will be reselected every quarter after finishing the terms.

The Credit Committee serves a role in managing the customers' credit. The roles and responsibilities of the Credit Committee are as follows:

- 1) Consider and approve the operational guidelines in relation to customers' accounts and credit to propose to the Board of Directors to approve;
- 2) Consider and approve the matter regarding the credit and account management for customers, and monitor to ensure its compliance with the scope stipulated by the Company;
- 3) Consider and approve the credit line, review credit line according to the regulations and policies of the Company;
- 4) Resolve problems in relation to securities business and derivatives business;
- 5) Consider the solution to doubtful receivables;
- 6) Consider proceed operations to be in line with regulators; SEC, SET, AMLO, TFEX, ASCO, etc.

## (7) Management Committee

As of December 31, 2018, the Management Committee of the Company comprises of 19 members, where Mrs. Pantuporn Mahangsa serves as the secretary to the Management Committee.

	Full Name	Position
1.	Mr. Chuangchai Nawongs	Chairman
2.	Mrs. Pornpring Suksantisuwan	Director
3.	Mrs. Wimon Lovichit	Director
4.	Ms. Supin Suravichai	Director
5.	Mr. Kosit Thammatada	Director
6.	Ms. Chorpetch Riamdee	Director
7.	Mr. Kuntra Ladavalya Na Ayudhya	Director
8.	Mr. Chatchai Chumsiri	Director
9.	Mr. Nithivat Dhambhirasing	Director
10.	Mr. Pothorn Choemvarachart	Director
11.	Mr. Somchai Keawjaroenpisan	Director
12.	Ms. Ubonrut Sripunyawitch	Director
13.	Ms. Kanoknapat Sithivaraporn	Director
14.	Mr. Supat Apiratimai	Director
15.	Mr. Pannatat Samitthisakda	Director
16.	Mr. Somyot Kittisukcharoen	Director
17.	Ms. Raveewan Chaiyakit	Director
18.	Mrs. Nusara Rooncharoen	Director



	Full Name	Position
19.	Ms. Jitkaneung Saengcheewong	Director

The Management Committee serves a role in business operation supervision to ensure compliance with specified objectives and goal. The roles and responsibilities of the Management Committee are as follows:

- 1) Establish securities brokerage and derivatives policies, goals, marketing strategies and marketing plans in order to seek the approval from the Board of Directors;
- 2) Oversee the securities and futures contract business to ensure that it is in line with the policies, goals, strategies and plans as well as annual budget approved by the Board of Directors;
- 3) Oversee the investment consultants regarding the following issues:
  - 3.1) Perform their duties in accordance with the marketing plans proposed to the Board of Directors;
  - 3.2) Strictly follow the Company's policies;
  - 3.3) Consider any issues arising from the inspection of the SET, the SEC, TFEX and related authorizations to seek measures to prevent such issue and rectify the operations;
- 4) Provide the development of operations to be in line with the marketing policy, the development of the Company's products and services to be highly competitive; and perform any duties as assigned by the Executive Board or the Board of Directors.

## (8) Damage Examination Committee

As of December 31, 2018, the Damage Examination Committee of the Company comprises of 4 members, where Ms. Supin Suravichai serves as the secretary to the Damage Examination Committee.

	Full Name	Position
1.	Mr. Chuangchai Nawongs	Chairman
2.	Mrs. Wimon Lovichit	Director
3.	Ms. Supin Suravichai	Director
4.	Ms. Jitkaneung Saengcheewong	Director

The Company sets out the roles and responsibilities of the Damage Examination Committee, namely, damage examination in various cases for the relevant department to implement.

## (9) Complaint Consideration Committee

As of December 31, 2018, the Complaint Consideration Committee of the Company comprises of 5 members, where Ms. Supin Suravichai serves as the secretary to the Complaint Consideration Committee.

	Full Name	Position
1.	Mr. Chuangchai Nawongs	Chairman
2.	Mrs. Wimon Lovichit	Director
3.	Ms. Supin Suravichai	Director
4.	Ms. Jitkaneung Saengcheewong	Director
5.	Executive Director of Brokerage Business *	Director

Remark: \* Executive Director of Brokerage Business will be reselected every quarter after finishing the terms.

The Complaint Consideration Committee serves a role in receipt of complaints proposed by the compliance department or internal audit department to seek preliminary resolution prior to proposing to the Damage Examination Committee or the Board of Directors for further proceeding. The roles and responsibilities of the Complaint Consideration Committee are as follows:

- 1) Ensure that the Company has protocols and procedures to manage the stakeholders' complaints;
- 2) Ensure the establishment of the compliant channel;
- 3) Establish the clear policy and procedures for whistleblowing;
- 4) Ensure that the Company has the appropriate preventive measure for whistleblowers who act in good faith.

## (10) Purchase Committee

As of December 31, 2018, the Purchase Committee of the Company comprises of 6 members, where Ms. Supatra Pattanakijgaroon serves as the secretary to the Purchase Committee.

	Full Name	Position
1.	Mrs. Pornpring Suksantisuwan	Chairman
2.	Mrs. Wimon Lovichit	Director
3.	Mr. Kosit Thammatada	Director
4.	Ms. Supatra Pattanakijgaroon	Director
5.	Mrs. Varinphat Dumrongyingsupap	Director
6.	Ms. Kaewjai Punthawanun	Director

The Purchase Committee serves a role in policies establishment and approval of procedures for purchasing, leasing and inspecting the Company's properties, including other investments and property insurance to ensure that they are complied with good internal control, namely:

- 1) Set approval limits according to type of assets and propose to the Board of Directors for approval;
- 2) Ensure that each department strictly complies with the guidelines and procedures of the Company;
- 3) Consider the proposals of dealers and vendors offering products or services appropriately in order to achieve the utmost benefit for the Company.

## Director and Company Secretary Profiles



### Mr. Chatchaval Jiaravanon

Age: 56 years

Nationality: Thai

Current Position

- Chairman of the Board of Directors
- Authorized Director



### Mr. Varah Sucharitakul

Age: 54 years

Nationality: Thai

Current Position

- Deputy Chairman of the Board of Directors

#### Date of Appointment

- 23 July 2002

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Date of Appointment

- 19 June 2009

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Education

- Bachelor of Business Administration, University of Southern California, USA

#### Training

- Director Accreditation Program (DAP) 71/2008
- Corporate Governance for Capital Market Intermediaries (CGI) 13/2016
- Executive Course (9), Capital Market Academy, The Stock Exchange of Thailand

#### Current positions in 5 listed companies

- Director and Member of the Audit Committee, Ticon Industrial Connection Plc.
- Director, Aeon Thanasinsap (Thailand) Plc.
- Director, SVI Plc.
- Director and Managing Director Group Investment, True Corporation Plc.
- Director, WP Energy Plc.

#### Current positions in 10 non-listed companies/organizations

- Director, True Visions Group Co., Ltd.
- Managing Director & Chief Executive Officer, Telecom Holding Co., Ltd.
- Director, Zaap Party Co., Ltd.
- Director, True Touch Co., Ltd.
- Director, True Media Solutions Co., Ltd.
- Director, True e-Logistics Co., Ltd.
- Director, Panther Entertainment Co., Ltd.
- Director, Satellite Service Co., Ltd.
- Director, Cineplex Co., Ltd.
- Director, The Ultrawealth Co., Ltd.

#### Education

- Master of Business Administration, University of New Hampshire, USA

#### Training

- Director Certification Program (DCP) 21/2002
- Corporate Governance for Capital Market Intermediaries (CGI) 17/2016

#### Current position in 1 listed company

- Executive Director, Finansa Plc.

#### Current positions in 3 non-listed companies/organizations

- Executive Director, Finansa Securities Co., Ltd.
- Director, Finansa Capital Co., Ltd.
- Director, SBI Royal Securities Plc., Phnom Penh, Cambodia

**Mr. Chuangchai Nawongs**

Age: 58 years

Nationality: Thai

Current Position

- Authorized Director
- Chief Executive Officer
- President

**Mr. Somphop Keerasuntonpong**

Age: 52 years

Nationality: Thai

Current Position

- Authorized Director
- President

**Date of Appointment**

- 19 June 2009

**Holding of the Company's share**

- Direct: 100,000 shares
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 2 June 2003

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Business Administration, Bangkok University

**Training**

- Director Accreditation Program (DAP) 23/2004
- Corporate Governance for Capital Market Intermediaries (CGI) 2/2015

**Position in other listed company**

- -None-

**Current positions in 2 non-listed companies/organizations**

- Director (Authorized), FSS International Investment Advisory Securities Co., Ltd.
- Director, SBI Royal Securities Plc., Phnom Penh, Cambodia

**Education**

- MBA General Administration, Pittsburg State University, USA

**Training**

- Director Accreditation Program (DAP) 16/2004
- Corporate Governance for Capital Market Intermediaries (CGI) 3/2015
- Executive Course (9), Capital Market Academy, The Stock Exchange of Thailand

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Mrs. Pornpring Suksantisuwan**

Age: 61 years

Nationality: Thai

Current Position

- Authorized Director
- President

**Mr. Yang Liu**

Age: 41 years

Nationality: Chinese

Current Position

- Director

**Date of Appointment**

- 16 October 2008

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 29 January 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Business Administration, American University of Human Sciences
- Bachelor of Accountancy, Chulalongkorn University

**Training**

- Director Accreditation Program (DAP) 48/2005
- Director Certification Program (DCP) 105/2228
- Corporate Governance for Capital Market Intermediaries (CGI) 2/2015
- Executive Course (7), Capital Market Academy, The Stock Exchange of Thailand

**Position in other listed company**

- -None-

**Current positions in 4 non-listed companies/organizations**

- Director (Authorized), FSS International Investment Advisory Securities Co., Ltd.
- Sub-committee of Securities Investor Protection Fund, Securities Investor Protection Fund or SIPF
- Sub-committee of Derivatives Investor Protection Fund, Derivatives Investor Protection Fund or DIPF
- Director, Association of Thai Securities Companies or ASCO

**Education**

- Master of Economics, Peking University

**Position in other listed company**

- -None-

**Current position in 1 non-listed company/organization**

- Executive Director and Deputy Managing Director, ICBC (Thai) Plc.

**Pol.Lt.Gen. Visanu****Prasattongsoth**

Age: 57 years

Nationality: Thai

Current Position

- Independent Director
- Chairman of Audit Committee

**Mr.Phaiboon Siripanoosatie**

Age: 56 years

Nationality: Thai

Current Position

- Independent Director
- Member of Audit Committee

**Date of Appointment**

- 16 September 2009

**Holding of the Company's share**

- Direct: 3,655,614 shares
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 28 February 2008

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Business Administration, University of San Francisco, USA
- Master of Political Science, Sukhothai Thammathirat Open University

**Training**

- Director Accreditation Program (DAP) 11/2004
- Audit Committee Program (ACP) 7/2005
- Financial Statement for Director (FND) 19/2005
- Advanced Audit Committee Program (AAP) 21/2015
- Corporate Governance for Capital Market Intermediaries (CGI) 3/2015
- Executive Course (2), Capital Market Academy, The Stock Exchange of Thailand

**Current position in 1 listed company**

- Director, Bangkok Airways Plc.

**Current positions in 3 non-listed companies/organizations**

- Assistant Commissioner-General, The Royal Thai Police
- Director, Krunghthep Thanakom Co., Ltd
- Director, Thai Co Poly Industry Co., Ltd

**Education**

- Master of Political Science, Sukhothai Thammathirat Open University

**Training**

- Director Certificate Program (DCP) 105/2008
- Audit Committee Program (ACP) 28/2009
- Successful Formulation Executive of Strategy (SFE)13/2011
- How to Develop a Risk Management Plan (HRP) 4/2013
- Corporate Governance for Capital Market Intermediaries (CGI) 5/2015

**Position in other listed company**

- -None-

**Current positions in 2 non-listed companies/organizations**

- Director, Provincial Electricity Authority
- Executive Director, GEO-Informatics and Space Technology Development Agency (Public Organization), Ministry of science and Technology



### Mr. Kittisak Bencharit

Age: 69 years

Nationality: Thai

Current Position

- Independent Director
- Member of Audit Committee

#### Date of Appointment

- 22 October 2009

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Education

- Bachelor of Economics, University of Wisconsin, USA

#### Training

- Director Certificate Program (DCP) 70/2006
- Audit Committee Program (ACP) 32/2010
- Corporate Governance for Capital Market Intermediaries (CGI) 0/2014
- Advanced Audit Committee Program (AACP) 19/2015
- Board that Make a Difference (BMD) 5/2017

#### Current positions in 3 listed companies

- Independent Director and Audit Committee, Thonburi Medical Centre Plc.
- Independent Director and Audit Committee, Exotic Food Plc.
- Advisor of CEO and Directors, Premier Enterprise Plc.

#### Current positions in 2 non-listed companies/organizations

- Director, Premier Capital (2000) Co., Ltd
- Director, Premier Brokerage Co., Ltd.

### Ms. Phatra Kanchanapraphat

Nationality: Thai

Current Position

- Company Secretary

#### Date of Appointment

- 1 October 2015

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Education

- Master of Business Administration, National Institute of Development Administration

#### Training

- Financial Advisors Course, Association of Thai Securities Companies
- Successful Formulation and Execution Strategy Course (SFE) 25/2015
- Company Secretary Program Course (CSP) 68/2016
- Board Reporting Program (BRP) 19/2016
- Effective Minute Taking (EMT) 34/2016
- Company Reporting Program (CRP) 14/2016

#### Experience

- Vice President, Corporate Finance Department, ACL Securities Co., Ltd.

#### Position in other listed company

- -None-

#### Position in non-listed company or organization

- -None-

## Executive Profiles



### **Mrs. Wimon Lovichit**

Age: 58 years

Nationality: Thai

Current Position

- Chief Operation Officer



### **Ms. Supin Suravichai**

Age: 53 years

Nationality: Thai

Current Position

- Chief Risk and Compliance Officer

#### **Date of Appointment**

- 1 February 2013

#### **Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

#### **Relationship with Director/Executive**

- -None-

#### **Date of Appointment**

- 1 December 2017

#### **Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

#### **Relationship with Director/Executive**

- -None-

#### **Education**

- Master of Business Administration, Thammasat University

#### **Training**

- ACEP Certificate 4/2012

#### **Experience**

- Senior Executive Vice President-Compliance, Siam Commercial Bank Plc.
- Head of Compliance and Audit, SCB Securities Co., Ltd.

#### **Position in other listed company**

- -None-

#### **Position in non-listed company or organization**

- -None-

#### **Education**

- Master Degree, Association of Chartered Certified Accountants London School of Accountancy

#### **Experience**

- RHB Securities Plc.

#### **Position in other listed company**

- -None-

#### **Position in non-listed company or organization**

- -None-



**Mr. Kosit Thammatada**

Age: 47 years

Nationality: Thai

Current Position

- Chief Technology Officer
- Executive Director of E-Business Technical Dept.

**Date of Appointment**

- 21 November 2016

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Bachelor Degree, Faculty of Science,  
King Mongkut's University of Technology Thonburi

**Experience**

- Managing Director, AEC Securities Plc.
- Executive Vice President, Finansia Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-



**Mr. Kuntra  
Ladavalaya Na Ayudhya**

Age: 50 years

Nationality: Thai

Current Position

- Executive Director of  
Brokerage Business Unit 1



**Mr. Chatchai Chumsiri**

Age: 58 years

Nationality: Thai

Current Position

- Executive Director of  
Brokerage Business Unit 2

**Date of Appointment**

- 21 February 2005

**Holding of the Company's share**

- Direct: 205,185 shares
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 September 2008

**Holding of the Company's share**

- Direct: 25,029 shares
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Finance, University of La Verne, USA

**Training**

- Executive Course (21), Capital Market Academy,  
The Stock Exchange of Thailand
- Top Executive Program in Commerce and Trade (10)

**Experience**

- Senior Executive Vice President, Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Bachelor of Marketing, Bangkok University

**Experience**

- Senior Executive Vice President, Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Mr. Nithivat Dhambhirasing**

Age: 58 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 3

**Mr. Pothorn Choemvarachart**

Age: 61 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 4

**Date of Appointment**

- 19 February 2010

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 19 February 2010

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Executive MBA Sasin, Chulalongkorn University (EMBA)

**Training**

- Diploma in National Defence for the Joint State-Private Sector Course 2012, Thailand National Defence College,
- Advanced Certificate Course in Public Economics Managed for Executives
- Diploma of Capital Market Academy
- Diploma of Environmental Governance for Executive Officer

**Experience**

- Managing Director, Finansia Securities Co., Ltd.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Master of Management and Human Relation, Abilene Christian University, Texas, USA

**Experience**

- Managing Director, Finansia Securities Co., Ltd.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Mr. Somchai Keawjaroenpisan**

Age: 55 years

Nationality: Thai

Current Position

- Deputy Head of Brokerage Business and Executive Director of Brokerage Business Unit 5

**Ms. Ubonrut Sripunyawitch**

Age: 52 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 7

**Date of Appointment**

- 20 February 2014

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 February 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Business Administration (Finance), Kasetsart University

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.
- Senior Executive Vice President, Finansia Securities Co., Ltd.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Bachelor of Laws, Ramkhamhaeng University

**Experience**

- Senior Vice President, Finansia Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Ms. Kanoknapat Sithivaraporn**

Age: 47 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 8

**Mr. Supat Apiratimai**

Age: 55 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 9

**Date of Appointment**

- 1 August 2015

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 July 2011

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Business Administration (International Business), The George Washington University, Washington D.C, USA

**Training**

- Executive Development Program (EDP) 8/2011, Thai Listed Companies Association

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.
- Executive Vice President Retail Sales Department, Far East Securities Co., Ltd.
- Asset Manager, Special Asset Management, Tisco Financial Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Bachelor of Accounting, Bangkok University

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.
- Executive Vice President, Siam City Securities Co., Ltd.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Mr. Pannatat Samitthisakda**

Age: 54 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 10

**Mr. Somyot Kittisukcharoen**

Age: 44 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 12 and 15

**Date of Appointment**

- 1 July 2013

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 January 2017

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Public and Private Management, National Institute of Development Administration

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.
- Assistant Managing Director, Globex Securities Co., Ltd.
- Senior Executive Vice President (Securities), KGI Securities (Thailand) Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Master of Finance, Bangkok University

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Ms. Raveewan Chaiyakit**

Age: 48 years

Nationality: Thai

Current Position

- Executive Director of Brokerage Business Unit 16

**Mr. Richard Edmond Markarian**

Age: 52 years

Nationality: American

Current Position

- Executive Director of Foreign Institution Dept.

**Date of Appointment**

- 1 March 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 October 2013

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Science Program in Applied Statistics, National Institute of Development Administration

**Experience**

- Senior Executive Vice President, Finansia Syrus Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Bachelor degree - Arts, History, Columbia University, USA

**Experience**

- BNP Paribas Bank

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Mrs. Manida Sithseree**

Age: 50 years  
Nationality: Thai

**Current Position**

- Executive Director of Local Institution Dept.

**Mrs. Nusara Rooncharoen**

Age: 52 years  
Nationality: Thai

**Current Position**

- Deputy Head of Brokerage Business and Executive Director of E-Business Marketing Sales Dept.

**Date of Appointment**

- 1 May 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 1 August 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

Master of Business Administration,  
University of Southern California

**Experience**

- Head of Local Institution Department, CIMB Securities (Thailand) Co., Ltd

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Master of Business Administration, Siam University

**Experience**

- Executive Director, Finansia Syrus Securities Plc.
- Senior Executive Vice President, Finansia Syrus Securities Plc.
- Executive Vice President, Finansia Securities Plc.

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-



**Mr. Chatchawan Dashrochanapatt**

Age: 37 years  
Nationality: Thai

**Current Position**

- Executive Director of E-Business Marketing Communication Dept.

**Mr. Pitsanu Wathanawanapong**

Age: 47 years  
Nationality: Thai

**Current Position**

- Executive Director of Wealth Management Dept.

**Date of Appointment**

- 2 July 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Date of Appointment**

- 16 July 2018

**Holding of the Company's share**

- Direct: None
- Spouse and minor child: None

**Relationship with Director/Executive**

- -None-

**Education**

- Master of Science, Srinakharinwirot University

**Experience**

- Siam Commercial Bank PCL
- Asia Aviation PCL
- Mindshare Thailand Co., Ltd.
- Universal McCann Malaysia

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

**Education**

- Master of Business Administration, Srinakharinwirot University

**Position in other listed company**

- -None-

**Position in non-listed company or organization**

- -None-

## Chief Financial Officer and Chief Accountant Profiles



### Ms. Chorpetch Riamdee

Age: 43 years

Nationality: Thai

Current Position

- Chief Financial Officer



### Ms. Supatra Pattanakijgaroon

Age: 53 years

Nationality: Thai

Current Position

- Chief Accountant

#### Date of Appointment

- 15 August 2017

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Date of Appointment

- 8 July 2009

#### Holding of the Company's share

- Direct: None
- Spouse and minor child: None

#### Relationship with Director/Executive

- -None-

#### Education

- Master of Business Administration, Ramkhamhaeng University

#### Training

- Orientation Course CFO Focus on Financial Reporting conducted by Federation of Accounting Professions under the Royals Patronage of His Majesty the King and the SEC (14 hours)
- Corporate Finance 2/2561 conducted by Federation of Accounting Professions under the Royals Patronage of His Majesty the King (6 hours)
- Financial Projection to assess the value of a company conducted by Thailand Securities Institute (12 hours)

#### Experience

- Vice president of Accounting and Finance Department, Asia Plus Group Holdings Plc.
- Vice president of Accounting and Finance Department, Land and Houses Securities Plc.

#### Position in other listed company

- -None-

#### Position in non-listed company or organization

- -None-

#### Education

- Master Degree, Faculty of Commerce and Accountancy, Chulalongkorn University

#### Training

- Workshop – consolidated financial statement conducted by EY Office Limited (13 hours)

#### Position in other listed company

- -None-

#### Position in non-listed company or organization

- -None-

## Positions of Directors and Executives in Subsidiary, Associate and Related Company

Company Lists	Subsidiary	Associate	Related Company						
Full Name	FSS International Investment Advisory Securities Co., Ltd.	SBI Royal Securities Plc.	Finansa Plc.	Finansa Securities Co., Ltd.	ICBC (Thai) Plc.	True Corporation Plc.	True Vision Group Co., Ltd.	Zaap Party Co., Ltd.	Director, The Ultrawealth Co., Ltd.
1. Mr. Chatchaval Jiaravanon						✓	✓	✓	✓
2. Mr. Varah Sucharitakul		✓	✓	✓					
3. Mr. Chuangchai Nawongs	✓	✓							
4. Mr. Somphop Keerasuntonpong									
5. Mrs. Pornpring Suksantisuwan	✓								
6. Mr. Yang Liu					✓				
7. Pol.Lt.Gen. Visanu Prasattongsoth									
8. Mr. Phaiboon Siripanoosatien									
9. Mr. Kittisak Bencharit									
10. Mrs. Wimon Lovichit									
11. Ms. Supin Suravichai									
12. Mr. Kosit Thammatada									
13. Ms. Chorpetch Riamdee									
14. Mr. Kuntra Ladavalaya Na Ayudhya									
15. Mr. Chatchai Chumsiri									
16. Mr. Nithivat Dhambhirasing									
17. Mr. Pothorn Choemvarachart									
18. Mr. Somchai Keawjaroenpisan									
19. Ms. Ubonrut Sripunyawitch									
20. Ms. Kanoknapat Sithivaraporn									
21. Mr. Supat Apiratimai									
22. Mr. Pannatat Samitthisakda									
23. Mr. Somyot Kittisukcharoen									
24. Ms. Raveewan Chaityakit									
25. Mr. Richard Edmond Markarian									
26. Mrs. Manida Sithseree									
27. Mrs. Nusara Rooncharoen									
28. Mr. Chatchawan Dashrochanapatt									
29. Mr. Pitsanu Wathanawanapong									

Remark: ✓ means Director

## The Changes in Securities Holding of the Director and Executive as of 31 December 2018

Full Name	Position	Number of shares		
		31 December 2018	31 December 2017	Increased (Decreased)
1. Mr. Chatchaval Jiaravanon	Chairman of the Board of Directors	-	-	-
2. Mr. Varah Sucharitakul	Deputy Chairman of the Board of Directors	-	-	-
3. Mr. Chuangchai Nawongs	President / Chief Executive Officer	100,000	100,000	-
4. Mr. Somphop Keerasuntonpong	President	-	-	-
5. Mrs. Pornpring Suksantisuwan	President	-	-	-
6. Mr. Yang Liu	Director	-	-	-
7. Pol.Lt.Gen. Visanu Prasattongsoth	Independent Director / Chairman of the Audit Committee	3,655,614	3,655,614	-
8. Mr. Phaiboon Siripanoosatie	Independent Director / Audit Committee	-	-	-
9. Mr. Kittisak Bencharit	Independent Director / Audit Committee	-	-	-
10. Mrs. Wimon Lovichit	Chief Operation Officer	-	-	-
11. Ms. Supin Suravichai	Chief Risk and Compliance Officer	-	-	-
12. Mr. Kosit Thammatada	Chief Technology Officer	-	-	-
13. Ms. Chorpetch Riamdee	Chief Financial Officer	-	-	-
14. Mr. Kuntra Ladavalaya Na Ayudhya	Executive Director of Brokerage Business Unit 1	205,185	205,185	-
15. Mr. Chatchai Chumsiri	Executive Director of Brokerage Business Unit 2	25,029	25,029	-
16. Mr. Nithivat Dhambhirasing	Executive Director of Brokerage Business Unit 3	-	-	-
17. Mr. Pothorn Choemvarachart	Executive Director of Brokerage Business Unit 4	-	-	-
18. Mr. Somchai Keawjaroenpisan	Deputy Head of Brokerage Business and Executive Director of Brokerage Business Unit 5	-	-	-
19. Ms. Ubonrut Sripunyawitch	Executive Director of Brokerage Business Unit 7	41	41	-
20. Ms. Kanoknapat Sithivaraporn	Executive Director of Brokerage Business Unit 8	-	-	-
21. Mr. Supat Apiratimai	Executive Director of Brokerage Business Unit 9	-	-	-
22. Mr. Pannatat Samitthisakda	Executive Director of Brokerage Business Unit 10	-	-	-
23. Mr. Somyot Kittisukcharoen	Executive Director of Brokerage Business Unit 12 and 15	-	-	-
24. Ms. Raveewan Chaiyakit	Executive Director of Brokerage Business Unit 16	-	-	-
25. Mr. Richard Edmond Markarian	Executive Director of Foreign Institution Department	-	-	-
26. Mrs. Manida Sitheree	Executive Director of Local Institution Department	-	-	-
27. Mrs. Nusara Rooncharoen	Deputy Head of Brokerage Business and Executive Director of E-Business Marketing Sales Department	-	-	-
28. Mr. Chatchawan Dashrochanapatt	Executive Director of E-Business Marketing Communication Department	-	-	-
29. Mr. Pitsanu Wathanawanapong	Executive Director of Wealth Management Department	-	-	-

# Corporate Governance

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The Board of Directors values the systematic management and corporate governance practice by establishing the Company's corporate governance policy to build confidence among shareholders, investors and stakeholders. The Company aims to strictly implement the Corporate Governance Code 2017 and relevant guidelines which set out by the SET and the SEC; and ensures that Company's corporate governance policy is reviewed and improved at least one time per annum to be in line with the continual development and changing situation.

In this regard, the Company has disclosed the corporate governance policy on the Company's website at [www.fnsyrus.com](http://www.fnsyrus.com).

## The Rights of Shareholders

The Company values, respects and promotes the rights of shareholders, and also provides sufficient time for the shareholders to consider the meeting agendas prior to the shareholders' meeting by complying with the legal requirements.

The Company conducted the 2018 Annual General Meeting of Shareholders on April 24, 2018 at 2.00 p.m. at Platinum Hall, 3rd floor, Grand Mercure Bangkok Fortune Hotel. The company's policy on convening of the shareholders' meeting is to encourage and facilitate the participation of all shareholders, including institutional shareholders. The meeting venue shall be conveniently accessible by public transportation in order to accommodate all shareholders. The Company also provides sufficient information on the date, time, meeting venue, proxy, map of meeting venue, meeting agendas with sufficient details to support their decision making in advance. In the previous annual general meeting of shareholders, the Company carried out the following acts:

- 1) The Company included the following issues which may have an impact on the direction of the business operation as the agendas in the 2018 Annual General Meeting of Shareholders, and such agendas require consideration and/or approval from shareholders pursuant to the Articles of Association of the Company:
  - To consider the Board of Directors' report regarding the Company's operating results for the previous year;
  - To consider and approve the financial statements of the Company;
  - To consider and approve the appropriation of net profit as legal reserves and the dividend payment;
  - To consider and approve the appointment of the directors to replace those who will retire by rotation and determination of the remuneration of the directors;
  - To consider and approve the appointment of the auditors and the determination of the audit fee; and
  - Other matters.
- 2) The Company granted the rights to shareholders to propose the meeting agendas and candidates to be elected as directors in advance by disclosing via the SET's channel and the Company's website at [www.fnsyrus.com](http://www.fnsyrus.com). A shareholder who wishes to propose an agenda item shall possess

qualifications according to the requirements set out in Section 89/28 of the Securities and Exchange Act B.E. 2535 and the Notification of the Securities and Exchange Commission which stated that a shareholder or shareholders who hold shares and have the right to vote amounting of not less than five percent of the total number of the voting rights of the Company. The requirements for a proposal of agenda are specified as follows:

- Proposals that shall not be considered as the agenda of the shareholders' meeting
  - The following proposals under Section 89/28 of the Securities and Exchange Act B.E. 2535 (as amended):
    - (1) the proposal does not comply with clause 2 (Qualification of the Shareholders: a shareholder or shareholders who hold shares and have the right to vote amounting of not less than five per cent of the total number of the voting rights of the Company) the rules as specified in the first paragraph;
    - (2) the proposal is relevant to the ordinary business operation and the fact given by the shareholders does not indicate any reasonable ground to suspect the irregularity of such matter;
    - (3) the proposal is beyond the company's power to produce the purposed result;
    - (4) the proposal was submitted to the shareholders' meeting for its consideration within the previous twelve months and received the supporting votes of less than ten per cent of the total number of the voting rights of the company, unless the fact pertaining in the resubmission has significantly changed from that of the previous shareholders' meeting;
    - (5) any other cases as specified in the notification of the Capital Market Supervisory Board.
  - A proposal that violates applicable laws/regulations of the government authorities, or regulatory or relevant agencies, or actions not in compliance with the Company's Articles of Association and corporate objectives, the resolutions of Shareholders Meeting and the good corporate governance of the Company;
  - A proposal that the Company has already implemented;
  - A proposal that the shareholder provides incomplete or incorrect information, or the Company cannot contact the shareholder, or the shareholder fails to comply with the requirements specified by the Company;
  - A proposal that is beneficial for a specific person or group;
  - A proposal that is not under the authority of Board of Directors, except those that is likely to cause material impact on the shareholders in general.
- The qualified shareholder shall complete "Agenda Proposal Form for the Annual General Meeting of Shareholders of Finansia Syrus Securities Public Company Limited ("Agenda Proposal Form"), together with supporting documents, and deliver to the Company Secretary at [companysecretary@fnsyrus.com](mailto:companysecretary@fnsyrus.com) for the purpose to allow the Executive Board to have sufficient time to consider and scrutinize such matter before proposing to the Board

of Directors. The shareholder, however, shall submit the original with the shareholder's signature affixed as evidence, together with other required documents to the Company within the period specified by the Company to the following address:

Office of the Company Secretary and Shareholder Engagement

Finansia Syrus Securities PLC.

18th Fl., The Offices at Central World

999/9 Rama I Rd., Pathumwan, Bangkok 10330

In case the shareholders unify to propose an agenda item, all unified shareholder shall complete the Agenda Proposal Form, and affixed their signatures as evidence, and submit them altogether.

- Proposals approved by the Board of Directors shall be included in the agenda item and identified as the agenda proposed by the shareholders in the shareholders' meeting invitation letter.
- Proposals refused by the Board of Directors shall be notified as the matter for information as well as specify the reason for such refusal in that shareholders' meeting. The judgment of the Board of Directors shall be final.

The Company also sets out the requirements for the proposal of candidate to be elected as the director as follows:

- A shareholder who wishes to propose a candidate to be elected as the director shall possesses the aforementioned qualifications.
- The qualified shareholder shall complete Candidate Proposal Form for the Annual General Meeting of Shareholders of Finansia Syrus Securities Public Company Limited ("Candidate Proposal Form"), together with supporting documents and send to the Company Secretary at [companysecretary@fnsyrus.com](mailto:companysecretary@fnsyrus.com) to propose to the Board of Directors. The shareholder, however, shall submit the original with the shareholder's signature affixed as evidence, together with other required documents to the Company within the period specified by the Company to the following address:

Office of the Company Secretary and Shareholder Engagement

Finansia Syrus Securities PLC.

18th Fl., The Offices at Central World

999/9 Rama I Rd., Pathumwan, Bangkok 10330

In case the shareholders unify to propose a candidate to be elected as the director, all unified shareholder shall complete the Agenda Proposal Form and affixed their signatures as evidence and submit them altogether.

- The candidates to be nominated as the directors shall possess the following qualifications and shall not possess any of the prohibited characteristics as follows:
  - Having qualifications and shall not have prohibited characteristics as specified by Public Limited Companies Act B.E. 2535, Securities and Exchange Act B.E. 2535 and the notification of the Capital Market Supervisory Board;
  - Having knowledge and competence that is beneficial to the Company;

- Not serving as directors in more than 4 listed companies.
  - The candidates approved by the Board of Directors shall be included in the agenda item and identified as the agenda proposed by the shareholders in the shareholders' meeting invitation letter.
- 3) The Company specified the following information in the shareholders' meeting invitation letter:
- Date, time and place of the meeting
  - Meeting agendas which divided into agendas for acknowledgement and agendas for approval and the agendas for the appointment of director and directors' remuneration are separated.
  - Objectives, rationale and opinions of the Board of Directors for each agenda with sufficient details to support decision making
    - Approval of Dividend Payment - The Company specified the dividend payment policy and dividend rate to be paid for the proposed year and previous year.
    - Appointment of Directors - The Company allowed the shareholders to vote for individual director, and provided information of the directors i.e. age, academic and professional background, the number of listed companies and other companies such person serving as a director, requirement and procedure for recruitment, proposed type of director. The meeting attendance for the previous year and the date of appointment shall also be specified in case of reappointment.
    - Approval of Directors' remuneration - The Company specified the criteria for determining the director's remuneration and all monetary and non-monetary components of the director's remuneration.
    - Approval of external auditors' appointment and determination of auditors' fees - The Company specified auditor's name, audit firm, experience, period served as the Company's auditor and auditor's independence including auditors' fee which composed of audit and non-audit fees for the proposed year and the previous year.
  - Proxy form A and form B (Form C will be publicized on the Company's website)
  - Other supporting information e.g. voting procedures, vote counting and announcement of voting results, details concerning independent directors proposed by the company to act as proxies for shareholders, documents required for participant, supporting documents for proxy form, and a map of meeting venue, etc.
- 4) The Company has assigned the Thailand Securities Depository Co., Ltd. who acts as the registrar of the Company to deliver the shareholders' meeting notices and relevant documents to shareholders no later than 21 days prior to the shareholders' meeting, and disclose through the SET's channel no later than 30 days prior to the shareholders' meeting for the purpose to increase the shareholders' access to information. The shareholders' meeting notices are prepared in both Thai and English versions.
- 5) The Company allowed the shareholders to submit questions concerning the meeting agendas to the Board of Directors prior to the shareholders' meeting by sending to the Company. The Company also disclosed the requirement for sending questions on the Company's website.



- Shareholders submit questions together with the following details:
    - Name, address, telephone/fax number and E-mail of the shareholders;
    - questions and relevant agendas with supporting information (if any)
  - Enquiry channel
    - Fax: 0-2658-9110
  - Submission period
    - Shareholders may submit any questions pertaining to the meeting agendas of the shareholders meeting no later than 14 days prior to the shareholders' meeting.
  - The Company Secretary will gather questions and propose to the CEO for consideration.
  - The answer for the questions submitted prior to the meeting will be replied in the Shareholders' Meeting.
- 6) The Company allowed the shareholders who are unable to attend the meeting to vote by appointing any person or the Independent Director of the Company as their proxy to attend and vote on their behalf.
  - 7) The attending shareholders were informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, and introduce the attending directors and executives. The Company also informed the instruction for the meeting and the voting. For the vote counting methods, the shareholders were informed thereof before the voting of each agenda due to the different vote counting method.
  - 8) The auditors and legal counsel were engaged to assure that the shareholders' meeting was conducted with transparency in compliance with the laws and the Company's Articles of Association. The Company arranged additional seats for proxies and legal counsel to observe and monitor the transparency in the vote counting and announce the voting results immediately at the end of each agenda. The voting results were also disclosed in the shareholders' meeting notice.
  - 9) The Company implemented the Barcode system to facilitate the shareholders' meeting and reduce time spent on registration, vote counting and to enhance the efficacy of results display in the shareholders' meeting.
  - 10) The Company disclosed the resolutions of the shareholders' meeting through the SET's channel within the same day by specifying details of each agenda which consisted of voting results, vote counting method, voting results for each option (approve, against, abstain and void) presented in the number of shares and percentage. With regard to the minutes of the shareholders' meeting, the Company recorded all directors and executives' name attended the meeting, proportion between the directors who attend and did not attend the meeting, voting method and vote counting, voting results and the resolutions as well as accurate and complete list of questions asked by shareholders and answers from the Company in each agenda. The Company also submitted the minutes to the SET and disclose in its website within 14 days from the shareholders' meeting date.

## Equitable Treatment of Shareholders

The Company values the benefits of all shareholders to ensure the equitable rights and treatment for the utmost benefit of the shareholders

### 1) Equitable Treatment of Shareholders

- Shareholders shall be entitled to appoint a proxy if they are unable to attend the shareholders' meeting. In this regards, the Company facilitates the shareholders by delivering the proxy forms with the shareholders' meeting notice.
- If the shareholders are unable to attend the shareholders' meeting, the Company will propose to appoint the Independent Directors as their proxy to attend and vote on their behalf.

### 2) Rights of the minority shareholders

- The Company allows the minority shareholders to propose additional items for the meeting's agenda and nominate persons to serve as directors of the company.

### 3) Measure for prevention of the unlawfully use of insider information by the directors and executives for his/her own interest or other person's interest.

- The Company sets out the measure for prevention of the unlawfully use of inside information by the directors and executives for his/her own interest or other person's interest as follows:
  - The directors, executives and employees shall report their trading and holding of the Company's shares according to the policy set out by the Company.
  - The executives and employees whose responsibilities is concerning the Company's unpublicized accounting information and financial statement are prohibited from purchasing or selling the Company's shares from the date specified by the Company to the date such information being publicly disclosed. The Directors are also prohibited from buying or selling the Company's stock from the date they received the quarterly and monthly financial report to be presented in the Board meeting to the date the financial statement being publicly disclosed. Such persons shall wait at least 1-2 days after the public disclosure.
  - The directors and executives are prohibited from buying, selling, transferring and receiving any securities listed in the Watch List and Restricted List.
  - The employees who works in the front office and customer's decision-making unit, or responsible for the Company's investment fund shall not send orders for their accounts to prevent the front-running activity, and shall not act as the account officers for their own accounts or any persons related to them. The employees who are responsible for preparation of the stock analysis shall not buy any stocks which are being analyzed until 3 days after the date of disclosure of such analysis to the customers.

## The Role of Stakeholders

### Stakeholder Engagement

The Company aware and encourages the cooperation between the Company and the different groups of stakeholders, and focus on the sufficient disclosure of the relevant information. In this regard, the Company has carried out the following acts so that the stakeholders can participate efficiently:

#### **Shareholders**

The Company operates the business to create satisfaction and benefit to shareholders in a long term, and also ensure that the information disclosure is inclusive and trustworthy. All shareholders hold equitable rights to vote except for those who have vested interests in such matter unless it is the case of voting on the election of directors.

#### **Employees**

The Company values all of its employees indiscriminately and equally by focusing on the safety supervision, welfare and employee benefit. The Company also supports and values the development of competencies and work efficiency by encouraging them to participate in training courses and seminars. In addition, the Company focuses on team working and builds a positive attitude toward the Company.

#### **Customers**

The Company values all of its customers indiscriminately and equally, and aware of the importance of the customers' information. Therefore, it established the safeguard to prevent the uses or disclosures of the customers' information to ensure that the supervision of the customers' information is efficient and safe. For the public relations and sales promotion, the Company mainly focuses on the customers' understanding. It, therefore, advertise the products and services precisely and not exaggerated. In addition, the

Company has conducted the survey and implemented the customers' feedback to improve and develop the products and services with the aim to achieve the highest level of customers' satisfaction.

#### **Trading partners**

The Company values the selection of suitable trading partners and treats them fairly under the trading conditions and agreements without receiving or paying any interests which considered unfaithful to its trading partners. The Company shall consider each trading partner based on its stable and transparent financial record; not having prohibited characteristics concerning corruptions; compliance with the laws; having awareness of human rights, society and environment; having capability of manufacturing; and delivering quality goods and services according to the Company's demand with impressive after-sales service. Moreover, the Company has discussed with its trading partners to develop each other's business on a sustainable basis.

#### **Creditors**

The Company determines to preserve sustainable relationship and strictly comply with contracts; arrangements and conditions entered into with the creditors i.e. objectives of loans, repayment, fund management and retention of collateral by reporting accurate financial status and financial information on a regular basis. If the Company fails to comply with any discussed

obligations or the loan default is likely to occur, the Company shall immediately inform the creditor to mutually seek for a solution. However, the Company has conducted capital management and maintained net capital, and constantly monitors them to ensure that the Company possess adequate liquidity and comply with the regulations of the relevant authority.

### **Community and Society**

The Company has supported various activities to help community and society where appropriate for the purpose to build the employees' conscious towards community and society e.g. donation for disadvantaged people and victims by donating money or goods to various foundation or charities., conducting lectures for students or investors, or conducting the internship program for university students, etc.

## **Code of Conduct**

The Company values and determines to operate and manage its business with honesty, transparency, morality and social responsibility in compliance with the good governance and corporate governance, along with resource allocation in order to carry out both internal and external activities of the organization to gain the utmost benefit by considering the impact on the organization, social and environment to strive towards a sustainable growth.

### **Anti-Corruption**

The Company has participated in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since August 27, 2014 to show its intention to encourage all level of officers to be aware of the harmful effect and the obstacles to development of an organization caused by corruption, and to have good conscience towards prevention of such harm. In this regard, officers shall not offer or demand compensation, bribe, arrangement or other benefits which lead to direct or indirect inducement for an unlawful action or

### **Environment**

The Company encourages its employees to protect environment, utilize limited energy and resources in the most efficient manner by encouraging the employees to save energy in the workplace e.g. water and electricity saving, use of environment-friendly office supplies, reducing paper usage by electronic systems and reusing non-confidential documents, etc.

### **Competitors**

The Company intends to develop its business to grow steadily and be comparable to its competitors of the same business. The company never set out any policies to destroy its competitors and treat them based on international standard under the antitrust law. In addition, it never fraudulently obtains any confidential information or trade secrets of its competitors and always adheres to the transparent business conduct.

inaction. In addition, the officers shall carry out their duties with care to prevent themselves or the Company from being used as the opportunity or medium to carry out any acts which may induce corruption. In 2015, the Company's Anti-Corruption progress indicator from Thaipat Institute is in the level of 4 – certified, namely, the Company has shown the implementation and review to ensure the adequacy of the procedure by the Audit Committee or the auditor approved by the SEC. The Company has been certified as the member of Thailand's Private Sector Collective Action Coalition Against

Corruption and has been independently audited to ensure its compliance with the anti-corruption policy from the external authorization.

### **Conflict of Interest**

The Company operates its business by taking into account the benefit of the organization and stakeholders and regards thereof as the important policy, thus it sets out the practice to show its intention to operate its business with transparency and accountability and then sets out the duties and responsibilities for its employees in all level to avoid any acts that may cause damage to the Company or obtain less benefits than it should by taking unfair advantage for themselves or commercially related persons of the Company i.e. customers, business partners, etc. Moreover, the employees shall not hold the competitors' shares. If employees acquires such shares before becoming the Company's employees, or before the Company started operating the same business as the competitor's, or inherit such shares; they will be obligated to report to their superior so that the responsible department will be able to supervise such matters to ensure the transparency and clarity.

### **Respect for Human Rights**

The Company determines to create and preserve the organizational culture which adheres to the respect for human rights by respecting and treats every person fairly in conformity with the human right principles, and shall not discriminate on the basis of gender, race, nationality, religion, language, age, skin color, education, social status or other differences.

### **Giving or Receiving Gifts, Anything of Value or Other Benefits**

It is possible to give or receive gifts, anything of value or other benefits i.e. giving or receiving of hospitality, participation in activities,

domestic or international travel, including income and expense in relation to the Company's stakeholders. However, such benefits shall only be given or received in a transparent manner and under an appropriate circumstance, or during the festival season and tradition. Employees shall not, in any way, demand or receive anything which is unconventional or inappropriate. In addition, such benefits shall not have inappropriately excessive value and shall not be cash or anything equivalent. For other cases, employees are obligated to report to their superior.

### **The Use of Intellectual Property and Technology**

The intellectual property and technology is the important factor that promotes the efficiency of business operation. Therefore, it is the roles and responsibilities of employees to protect the Company's intellectual properties and technologies from deterioration, loss or unlawfully use. Employees shall use the intellectual property and technology cautiously and carefully subject to relevant laws, rules and obligations; and shall not infringe any intellectual property rights, or use other person's technologies in an unlawful manner.

### **Trading in the Company's Stock and the Use of Inside Information**

The Company has publicly listed in the Stock Exchange of Thailand and adheres to fair and indiscriminate disclosure of information to all shareholders. The roles and responsibilities of employees are not to disclose any nonpublic information for the purpose to exploit such information directly or indirectly. This shall include tipping off to the third parties as to whether they will receive any benefits therefrom, and protection of the Company's confidential information from leakage or release to unrelated individuals. In addition, employees shall not buy or sell the Company's stock before the disclosure of financial

statement or financial status including other important information. They shall wait at least 1-2 days after the public disclosure. In this regard, the employees shall notify the Company of the buying or selling of the Company's stock according to the regulations specified by the Company, namely, conduct the written report and deliver a copy of transaction document to Compliance Department within the fifteenth day of the next month, in case of trading activities, or every 6 months, in case of inactivity, to ensure the transparency and clarity; and to prevent the inside information or important information from being unlawfully used which may affect the stock's price or cause damage to the Company.

Since the Company operates securities business which regulated by the SEC, the SET and other related authorizations, there is additional requirement for the employees who works in the front office and customer's decision-making unit, or responsible for the Company's investment fund which prohibits them to send orders for their accounts to prevent the front-running activity, and to act as the account officers of their own accounts or any persons related to them. The employees who are responsible for preparation of the stock analysis shall not buy any stocks which are being analyzed within the period specified by the Company.

#### **Possession and Dissemination of Innovation**

Since the technology has played more roles in facilitating everyday life, the Company determines to implement technology as the key factor in business operation. Therefore, it has developed the online trading system called "Finansia HERO" to increase convenience for the customer to execute transactions on mobile phones

or other portability devices as well as computers, regardless of times and places, with more variety of features to support the demand of each type of investors. The investors can choose their application screen to match their uses or customize their screen. As this is the new development, the Company has conducted the trainings and seminars of the system usage and investment for the interested investors who are customers and noncustomers, and expand to university students, in order to efficiently utilize their knowledge and instruction in the investment at their own wishes. This system was created and designed to support and satisfy every aspect of investment based on the information safety and customer's convenient so as to provide good experience and create customer satisfaction in all investment opportunities.

#### **Internal Control and Internal Audit System, Risk Management and Financial Report**

The Company determines to sustainably increase value and stability in its business. Therefore, it established the policy on internal control, internal audit, risk management and financial report to be in line with the corporate governance with the efficient and effective internal control and internal audit following to the international standards. The Company also manages all risks to be in an appropriate level, consistently follows up and review the working system and sets out the roles and responsibilities of the management to supervise the conducting of financial report to ensure that it will be accurate, complete and timely in accordance with acceptable accounting standard so as to build trust among shareholders, investors and all groups of stakeholders.

## Disclosure and Transparency

The Company places importance on the disclosure of the Company's information, financial information and non-financial information as well as other information in order to show transparency in such process. In this regard, the Company has conducted the accurate and integral disclosure in compliance with the regulations of the SEC and the SET which can be summarized as follows:

- 1) Annual Registration Statement (Form 56-1);
- 2) Annual Report;
- 3) Financial Statement and Management Discussion and Analysis;
- 4) Financial Report which consists of the evaluation results of the adequacy of the internal control system, the external auditor's opinions on financial reporting, the external auditor's observations on the internal control system and any other observations through other channels (if any), the audit committee's opinions, consistency with objectives; strategies; and the Company's policies. The financial statement and report on transactions that may create conflicts of interest will be disclosed through these following channels:
  - Via SETPORTAL to the SET and the SEC;
  - Newspapers;
  - Post a notice in an open place at the head office and all branches;
  - Via Company's website: [www.fnsyrus.com](http://www.fnsyrus.com)
- 5) Transactions that may create conflicts of interest.

## Responsibilities of the Board of Directors

The Company has explicitly set out the duties and responsibilities of its directors and disclosed in the Company's website. The directors, as the corporate leaders shall adhere to these 4 fiduciary duties in performing their duties, as follows:

- 1) Duty of Care  
Manage and perform duties with due care and shall act in the similar manner as a director undertaking the like business under the similar circumstance supporting by sufficient rationale without doubt.
- 2) Duty of Loyalty  
Being loyal and always prioritize the interest of the Company to prevent direct or indirect conflict of interest.
- 3) Duty of Obedience  
Comply with laws, the Company's objectives, Articles of Association, resolution of the board of directors, resolution of the shareholders' meeting and corporate governance code.
- 4) Duty of Disclosure  
Conduct the accurate, adequate and integral disclosure and conduct the timely report to the relevant authority.

In addition, the directors shall comply with relevant laws, regulations and rules in order to build trust and promote sustainable growth. Apart from setting out the Board of Directors' charter to define their scope of duties and responsibilities which shall be reviewed at least one time per annum, the Company empowered the Board of Directors to consider and assign their duties and responsibilities in writing to the management as they deem appropriate. The Board of Directors shall ensure that the management has performed its duties as assigned and review the assignment of regularly.

The Company has explicitly defined role and responsibilities of the Chairman and the CEO in the Board of Directors' charter to prevent any of them to have limitless authority and to ensure the balance of power between the Board of Directors and management. The Company also empowers the Board of Directors to appoint the Sub-committee to consider specific matters, screen issues and propose consideration guideline prior to their submission to the Board of Directors. Moreover, the role and responsibilities, number of meeting, and performance of the Sub-committee report shall be disclosed.

Although the Chairman of the Company is not the independent director but the Board of Directors considered that the position of chairman is appropriate since providing and opinion and determining the Company's objectives are collectively carried out by the Board of Directors who is independent. In the meantime, the Chairman always promotes good business practice. Moreover, the qualifications of the Chairman are in compliance with the regulations set out by the SEC and the SET and obtain approval from the shareholders.

In addition, according to the criteria set out by the Thai Institute of Directors (IOD) which stated that the Board of Directors shall comprise of more than one-half of the independent directors. In this regard, the Board of Directors considered and opined that the performance of duties and the opinion of the independent directors are independent from the management. Although the number of the independent directors is not met the requirement of the Thai Institute of Directors (IOD), but it is still in compliance with the Public Company Act which stipulate that the number of the independent directors shall not less than one-third of all directors. The Company, therefore, maintains the aforementioned structure. The Company also set out that the tenure of an independent director shall not exceed a cumulative term of three years. Upon completion of three years, an independent director may continue to serve on the board, subject to the Board of Director review of his continued independence and efficiency, and disclose the rationale and performance to the shareholders.

### **Suitability**

#### **➤ Qualification, competency, experience and expertise**

The Company clearly specified the suitable qualifications, competencies, experiences and expertise in the Board of Directors' charter.

#### **➤ Devotion of time**

In 2018, all directors devoted their time to participate in the meetings following the date and time scheduled by the Company. Most directors regularly participated in the meetings and expressed their opinions in the meetings based on the meeting agendas.



➤ Transparency of the selection of the directors

The Company ensures the transparency of the selection of its directors by making an announcement in its website allowing the shareholders to propose and select the qualified and trustworthy candidate to be nominated as the Company's director.

**Efficiency**

➤ Policy Establishment

Since the shareholders of the Company expect distributions from the Company's performance, the important role of the Board of Directors is to determine the direction of the business operation and significant policies e.g. establishing operational objectives, budget and various significant strategies to coordinate with the management.

➤ Sub-committee

The Board of Directors establishes the sub-committees to carry out certain duties on behalf of them as appropriate, and to achieve the most efficient management. The Board of Directors will follow up on the assigned duties from the sub-committees and/or an assignee to ensure the compliance with objectives and scopes assigned by the Board of Directors.

In 2018, the Company has 10 groups of sub-committee, namely Audit Committee, Executive Committee, Compensation Committee, Risk and Investment Committee, IT Security Committee, Credit Committee, Management Committee, Damage Examination Committee, Damage Examination Committee and Purchase Committee

➤ Board of Directors' meetings

The details of directors' attendance in the year 2018 are as follows:

(1) Board of Directors

The Board of Directors set its meeting schedule to be 13 times in total. The details of directors' attendance are as follows:

Name	Attendance/ Total meeting per year
1. Mr. Chatchaval Jiaravanon	10/13
2. Mr. Varah Sucharitakul	11/13
3. Mr. Chuangchai Nawongs	13/13
4. Mr. Somphop Keerasuntongpong	6/13
5. Mrs. Pornpring Suksantisuwan	13/13
6. Mr. Zhisheng Xu *	0/1
7. Mr. Yang Liu **	6/12
8. Pol.Lt.Gen. Visanu Prasattongsoth	12/13
9. Mr. Phaiboon Siripanoosatien	12/13
10. Mr. Kittisak Bencharit	13/13

Miss Phatra Kanchanaprapat acts as the Company Secretary.

Remark:

- 1) \*,\*\* The Board of Directors appointed Mr.Yang Liu to replace Mr.Zhisheng Xu which was effective from 29 January 2018.
- 2) Some of the directors were unable to attend all meetings since they traveled abroad.

(2) Audit Committee

The Audit Committee set its meeting schedule to be 12 times in total. The details of directors' attendance are as follows:

Name	Attendance/ Total meeting per year
1. Pol.Lt.Gen.Visanu Prasattongosoth	11/12
2. Mr.Phaiboon Siripanoosathien	11/12
3. Mr.Kittisak Bencharit	12/12

Mrs. Parichart Khantasima acts as the Secretary of the Audit Committee

**The Use of Inside Information Policy**

The Company established the policy to prevent its directors and executives from taking advantage of the inside information for themselves or the third parties as follows:

- 1) The executives whose responsibilities is concerning the Company's unpublicized accounting information and financial statement are prohibited from purchasing or selling the Company's shares from the date specified by the Company to the date such information being publicly disclosed. The Directors are also prohibited from purchasing or selling the Company's stock from the date they received the quarterly and monthly financial report to be presented in the Board meeting to the date the financial statement being publicly disclosed. Such persons shall wait at least 1-2 days after the public disclosure.
- 2) The directors and executives are prohibited from purchasing, selling, transferring or receiving the stock listed in the Watch List and Restricted List.

If the directors and executives fail to comply with the abovementioned policy, the Company will impose punishment according to the regulations set out by the Company or impose disciplinary action according to rules set out by the Company.

In 2018, the Company's directors and executives had strictly complied with the policy and there is no transaction in the prohibited period.

**Development of directors and executives**

The Company aware and values the importance of encouraging the directors and executives to attend the training courses held by the Thai Institute of Directors and/or other courses specified by the SEC for the purpose to improve their knowledge and competency which is useful for carrying out their duties as directors and executives and perform their duties efficiently and in accordance with the corporate governance.

All directors have been registered as the member of the Thai Institute of Directors (IOD) by the Company in order to receive news and knowledge and if the Company received the training information or training documents relating to the Board of Directors, the Company will send such information to the directors to acknowledge and study accordingly. The details of the directors' attendance in training course are as follows:

Name	DCP	DAP	ACP	CSP	FND	SFE	HRP	CGI	AACP	BMD
1. Mr. Chatchaval Jiaravanon	-	2008	-	-	-	-	-	2016	-	-
2. Mr. Varah Sucharitakul	2002		-	2008	-	-	-	2016	-	-
3. Mr. Chuangchai Nawongs	-	2004	-	-	-	-	-	2015	-	-
4. Mr. Somphop Keerasuntonpong	-	2004	-	-	-	-	-	2015	-	-
5. Mrs. Pornpring Suksantisuwan	2008	2005	-	-	-	-	-	2015	-	-
6. Mr. Yang Liu **	-	-	-	-	-	-	-	-	-	-
7. Pol.Lt.Gen. Visanu Prasattongsoth	-	2004	2005	-	2005	-	-	2015	2015	-
8. Mr. Phaiboon Siripanoosatie	2008	-	2009	-	-	2011	2013	2015	-	-
9. Mr. Kittisak Bencharit	2006	-	2010	-	-	-	-	2014	2015	2017

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- 1) In 2018, the Company did not send any directors to participate the training course.
- 2) Courses:
  - DCP: Director Certification Program
  - DAP: Director Accreditation Program
  - ACP: Audit Committee and Continuing Development Program
  - CSP: Company Secretary Program
  - FND: Finance for Non finance Director Program
  - SFE: Successful Formulation & Execution of Strategy
  - HRP: How to Develop a Risk Management Plan
  - CGI: Corporate Governance for Capital Market Intermediaries
  - AACP: Audit Committee and Continuing Development Program (Audit Committee Program)
  - BMD: Board that Make a Difference

### **Assessment of Performance**

The Board of Directors' Meeting No.13/2018 approved the assessment of the performance of the Board of Directors, the Audit Committee and the Chief Executive Officer to make them aware of their responsibilities, to review their functions, and to develop their performances. The implemented evaluation forms are developed from the assessment forms of the SET. The content of which was adjusted to fit and be in line with the structure of the Company and the Office of the Company Secretary and Shareholder Engagement is responsible for delivering such evaluation forms to all directors, then all evaluation forms will be collected and calculated the results in order to propose to the Board of Directors accordingly. The Company's assessment forms are divided into 5 parts, namely:

- 1) Board of Directors Assessment Form

The individual director of the Company will conduct an assessment of the performance of the Board of Directors in overall aspect using assessment criteria, namely, (1) Structure and Characteristics of the Board of Directors, (2) Roles, Duties and Responsibilities of the Board of Directors, (3) the Board of Directors' Meetings, (4) Performance of Board of Directors' Duties, (5) Relationship with the Management and (6) Personal Development of Directors and Executives.

2) Individual Director Assessment Form

The individual director of the Company will conduct an assessment of the performance of other director using assessment criteria, namely, (1) Structure and Characteristics of the Board of Directors, (2) the Board of Directors' Meetings and (3) Roles, Duties and Responsibilities of the Board of Directors.

3) Audit Committee Assessment Form

The individual member of the Audit Committee will conduct an assessment of the performance of the Audit Committee in overall aspect using assessment criteria, namely, (1) Structure and Characteristics of the Audit Committee, (2) the Board of Directors' Meetings, (3) Roles, Duties and Responsibilities of the Audit Committee and (4) Other matters, i.e., self-development of directors and development of executives.

4) Individual Member of Audit Committee Assessment Form

The individual member of the Audit Committee will conduct an assessment of the performance of other director using assessment criteria, namely, (1) Structure and Characteristics of the Board of Directors, (2) the Board of Directors' Meetings and (3) Roles, Duties and Responsibilities of the Board of Directors.

5) Chief Executive Officer Assessment Form

The individual director of the Company will conduct an assessment of the performance of the Chief Executive Officer in overall aspect using assessment criteria, namely, (1) Leadership, (2) Strategy Formulation, (3) Strategy Implementation, (4) Financial Planning and Performance, (5) Relationships with the Board of Directors, (6) External Relations, (7) Human Resources Management and Relations, (8) Succession, (9) Product and Service Knowledge and (10) Personal Qualities. In addition, there is a section for comment and recommendation section to develop the Chief Executive Officer.

The rating system consists of 5 levels, namely:

- 0 = Strongly disagree or there has been no implementation of the matter;
- 1 = Disagree of there has been little implementation of the matter
- 2 = Agree or there has been initial implementation of the matter
- 3 = เห็นด้วยค่อนข้างมาก or there has been progressive implementation of the matter
- 4 = Strongly agree or there has been complete implementation of the matter

Assessment Results

1) The Board of Directors

- The average score result was 3.64 from the total of 4.00 or equivalent to 91.08 percent.
- The overall performance of the Board of Director is excellent.

2) Individual Director of the Company

- The average score result was 3.78 from the total of 4.00 or equivalent to 94.44 percent.
- The performances of most directors are excellent.

- 3) The Audit Committee
  - The average score result was 3.93 from the total of 4.00 or equivalent to 98.28 percent.
  - The overall performance of the Audit Committee is excellent.
- 4) The Individual Member of Audit Committee
  - The average score result was 3.95 from the total of 4.00 or equivalent to 98.74 percent.
  - The performances of most members of the Audit Committee are excellent.
- 5) Chief Executive Officer
  - The average score result was 3.59 from the total of 4.00 or equivalent to 89.72 percent.
  - The performance of the Chief Executive Officer is very good.

### Directors and Executives Remuneration

#### 1) Cash Remuneration

##### ➤ Board of Directors and Audit Committee's Remuneration

Unit: Baht

Full Name	2018		2017	
	Meeting Allowance	Bonus	Meeting Allowance	Bonus
1. Mr. Chatchaval Jiaravanon	500,000	-	450,000	2,000,000
2. Mr. Varah Sucharitakul	330,000	-	270,000	1,500,000
3. Mr. Chuangchai Nawongs	-	-	-	-
4. Mr. Somphop Keerasuntonpong	-	-	-	-
5. Mrs. Pornpring Suksantisuwan	-	-	-	-
6. Mr. Zhisheng Xu *	-	-	140,000	500,000
7. Mr. Yang Liu*	120,000	-	-	-
8. Pol.Lt.Gen. Visanu Prasattongsoth	680,000	1,000,000	720,000	2,000,000
9. Mr. Phaiboon Siripanoosatien	460,000	500,000	480,000	1,000,000
10. Mr. Kittisak Bencharit	500,000	500,000	480,000	1,000,000
<b>Total</b>	<b>2,590,000</b>	<b>2,000,000</b>	<b>2,580,000</b>	<b>8,000,000</b>

Remark: Mr. Yang Liu, effective from January 25, 2018, to replace the resigned director, Mr. Zhisheng Xu.

##### ➤ Executives Remuneration

In 2018, The Company paid the remuneration including salary, bonus and other expenses to the Executives with the amount of 178,800,919 Baht.

##### ➤ Remuneration of other Sub-committees and Management Committees

There was no cash remuneration for the sub-committee, namely, 1) Executive Board 2) Remuneration Committee 3) Risk and Investment Committee 4) IT Security Committee 5) Credit Committee 6) Management Committee 7) Damage Examination Committee 8) Complaint Consideration Committee and 9) Purchase Committee.

2) Other Remunerations

➤ Directors Remuneration

-None-

➤ Executives Remuneration

The Company has provident fund which the Company also paid 5-7 percent of the salary each month. In 2018, the Company paid the insurance which occur from management in the amount of 558,626 Baht.

**Remuneration of Auditor**

1) Audit fee

The Company and its subsidiary paid the audit fees to the auditor of the Company, namely, EY Office Limited as follows:

Unit: Baht

	2018	2017	Change
Finansia Syrus Securities PLC	1,560,000	1,560,000	-
FSS International Investment Advisory Securities Co., Ltd.	400,000	400,000	-
<b>Total</b>	<b>1,960,000</b>	<b>1,960,000</b>	<b>-</b>

2) Non-Audit Fee

-None-

# Social Responsibility Activities

To share and to give back to society is one of the Company's determinations. The Company foresees the benefits in encouraging the improvement of quality of life in order to give back to society. In the past year, Finansia Syrus Securities raised various activities for social responsibility as follows:

## “Donation for School Building”



On April 7, Mr. Chuangchai Nawongs, the Chief Executive Officer served as the Company's representative to donate for school building; renovate the school building's roof and playground; sponsor school supplies; and donate goods for local children to have better quality of life and create educational opportunities at Baan Mae La Mung Kee School, Mae Lamung Sub-District, Umphang District, Tak Province.

## “The Offering of the Royal Kathin Robe”



H.M. King Maha Vajiralongkorn graciously delegated Finansia Public Company Limited and Finansia Syrus Securities Public Company Limited to offer the royal kathin robe to Wat Samphanthawongsaram Worawihan, Samphanthawong District in Bangkok. Dr. Veerapong Ramangkul, Chairman of Finansia Public Company Limited, presided over the ceremony, along with the executives and employees on November 4. The donation from this ceremony was used for Buddhism preservation and was granted for the students of Wat Samphanthawong School as their education funds.

## “Pankan...Charities for Education Funds”



The Company organized the activity for its executives and employees to donate goods for Pankan store to convert into education funds for children under Yuvabadhana Foundation in August and September, 2018.

## “Charities for Tribal Children and People in Need”



On December 8-9, Mr. Korntipat Pitiamorset, Branch Manager of Chiangmai Branch 1, Team No.1, along with Finansia Team served as the Company's representative to gather donations to purchase goods for children and people in need at Chao Pho Luang Uppatham Border Patrol Police School 2, Phrao District in Chiangmai Province.

# Report of the Audit Committee

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## Composition of the Audit Committee

The Audit Committee of Finansia Syrus Securities Public Company Limited comprises 3 independent directors and the Company's executive vice president of Compliance Department served as the coordinator and secretary.

## Roles and Responsibilities of the Audit Committee

The Audit Committee is empowered by the Board of Directors to review all matters relating to the financial reporting, internal and external audits by the certified public accountant. In a meantime, the Audit Committee also encourage and promote the Company to comply with the good practices of listed companies to ensure that the company has good corporate governance practices; provide advice on good internal control system to executives; and discuss other activities relating to rules and regulations of the Stock Exchange of Thailand.

The Audit Committee met independently with the management and the internal and external auditors of the Company to review and evaluate the accounting policies and principles, procedures relating to the accounting and finance the internal control, and the audit plan. The Audit Committee also verified and certified financial report for every quarter and provided assessments and recommendations to the Board of Directors. The Audit Committee has its duties to ensure that the weakness in internal controls will be corrected and prevented timely and efficiently. The Board of Directors and the Audit Committee approved the policy and reports for related party transactions.

The duties of the Internal Audit and Compliance of the Company are to evaluate weakness in the internal and external rules and regulations of the Company systematically. The internal audit reports were submitted to the Audit Committee regularly.

The Internal Audit and Compliance of the Company also serves as a facilitator and a promoter of an improvement of good corporate governance of the Company and its compliance through internal audit processes, post-audit follow up; provides advice on prevention of corruption to internal department of the Company; and work closely with the Human Resource Department to encourage the compliance with the existing Code of Conduct and to promote the Company's comprehensive good corporate governance.

## The Audit Committee's Activities during the Year

In 2018, the Audit Committee carried out the following activities:

- 1) Approved the quarterly financial statements and reviewed the annual financial statement, and provided assessments and recommendations to the Board of Directors;
- 2) Reviewed the revision of the Internal Audit of the Company to be in line with business expansion, and proposed for the Board Approval;
- 3) Reviewed and approved Internal Audit plan and reviews the results of internal audit reports and the revision thereof.

The Audit Committee's opinions according to the aforementioned activities are as following:



- 1) The Company's 2018 financial reports are accurate, complete and accountable;
- 2) The Company complied with the securities and exchange law, the regulations of the stock exchange, and other laws relating to the Company's business;
- 3) The Company's Internal Audit and Compliance Department performed its duty appropriately and effectively;
- 4) EY Office Limited, the Company's auditor, provided audit services appropriately;
- 5) The related transactions arising in 2018 were rational and contributed optimal benefits of the Company;
- 6) For the year 2018, the Audit Committee held 12 meetings to review the Company's financial report which had been verified by the certified public accountant and internal audit results, and corrective actions. The attendance of meetings by each committee member was as follows:

Full Name	Attendance / Total Meetings in the Year 2018
1. Pol.Lt.Gen.Visanu Prasattongosoth	11/12
2. Mr. Phaiboon Siripanoosatien	11/12
3. Mr. Kittisak Bencharit	12/12

- 7) The Audit Committee performed its duties approved by the Board of Directors.

The Audit Committee proposed the Board of Directors to appoint EY Office Limited as the Company's auditor for the fiscal year ending 31 December 2019. The appointment of the auditor and the determination of the audit fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on April 25, 2019.



**Pol. Lt. Gen. Visanu Prasattongosoth**  
Chairman of the Audit Committee

# Internal Control and Risk Management

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The Company aware and values the importance of supervision, monitoring and internal audit. Therefore, the Company assesses business risks which regularly affect business operations, monitors and establishes policies regarding risks from inside information, conflict of interest and risks according to good internal control. The Company sets out the explicit management structure and segregation of duties to ensure the effective check and balances.

## Comments from Audit Committee

The duties of the Company's Audit Committee are to consider and review the adequacy of the internal control system to suit the changing environment. The Company assigns the Internal Audit Department which is an independent department to audit and report directly to the Audit Committee.

The Audit Committee has reviewed the internal control system and risk management by considering the monthly audit reports and summary of annual audit prepared by the Internal Audit Department to propose to the Audit Committee to consider the overall system and determine which system shall be emphasized. Moreover, the Audit Committee provides advice to the internal audit department regarding the improvement on the internal control procedures and systems emphasizing on segregation of authority, the clear line of the authority and to monitor the continual improvement of any weakness from the audit results, and the problem solving in a correct and timely manner to prevent any breach against related laws, rules and regulations. At the Board of Directors Meeting No.1/2019 on February 12, 2019, 3 members of the Audit Committee conducted the internal control system sufficiency evaluation dividing into 5 areas which are (1) internal control (2) risk assessment (3) supervision of operation (4) information and communication, and (5) Monitoring

system. In addition, the Audit Committee also evaluated the adequacy of personnel; monitored and supervised the operation whether it is able to prevent the property of the Company or its subsidiary from the unlawful or unauthorized use by directors or executives; and evaluated weakness in the internal control system and review the improvement status and the rationale.

The Audit Committee concluded that the Company's 5 major areas of internal control system including the internal control system related to major shareholders' transaction, executives' transaction or any related persons were adequate. Apart from that, the other topics of the internal control system were adequate as well.

## Head of the Company's Internal Audit and Compliance

Miss Supin Suravichai serves as the Chief Risk and Compliance Officer who is responsible for controlling, monitoring and managing both departments. According to her work experiences, knowledge and skills, the Audit Committee consider and viewed that she is regarded as the suitable person to discharge her duties efficiently and most beneficial for the Company.

In this regard, the appointment, dismissal and transfer the Chief Risk and Compliance Officer will be subject to approval of the Audit Committee and the Board of Directors.

# Shareholder Structure

Top 10 Major Shareholders as of December 31, 2018

	Name of Shareholder	Number of Share	Shareholding Proportion (%)
1)	Finansa Fund Management Limited	170,269,978	29.29
2)	ICBC (Thai) Public Company Limited	129,580,453	22.29
3)	Morgan Stanley & CO. International PLC	67,383,222	11.59
4)	Thai NVDR Company Limited	21,284,499	3.66
5)	Mrs. Suporn Wattanavekin	15,671,944	2.70
6)	Mr. Anucha Sihanatkathakul	15,418,599	2.65
7)	Mr. Paitoon Manasilp	7,300,021	1.26
8)	Mr. Kittichai Kraikorkij	6,830,000	1.17
9)	Mr. Jumroen Rungwatanaseth	5,500,000	0.95
10)	Mrs. Kesara Manasilp	4,875,034	0.84
	Others	137,289,275	23.61
	<b>Total</b>	<b>581,403,025</b>	<b>100.00</b>

Remark: The shareholders of Thai NVDR Company Limited in No.4, who holds Non-Voting Depository Receipts are not entitled to vote in the shareholders' meeting, except for the right to vote for the delisting from the Stock Exchange.

The shareholder of Finansa Fund Management Limited ("FFM"), the No.1 shareholder of the Company, operates the investment business in the form of venture capital to invest in Thailand, Vietnam, Myanmar and Cambodia, is Finansa Public Company Limited ("FNS"), holding 100% shares. As at October 31, 2018, the shareholders of FNS comprise of Mr.Kobkhun Thianpreecha, holding 13.49% shares, Mr.Vorasit Pokachaiyapat, holding 8.49% shares, Deutsche Bank Ag Singapore-Pwm, holding 7.16% shares, Morgan Stanley & CO. International PLC, holding 5.58% shares and other shareholders, holding 65.28 %.

ICBC (Thai) Public Company Limited, the shareholder No.2, obtained a full license to establish and undertake commercial banking business. Its shareholders as at April 9, 2018, comprise of Industrial and Commercial Bank of China Limited, holding 97.86% shares, and other shareholders holding 2.14% shares.

# Dividend Payment Policy

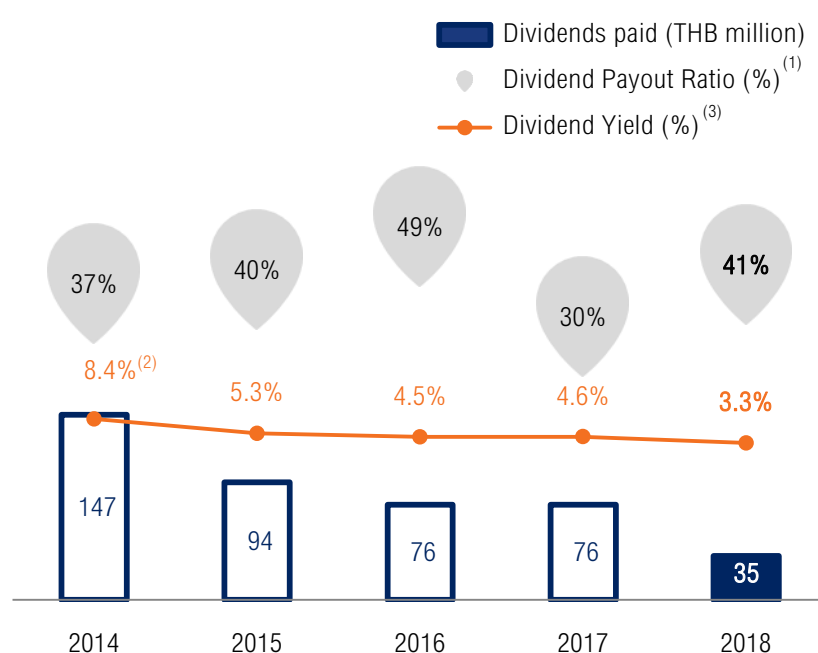
The Company has policy to pay dividend at the rate of not less than 40 percent of net profit after the deduction of every reserves determined by the Company. However, the dividend payment shall be changed taking into account the Company's investment plan, necessity and other appropriateness in the future. The Company paid dividends on May 22, 2018 amounted to Baht 34.9 million from the 2017 operating results where the Company had net profit amounted to Baht 88.9 million. Such dividends was paid from the Company's net profit after the deduction of 5 percent of net profit as a statutory reserve which was accounted for 41.28 percent of dividend payout ratio. Therefore the dividend payment complied with the Company's dividend payment policy.

## Share Price

**1.84**

## Dividend per Share

**0.06**



## Earnings per Share

**(0.04)**

### Remark:

- (1) Dividend payout ratio was calculated from dividend paid divided by the Company's net profit after the deduction of 5 percent of net profit as a statutory reserve according to cash basis.
- (2) The dividend payments were made in the form of the stock dividends and cash dividends, where the stock dividends were distributed at the ratio of 5.64 existing shares per 1 newly issued share, or equivalent to the dividend payment rate of Baht 0.28 per share, and the cash dividends were made at the rate of Baht 0.03152088259
- (3) Dividend yield was calculated from dividend paid divided by total ordinary shares as at the year end and divided by the share price as at the year end.

# General Information

## (A) Corporate Information

Company Name (TH)	: บริษัทหลักทรัพย์ ฟินันเซีย ไซรัส จำกัด (มหาชน)
Company Name (EN)	: Finansia Syrus Securities Public Company Limited
Stock Code	: FSS
Registered Number	: 0107547000079
Member Lists	: Member of SET No. 24 Member of the Thai Bond Dealing Center Member of Association of Thai Securities Companies (ASCO)
Company Website	: <a href="https://www.fnsyus.com">https://www.fnsyus.com</a>
Issued and Paid-Up Share Capital	: 930,244,840 Baht (Par Value 1.60 Baht per Share, 581,403,025 Ordinary Shares)
Head Office	: 18 <sup>th</sup> , 25 <sup>th</sup> Floor, The Offices at Central World 999/9, Rama I Road, Pathumwan, Bangkok 10330 Tel: 0 2658 9000, 0 2658 9500 Fax: 0 2658 9110
Back Office	: 15 <sup>th</sup> Floor, MBK Tower 444 Phayathai Road, Wangmai, Pathumwan, Bangkok, 10330 Tel: 0-2680-0700, 0-2680-0777; Fax: 0-2680-0769
Branches	: 31 Branches

## Bangkok Metropolitan Area

### 1) Alma Link Office

9<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup> Floor, Alma Link Building  
25 Soi Chidlom, Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330  
Tel: 0-2646-9999, 0-2646-9600  
Fax: 0-2646-9888

### 2) Amarin Tower Office

20<sup>th</sup> Floor, Amarin Tower  
496-502 Ploenchit Road,  
Lumpini, Pathumwan, Bangkok 10330  
Tel: 0-2660-5000, 0-2264-6000  
Fax: 0-2660-5010

### 3) Central Pinklao 1 Branch

16<sup>th</sup> Floor, Room 21601/1, 1404, Central Tower A Pinklao  
7/129-221 Baromratchachonane Road,  
Arunamarin, Bangkok Noi, Bangkok 10700  
Tel: 0-2878-5999; Fax: 0-2878-5998

### 4) Bangkapi Branch

3rd Floor, Room A3 R02, N-Mark Building  
3105 Ladprao Road,  
Klongchan, Bangkapi, Bangkok 10240  
Tel: 0-2378-4545; Fax: 0-2378-4544

### 5) Bang Na Branch

19<sup>th</sup> Floor, 589/105,  
Tower 1 Office Building  
589 Moo 12, Bang Na Trad Road,  
Bang Na, Bangkok 10260  
Tel: 0-2740-7100; Fax: 0-2740-7199

### 6) Sindhorn 1 Branch

2<sup>nd</sup> Floor, Sindhorn Tower 1  
130-132 Wireless Road, Lumpini,  
Pathumwan, Bangkok 10330  
Tel: 0-2690-4100; Fax: 0-2690-4101

**7) Kian Gwan**

18<sup>th</sup> Floor, Kian Gwan House II  
140/1 Wireless Road,  
Lumpini, Pathumwan, Bangkok, 10330  
Tel: 0-2254-1717 Fax: 0-2254-1718

**8) Ladprao Branch**

11<sup>th</sup> Floor, Unit 1106, Rasa Tower 2  
555 Phaholyothin Road,  
Jatujak, Bangkok 10900  
Tel: 0-2513-7477; Fax: 0-2513-7430

**9) Prachachuen Branch**

4th Floor, B Building  
105/1, Tessaban Songkroh Road,  
Ladyao, Jatujak, Bangkok 10900  
Tel: 0-2580-9130; Fax: 0-2580-9138

**10) Rattanathibet Branch**

576, Rattanathibet Road,  
Bang Krasor, Nonthaburi 11000  
Tel: 0-2831-8300  
Fax: 0-2831-8388, 0-2969-9117

**Provincial**

**1) Khon Kaen I Branch**

2<sup>nd</sup> Floor, 311/16 Klang Muang Road,  
Nai Muang, Khon Kaen 40000  
Tel: 043-224-504; Fax: 043-224-506

**2) Khon Kaen III Branch**

311/11 Klang Muang Road,  
Nai Muang, Khon Kaen 40000  
Tel: 043-058-925; Fax: 043-058-927

**3) Hadyai I Branch**

2<sup>nd</sup> Floor, 200/221,223  
Juladis Hadyai Plaza Building, Nipatuthit 3 Road,  
Hadyai, Songkla 90110  
Tel: 074-353-330; Fax: 074-353-329

**4) Hadyai II Branch**

106 New Season Hotel, Prachathipat Road,  
Hadyai, Songkla 90110  
Tel: 074-243-777; Fax: 074-244-955

**11) Samutsakhon Branch**

813/30, Norasing Road, Mahachai,  
Samutsakhon, Samutsakhon, 74000  
Tel: 034-428-045; Fax: 034-428-044

**12) Rangsit Branch**

2, 2.5, 3 Floor, 1/832 Moo17  
Kukod, Lamlookka, Pathumthani 12130  
Tel: 0-2993-8180; Fax: 0-2993-8179

**13) Abdulrahim Branch**

12<sup>th</sup> Floor, Abdulrahim Place Building, Room 1201,  
990, Rama IV Road, Silom,  
Bangrak, Bangkok 10500  
Tel: 0-2611-3500; Fax: 0-2611-3551

**14) Muang Thong Thani Online Branch**

2<sup>nd</sup> Floor, Moo 9  
50/819, Bangpood, Pakkred, Nonthaburi 40000  
Tel: 0-2117-0580; Fax: 0-2117-0581

**5) Hadyai III Branch**

2<sup>nd</sup> Floor, Juladis Hadyai Plaza Building,  
200/222, 200/224 and 200/226, Nipatuthit 3 Road,  
Hadyai, Songkla 90110  
Tel: 074-898-960; Fax: 074-898-965

**6) Chiang Mai I Branch**

308 Chiang Mai Land, Changklan Road,  
Changklan, Muang Chiang Mai, Chiang Mai 50100  
Tel: 053-204-711  
Fax: 053-235-880, 053-272-369

**7) Chiang Mai II Branch**

310 Chiang Mai Land, Changklan Road,  
Changklan, Muang Chiang Mai, Chiang Mai 50100  
Tel: 053-235-889, 053-204-909  
Fax: 053-235-890, 053-204-910

**8) Chiang Mai III Branch**

1st Floor, Mali Place Building Room B1-1, B1-2  
 32/4 Moo2, Mali Place Building, Mae Hia,  
 Muang Chiang Mai, Chiang Mai 50100  
 Tel: 053-805-388; Fax: 053-805-390

**9) Surat Thani Branch**

173/83-84 Moo 1, Wat Pho-Bang Yai Road,  
 Makham Tia, Muang Surat Thani,  
 Surat Thani 84000  
 Tel: 077-222-595; Fax: 077-222-596

**10) Mae Sai Branch**

119 Moo 10,  
 Mae Sai, Chiang Rai 57130  
 Tel: 053-640-599; Fax: 053-733-819

**11) Phuket Online Branch**

22/18 Luang Phor Wat Chalong Road,  
 Talad Yai, Muang Phuket, Phuket 83000  
 Tel: 076-210-499; Fax: 076-210-498

**12) Trang Branch**

59/28 Huayyod, Tubtieng,  
 Muang Trang, Trang 92000  
 Tel: 075-211-219; Fax: 075-212-400

**13) Pattani Branch**

300/69-70 Moo 4, Roo Samilea,  
 Muang Pattani, Pattani 94000  
 Tel: 073-350-140-4; Fax: 073-350-014

**14) Chiang Rai Branch**

353/15 Moo 4, Rimkok,  
 Muang Chiang Rai, Chiang Rai 57100  
 Tel: 053-750-120; Fax: 053-750-127

**15) Udonthani Branch**

197/29, 213/3, Udondusadee Road,  
 Mak Khaeng, Muang, Udonthani 41000  
 Tel: 042-245-589; Fax: 042-324-146

**16) Nakhon Ratchasima Branch**

7<sup>th</sup> Floor, The Mall Nakhon Ratchasima Office Building,  
 Room A3, 1242/2, Mitraphab Road,  
 Nai Muang, Nakhon Ratchasima 30000  
 Tel: 044-288-700; Fax: 044-393-732, 044-393-749

**17) Sriracha Branch**

G Floor, Tukcom Sriracha, Plaza G15 Zone  
 135/99 Sukhumvit Road, Sriracha,  
 Chonburi 20110  
 Tel: 038-772-777; Fax: 038-772-781

**(B) Information of companies that the Company holds more than 10% shareholding**

Company Name (TH)	: บริษัทหลักทรัพย์ที่ปรึกษาการลงทุน เอฟเอสเอส อินเตอร์เนชั่นแนล จำกัด
Company Name (EN)	: <b>FSS International Investment Advisory Securities Company Limited</b>
Business Type	: Investment Advisory
Address	: 1210 Room, 12 <sup>th</sup> Floor, Abdulrahim Place Building 990, Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel: 0-2611-3500; Fax: 0-2611-3551
%Shareholding	: 96.25
Issued and Paid-Up Share Capital	: THB 8 million
Par Value	: 10 Baht
No. of Ordinary Shares	: 80,000 Shares

**Company Name** : **SBI Royal Securities Plc.**  
**Business Type** : Securities Business (registered under Cambodian law)  
**Address** : Phnom Penh Tower, No. 445,  
 Preah Monivong Blvd, Sangkat Boeung Pralit,  
 Khan 7makara, Phnom Penh  
**%Shareholding** : 20.01  
**Issued and Paid-Up Share Capital** : 15.99 million us dollar  
**Par Value** : US\$25  
**No. of Ordinary Shares** : 63,960,000 Shares

### **(C) Information of References**

**Company Registrar** : Thailand Securities Depository Co., Ltd.  
 14<sup>th</sup> Floor, The Stock Exchange of Thailand  
 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand  
 Tel: 0-2009-9000; Fax: 0-2009-9991

**Company's Auditor** : Ms. Ratana Jala Certified Auditor Number 3734 and/or  
 Ms. Somjai Khunpasut Certified Auditor Number 4499 and/or  
 Mrs. Nonglak Pumnoi Certified Auditor Number 4172  
 EY Office Limited  
 33<sup>rd</sup> Floor, Lake Rachada Office Complex  
 193/136-137, New Ratchadaphisek Road, Klongtoey, Bangkok 10110  
 Tel: 0-2264-0777; Fax: 0-2264-0789-90





Finansia Syrus Securities Public Company Limited

18<sup>th</sup>, 25<sup>th</sup> Floor, The Offices at CentralWorld  
999/9, Rama I Road, Pathumwan, Bangkok 10330

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