

## PART 2 MANAGEMENT AND CORPORATE GOVERNANCE

### 7. Company information and Shareholders

#### 7.1 Registered Capital and Paid up Capital

- (1) Registered capital: Baht 1,991,763,130  
Paid Up capital: Baht 1,991,763,130  
Number of share: 1,991,763,130 shares with par value of Baht 1.00 per share  
The listed stock: Stock Exchange of Thailand  
Securities Symbol: “KGI”

- (2) Other types of shares that are different from ordinary shares: - None -

#### 7.2 The Company’s shareholders

##### Major Shareholders

The Company’s major shareholder is KGI Asia (Holdings) Pte. Ltd., which holds shares 34.97% of total issued shares. The Company’s top ten shareholders are as follows:

	List of Shareholders (as at 4 <sup>th</sup> January 2018)	No. of share	%
1.	KGI Asia (Holdings) Pte. Ltd. <sup>1/</sup>	696,614,400	34.97%
2.	Thai NVDR Company Limited	187,378,612	9.41%
3.	Dhipaya Insurance Public Company Limited	35,496,900	1.78%
4.	Mrs. Kanchana Jiampittayanuwat	18,000,000	0.90%
5.	Mrs. Benja Nantapichetkul	14,360,500	0.72%
6.	Mr. Jakhorn chantaroj	14,000,000	0.70%
7.	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	13,102,175	0.66%
8.	N.C.B.TRUST LIMITED-POHJOLA BANK PLC CLIENT A/C EUR	13,000,000	0.65%
9.	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	12,461,800	0.63%
10.	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	10,760,800	0.54%
	Others	976,587,943	49.03%
	<b>Total /2</b>	<b>1,991,763,130</b>	<b>100.00%</b>

##### Note

1/ KGI Asia (Holdings) Pte. Ltd. is an investment holding company incorporated under the laws of Singapore. The ultimate parent of the Group is China Development Financial Holding Corporation, which is a financial holding company incorporated under the laws of Taiwan. (See Shareholding Structure of the group, page 4)

2/ As at 4<sup>th</sup> January 2018, the Company has free float of 65% of paid up capital. The Portion of shares held in Company of all Directors is not more than 25% of paid up capital. (see the Portion of shares held in the Company of directors, page 30-31)

#### 7.3 Other Issue of Securities

As at 31<sup>st</sup> December 2017, the Company and its subsidiaries has not issued any Convertible Securities but has Debt issued and borrowings of Baht 2,383 million which consisted of Bill of Exchange (remaining periods to maturity within 1 year) of Baht 2,176 million and Structure Notes (remaining periods to maturity within 1 year) of Baht 207 million. (See Notes of financial statements No. 20 Debts issued and borrowings)

#### 7.4 Dividend Policy

##### The Company’s dividend policy

The Company’s dividend policy is “Any dividend payment will be considered by the Board of Directors and, if approved, be proposed to the shareholders, on a case by case basis, and will take into account prevailing business conditions, outlook, investment opportunities, and other relevant factors.”

In 2017, the Company had separate financial statements profits of Baht 887 million and consolidated financial statements earnings per share of Baht 0.445. The Company has thoroughly considered the prevailing business conditions, outlook, investment opportunities, and other relevant factors. The Company has sufficient cash flow to pay a dividend from the 2017 operating results of Baht 0.32 per share which is in-line with the Company's dividend policy. The proposed dividend is equivalent to a payout ratio of 72% of separate financial statements profits and amounts to approximately Baht 637 million. The proposed dividend will be paid on 9<sup>th</sup> May 2018 after obtaining approval from the Annual General Shareholders Meeting No. 1/2018.

#### **5-Year dividend payment history (Y2012 – Y 2016) and current year dividend payment (Y2017)**

<b>Separate financial statements <sup>/1</sup></b>	<b>Y2017</b>	<b>Y2016</b>	<b>Y2015</b>	<b>Y2014</b>	<b>Y2013</b>	<b>Y2012</b>
Basic earning per share (Baht per share)	0.445	0.489	0.288	0.368	0.363	0.232
Dividend per share (Baht per share)	0.320	0.380	0.285	0.365	0.360	0.230
Dividend pay-out ratio (%) (Dividend per share /Basic earning per share of separate financial statements)						
-separate financial statements (Equity Method)	72%	-	-	-	-	-
-separate financial statements (Cost method)	77% <sup>/2</sup>	78%	99%	99%	99%	99%

#### **Note:**

1/ The Company has elected to change accounting policy relating to investments in subsidiaries in the separate financial statements from cost method to equity method for the financial statements for the periods beginning on or after January 1, 2017 onwards. (See details in Note to Financial Statements no.3)

- Year 2017: The separate financial statements presented investments in subsidiaries under equity method.
- Year 2012 - 2016: The separate financial statements presented investments in subsidiaries under cost method.

2/ Presented as comparative information

#### **The Subsidiary's dividend policy (Subsidiary dividend is paid to the Company)**

For our subsidiary's dividend policy, the subsidiary's board will recommend and propose the appropriate dividend to the subsidiary's shareholders by looking at the profit of the subsidiary company and available investment opportunities.

## 8. Management Structure

### 8.1 The Board of Director

As at 31<sup>st</sup> December 2017, the Company's Board of Directors consisted of 12 directors. The Board structure was adequately audited and balanced. The Company has 4 independent directors (one third of the total directors). The Company's Audit Committee consists of three independent directors who have the knowledge and experience to review the reliability of the financial statements. As well, the Company has a clear authorized between the Board of Directors and management to better manage the Company. (As details in the topic of Corporate Governance)

This is to ensure that the Board is able to effectively monitor the Company's operations. The Company has policy to have board meeting not less than 6 meetings a year. In the year 2017, the Board of Directors held 7 meetings. The names of the positions and the attendance records of each director was as follows:

Name	Position in the Company	Portion of shares held in the Company (Direct and Indirect) (%)	Board meeting in 2017		
			Total meeting	Attendance Record	Reason for absence
1. Mr. Foong Hock Meng	-Chairman	0.00%	7	5	Urgent meeting abroad
2. Dr. Pisit Leeahtam	-Vice Chairman -Independent Director <sup>/1</sup> -Audit Committee Chairman <sup>/1</sup> -Nomination Committee Chairman	0.00%	7	7	-
3. Dr. Don Bhasavanich	-Independent Director <sup>/1</sup> -Audit Committee <sup>/1</sup>	0.00%	7	5	Urgent meeting abroad
4. Mr. Pradit Sawattananond	-Independent Director <sup>/1</sup> -Audit Committee <sup>/1</sup> -Compensation Committee -Nomination Committee -ESOP Committee	0.00%	7	7	-
5. Mr. Picharn Kullavanijaya	-Independent Director <sup>/1</sup>	0.00%	7	7 (including 2 attendances by phone)	Urgent meeting abroad
6. Mr. Chih – Hung Lin	-Chief Operating Officer -Authorized Director <sup>/2</sup> -Risk Management Committee Chairman -Debt Recovery Committee Chairman -Human Resource Committee Chairman -ESOP Committee Chairman	0.00%	7	7	-
7. Ms. Bee Leng Ooi	- Managing Director -Authorized Director <sup>/2</sup> -Nomination Committee -Risk Management Committee -Human Resource Committee -ESOP Committee	0.001%	7	4	Urgent meeting abroad

Name	Position in the Company	Portion of shares held in the Company (Direct and Indirect) (%)	Board meeting in 2017		
			Total meeting	Attendance Record	Reason for absence
8. Ms. Suchada Sodthibhaphkul <sup>3</sup>	-Authorized Director <sup>2</sup> -Risk Management Committee -Debt Recovery Committee -Human Resource Committee	0.00%	7	7	-
9. Mr. Wisit Wongpaisan	-Director -Nomination Committee -Risk Management Committee	0.00%	7	7	-
10. Ms. Pi-Lin Huang	-Director	0.00%	7	6	Urgent meeting abroad
11. Mr. Yen, Chih-Chien	-Director -Compensation Committee Chairman	0.00%	7	6	Urgent meeting abroad
12. Mr. Shaw – Tzeng Ding	-Director	0.00%	7	6	Urgent meeting abroad
<b>Total</b>		<b>0.001%</b>			

**Note:**

1/ All independent directors and audit committees have fully qualification required by SEC and SET.

2/ Any two of these directors jointly signing will bind the Company.

3/ The Company approved the appointment of Ms. Suchada Sodthibhaphkul, Authorized Director, as the Executive Director of the Company for the forth year for the period November 2017 - October 2018. (under a Co-Management Contract pursuant to the SEC Notification topic Approval of Co-Management Contract of Securities Company No. Or Thor/Nor 9/2541)

## 8.2 Management

As at 31<sup>st</sup> December 2017, the Company's Management consisted of the following 26 members:

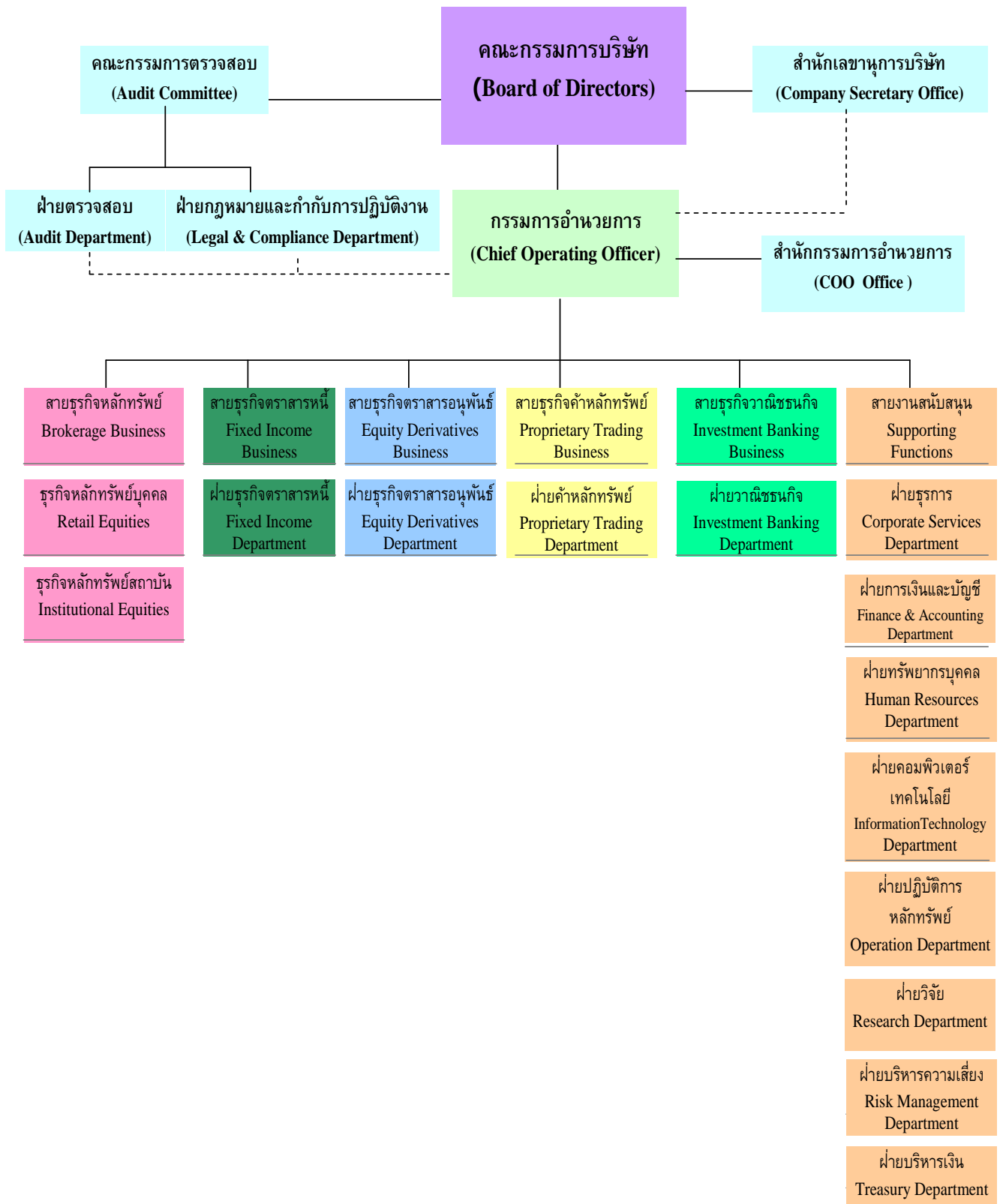
Name	Title	Position of shares held in Company (Direct and Indirect) (%)
1. Mr. Chih - Hung Lin	Chief Operating Officer	0.00%
2. Ms. Bee Leng Ooi	Managing Director	0.001%
3. Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business	0.00%
4. Mr. Suthep Rungsiam	Managing Director, Brokerage Business	0.00%
5. Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department	0.00%
6. Mr. Apichart Tungkiatsilp	Managing Director, Fixed Income Department	0.00%
7. Ms. Patchpon Sankaburanuruk	Managing Director, Investment Banking Department	0.00%
8. Mr. Jenvit Chinkulkitniwat	Managing Director, Equity Derivatives Department	0.00%
9. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department	0.00%
10. Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business	0.00%

Name	Title	Position of shares held in Company (Direct and Indirect) (%)
11. Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business	0.00%
12. Ms. Dutsanee Pamontip	Executive Vice President, Retail Equity Business	0.00%
13. Ms. Warunlak Aiemmeechai	Executive Vice President, Retail Equity Business	0.00%
14. Mr .Kamthorn Chinsakuljaroen	Executive Vice President, Retail Equity Business	0.00%
15. Mr. Viwat Charoenthangvitaya	Executive Vice President, Retail Equity Business	0.00%
16. Mr. Hua - Feng Chang	Executive Vice President, Retail Equity Business	0.00%
17. Ms. Kannikar Pradiskesorn	Executive Vice President, Institutional Equity Business	0.00%
18. Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department	0.00%
19. Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department	0.00%
20. Ms. Acharee Turongsomboon	Executive Vice President, Treasury Department	0.003%
21. Mr. Sumek Chantrasuriyarat	Executive Vice President, Research Department	0.00%
22. Ms. Nantararat Surakkhaka	Executive Vice President, COO Office Support Department	0.00%
23. Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office	0.00%
24. Ms. Suchada Wongrak	Senior Vice President, Corporate Services Department	0.00%
25. Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department	0.00%
26. Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department	0.00%
<b>Total shares held in the Company</b>		<b>0.004%</b>

Note:

- No. 1- 8 and 18 were the Company's management as defined in the SEC's notification (the top four ranking officers starting from the Chief Operating Officer, which includes the Chief Operating Officer, Managing Directors and Head of Finance & Accounting Department)
- No. 9 - 17 and 19 - 26 were the Company's Management outside the definition in the SEC's notification (including officers of the rank of Senior Executive Vice President, Executive Vice President and Senior Vice President who are department heads as per the Company's organization chart)

### Organization Chart



### **8.3 Company Secretary**

The Board of Directors approved the appointment of Ms. Nongluk Ningsanond, as the Company Secretary on 6<sup>th</sup> November 2012. The Company Secretary has been trained in a certified program, the Company Secretary Program 5/2004, Effective Minutes Taking Program 10/2008, and Corporate Governance for Capital Market Intermediaries Class 1/2014 from the Thai Institute of Directors Association (see the Company's secretary information in Attachment 1).

#### Responsibilities of Company Secretary

1. Providing basic advice pertaining to the laws and regulations, as well as monitoring compliance on a regular basis;
2. Preparing agenda and documents for the Board of Directors Meetings and Shareholder Meetings;
3. Arranging the Board of Directors Meetings and Shareholder Meetings in accordance with the laws and regulations, the Company's Articles of Association, and best practices;
4. Preparing minutes of the Board of Directors Meetings and Shareholder Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;
5. Preparing and keeping registrations of directors, annual reports of the company, notices calling Board of Directors Meetings and Shareholder Meetings, as well as minutes of the Board of Directors Meetings and Shareholder Meetings.
6. Ensuring that the directors and executives have filed report on their interest and related persons interest, as required by laws;
7. Keeping reports on interest filed by directors and executives, and presenting copies of such reports to Chairmen of the Board of Directors and Audit Committee, as specified by laws;
8. Ensuring that corporate information disclosures to regulatory agencies are in accordance with the laws and regulations;
9. Communicating with shareholders on their legitimate rights and on the company's information, and serving as a communication median between shareholders and directors and executives;
10. Arranging performance assessment of the Board of Directors every year;
11. Arranging director's briefings for newly elected directors.

### **8.4 Compensation of Directors and Management**

The Company's compensation policy for directors and management is comparable to the industry standard, and takes into account various factors including the experience, roles and responsibilities, and contributions of each person. The compensation of directors requires approval from the shareholders' meeting. The board has delegated the compensation of top management to the Compensation Committee for approval.

#### **8.4.1. Monetary Compensation**

##### A) Monetary Compensation for Directors

##### Criteria and process for Directors' remuneration

In considering the remuneration of a director, the Board shall consider the opinion of the Compensation Committee. The Compensation Committee will consider and recommend the Directors' remuneration by considering the criteria listed below before submitting to the Board for approval. The Board of Directors will then propose this at the shareholders' meeting for approval.

1. The remuneration shall consider the Company's operating result, including roles, duties and responsibilities of the board member.
2. The remuneration must be appropriate and in accordance with the industry and sufficient to keep qualified directors with the Company.

In 2017, the Company paid monetary compensation for 11 directors, representing a total of Baht 29.20 million which consists of attendant allowances paid according to the number of attendance, monthly allowance paid every month, including bonus, travelling and accommodation. The remuneration of each director is as follows:

Name	Position	Total Compensation for 2017 (Million Baht)			
		Board	Audit Committee	Travelling and Accommodation	Total
1. Mr. Foong Hock Meng	Chairman	4.74	-	-	4.74
2. Dr. Pisit Leeahtam/1	Vice Chairman and Independent Director	4.74	0.20	-	4.94
3. Dr. Don Bhasavanich/1	Independent Director	2.30	0.15	-	2.45
4. Mr. Pradit Sawattananond/1	Independent Director	2.34	0.15	-	2.49
5. Mr. Picharn Kullavanijaya/1	Independent Director	2.30	-	0.88	3.18
6. Mr. Chih- Hung Lin/2	Director	0.75	-	-	0.75
7. Ms. Bee Leng Ooi	Director	-	-	-	-
8. Ms. Suchada Sodthibhaphkul /3	Director	2.10	-	-	2.10
9. Mr. Wisit Wongpaisan	Director	4.38	-	-	4.38
10. Ms. Pi-Lin Huang	Director	1.96	-	-	1.96
11. Mr. Yen, Chih-Chien	Director	1.96	-	-	1.96
12. Mr. Shaw - Tzeng Ding	Director	0.25	-	-	0.25
<b>Total</b>		<b>27.82</b>	<b>0.50</b>	<b>0.88</b>	<b>29.20</b>

Note:

- 1/ The Company's independent directors were not independent directors of its subsidiaries.
- 2/ Mr. Chih - Hung Lin received proportional director remuneration of year 2016 which was paid in 2017 since he was appointed as the COO on 18<sup>th</sup> May 2016.
- 3/ The Company also paid Monetary Compensation to Ms. Suchada Sodthibhaphkul as the Executive Director, details in 8.4.1 (C)

B) Monetary Compensation of Management

In 2017, the Company paid compensation including salary and bonus to 26 management staff including department heads as per its organization chart amounting to Baht 187.58 million.

C) Monetary Compensation of Executive Director

The Company approved the appointment of Ms. Suchada Sodthibhaphkul, Authorized Director, as the Executive Director of the Company. Ms. Suchada Sodthibhaphkul is responsible for managing the Risk function of the Company, including being responsible for and approving all risk matters and will also be a member of the Risk Management Committee and all its sub-committees as well as the Debt Recovery Committee and the Human Resource Committee. In 2017, the Company paid compensation to Ms. Suchada Sodthibhaphkul, as the executive director of the Company, amounting to Baht 4.38 million.

**8.4.2 Other Compensation**

A) Other Compensation of Directors

In 2017, the Company paid golf membership, car rental, gasoline, driver, mobile phone expenses for directors, amounting to Baht 4.33 million.

B) Other Compensation for Management

- Provident Fund

The Company has jointly established a provident fund. The Company contributed to the fund monthly at the rate of 5 percent of basic salary. The funds will be paid to employees upon termination in accordance with the rules of the fund.

In 2017, the Company paid contributions to the provident funds of 26 management staff including department heads as per its organization chart amounting to Baht 4.20 million



#### - Welfare

The Company provides yearly health check-ups, welfare for IPD and OPD medical expenses for its employee. For IPD the welfare covers employees' families, spouse and children. In 2017, the Company paid health welfare to 26 management who was department head as per its organization chart amounting to Baht 1.07 million.

#### - Others

In 2016, the Company paid car rental, gasoline, driver, mobile phone expenses to 26 management staff including department heads as per its organization chart amounting to Baht 10.81 million.

### **8.5 Employees**

As at 31<sup>st</sup> December 2017, the Company had a total of 548 employees. Total compensation paid to all employees in 2017 was Baht 780.85 million, which consisted of salary, overtime payment, cost of living allowance, bonus, social security fund and provident fund. Furthermore, One Asset Management Limited, (the Company's subsidiary), had a total of 149 employees and also paid compensation of Baht 204.28 million to its employees. The Company and its subsidiary have no significant labor disputes in the last 3 years.

#### **Total employees and compensation**

<b>Year 2017</b>	<b>Company</b>	<b>ONEAM<sup>/2</sup></b>	<b>HOLDCO<sup>/3</sup></b>	<b>KTHL<sup>/4</sup></b>
Management (person) <sup>/1</sup>	26	18	-	-
Total Business Unit employee (person)	362	62	-	-
Risk Management Department employee (person)	4	3	-	-
Audit Department employee (person)	6	3	-	-
Legal & Compliance Department employee (person)	7	2	-	-
Other supporting employee (person)	143	61	-	-
<b>Total (person)</b>	<b>548</b>	<b>149</b>	<b>-</b>	<b>-</b>
Number of employee in Head Office (person)	417	149	-	-
<b>Total compensation of employee (Baht million)</b>	<b>780.85</b>	<b>204.28</b>	<b>-</b>	<b>-</b>

#### Note

/1 The Company's Management as per the Company's organization chart

/2 ONEAM: One Asset Management Limited, 99% owned by the Company.

/3 HOLDCO : KGI Securities (Thailand) International Holdings Limited, 100% owned by the Company

/4 KTHL : KGI (Thailand) Holdings Limited, 100% owned by the Company

### **Policy of Human Resources**

The Company regards each employee as a respected and honored colleague who should be well cared for. The Company takes action to ensure that qualified applicants are given equal opportunity to be employed with regards to the required qualification, educational background, experience and other requirements on a non-discriminatory basis regarding gender, age, nationality or religion. The Company ensures fair employment and offers fair career advancement opportunities and has established a policy of Development of Employees and policy of Fair Compensation and policy on development of Safety and Health as follows:

#### **Policy of Development of Employees**

1. The Company enhances and develops each employee so they are skilled and knowledgeable, and supports them using their full potential to grow together with the Company.
2. Potential employees are given the opportunity and support to get the learning and development of both domestic and international.
3. The Company emphasizes developing employees to be efficient and knowledgeable to be more productive and ready for any changes in the future.
4. The Company ensures the budget is appropriate and adequate to develop staff.

In 2017, the Company arranged a total of 28 internal training courses and encouraged employees to attend a total of 106 external training courses. Total 2,009 employees attended the training courses. On average, each employee attended 15.47 hours of training in 2017.

Training record of the employees	Year 2017	Year 2016	Year 2015
internal training courses	28 courses	14 courses	23 courses
external training courses	106 courses	95 courses	107 courses
employees attended the training courses	2,009 persons	1,299 persons	1,380 persons
Average training hour of each employees	15.47 hours/year	11.88 hours/year	10.66 hours/year

The Company also encourages employees to compete in sports such as football and badminton, and enters teams in competitions with other securities companies. This not only supports healthy employee behavior but also builds good relationships between employees within the Company and within the securities industry.

#### Policy of Fair Compensation

1. The Company's policy in remunerating its employees is on the basis of what is appropriate and fair, according to each individual's knowledge, capability, duties, responsibilities, and performance, in relation to the average pay scale for the industry. These payments have to be in line with the growth of the business line and the Company.
2. The Company, its local subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The funds will be paid to employees upon termination in accordance with the rules of the fund.
3. The Company provides health check-ups every year, and covers IPD and OPD medical expenses. For IPD the welfare covers employees' families, spouse and children.

#### Policy of development of Safety and Health

1. The Company follows regulations on safety, health, and work environment.
2. The Company ensures the workplace is a safe working environment and clean.
3. The Company set up a Health and Environment Committee to meet the safety in workplace in accordance with the laws.
4. The Company sets up proper training programs regarding the safety of working space for employee.

#### Summary Statistics of Employee Leave & Injuries (Classify by Severity) for the Year 2017

Month (No. of Employee)	Severity ( No. of times)					Total
	Death	Partial Disable ment	Loss of LIMD	Sick Leave exceeding 3 Days	Sick Leave less than 3 Days	
January (532)	0	0	0	6	45	51
February (538)	0	0	0	1	42	43
March (545)	0	0	0	0	46	46
April (543)	0	0	0	1	36	37
May (538)	0	0	0	0	49	49
June (534)	0	0	0	4	47	51
July (539)	0	0	0	2	39	41
August (538)	0	0	0	1	52	53
September (543)	0	0	0	0	42	42
October (544)	0	0	0	0	51	51
November (548)	0	0	0	2	64	66
December (548)	0	0	0	1	55	56
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>568</b>	<b>586</b>
<b>Average (540)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.03%</b>	<b>1.05%</b>	<b>1.08%</b>

## 9. Corporate Governance

### 9.1 Corporate Governance Policies

The Company shall abide with Good Corporate Governance so that quality of management is effective, transparent and accessible. The Good CG will enhance confidence and trust from shareholders, investors, stakeholders, and related parties. The Good CG is a tool to increase value and enhance stable growth to the Company.

The Board of Directors Meeting had approved the Good Corporate Governance Policy in writing (See the Corporate Governance Policies in the Company's website at [www.kgiworld.co.th](http://www.kgiworld.co.th)) and has a policy to review the policy and implementation of the policy once a year. The Company follows the Corporate Governance for listed companies in 5 categories, as follows:

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

The Board of Directors' meeting no. 6/2017, held on 6<sup>th</sup> December 2017, acknowledged the "Corporate Governance Code for listed companies 2017" and the Board has considered and approved the application of the CG Code by means that are suitable for the Company's business. (The CG Code 2017 will be applied from 2018). The Board has, on an informed basis, reviewed the application of the CG Code's Principles at least annually. The Corporate Governance Code 2017 principles are as follows:

Principle 1 Establish Clear Leadership Role and Responsibilities of the board

Principle 2 Define Objectives that Promote Sustainable Value Creation

Principle 3 Strengthen Board Effectiveness

Principle 4 Ensure Effective Chief Operating Officer and People Management

Principle 5 Nurture Innovation and Responsible Business

Principle 6 Strengthen Effective Risk Management and Internet Control

Principle 7 Ensure Disclosure and Financial Integrity

Principle 8 Ensure Engagement and Communication with Shareholders

### 9.2 Committees

The Company clearly determines the roles and responsibilities of the Board of Directors, the Chairman of the Board and the Chief Operating Officer. There is a clear separation of duties between the Board and the management.

#### Board Structure

1. The Board composition gives it the diversified skills, experience, abilities and characteristics that are necessary to achieve the objectives and goals of the Company, and ensures that the overall board understands and is qualified to meet the needs of the stakeholders.
2. The Board considers the number of directors to be appropriate and sufficient to perform its duties effectively. The Company's Articles of Association stipulate that the Company must have a minimum of 5 directors and not more than 15 directors. Currently, the Company has a total of 12 directors in accordance with good corporate governance.
3. There is at least one non-executive director who has experience in the securities business.
4. The Board of Directors has a proportion of Executive Directors and Non-Executive Directors which produces an appropriate balance of power. Most of the directors are non-executive directors who can freely comment on the work of the management.
5. One-third of all directors (4 persons) are Independent Directors who are qualified in accordance with the rules and regulations of the SEC and SET. The Board also ensures that Independent Directors can effectively work with all committees and freely express their opinions.

### Roles and responsibilities of the Board

1. The Board shall perform their duties in conformity with laws, and carry on the businesses of the Company in accordance with the laws, the Company's objectives and the Articles of Association as well as the resolutions of the shareholders' meeting, and are also authorised to carry on any activities as prescribed in the Memorandum or those related thereto. The Board also sets the goals, direction and strategy of the company as a whole;
2. The Board sets a written corporate governance policy for the Company and reviews the policy and compliance with the policy regularly, at least annually;
3. The Board ensures that a written code of business conduct be in place so that all Directors, Executives and employees understand business ethical standards of the Company;
4. The Board considers any conflict of interests thoroughly. Persons who have vested interests in a given transaction shall not participate in decision-making process. There is clear guidelines on the approval of transactions with conflict of interests, the transactions are conducted for the best interests of the Company and all shareholders. The Board also monitors compliance with regulations regarding criteria, procedures and disclosure of transactions with conflict of interests;
5. The Board ensures that an internal control system is in place, including control relating to financial, accuracy, compliance, and proper implementation of policies. The Board assigns Audit Department and Legal and Compliance Department to audit and report on the system. The Board of Directors will do the self-assessment questionnaire on the adequacy of the internal control system every year and disclose in the Company's Annual Report;
6. The Board set up committees to assist the Board to perform the Board's duties to ensure the effective functioning of the Board and the Board also determine the committees member and their duties and responsibilities;
7. The Board sets a Report of the Board of Directors' Responsibilities for Financial Reports;
8. The Board assigned the Risk Management Committee to approve the Risk Management policy to cover all activities of the Company, and assigned Risk Management Department to implement and monitor compliance with the policy;
9. The Board sets clear procedures on whistle blowing and ensures the Company has protective measures to keep the whistleblowers' names confidential. The reported incidents shall be investigated in accordance with the Company's set procedures;
10. The Board has clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to control management under the policies of the parent company, including transactions related to securities and exchange laws or SET regulations.

### Position of Board's Chairman and Chief Operating Officer

The Board of Directors separates the position of Chairman of the Board from the position of Chief Operating Officer. These positions are held by two different people. The Company clearly define the roles and responsibilities of the Board's Chairman and roles and responsibilities of Chief Operating Officer, to ensure that no one person has unlimited power.

### Roles and responsibilities of the Board's Chairman

The chairman is responsible for leading the board. The chairman's duties cover the following matters:

1. Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the Company's objectives.
2. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
3. To be the chairman of the Board meetings, in case of equality of votes at the Board of Director meetings, the Chairman shall have a casting vote.
4. Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgment in the best interest of the Company.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

**Roles and responsibilities of Chief Operating Officer**

The Board appoints Chief Operating Officer as the top executive to manage the Company's business under the supervision of the Board. The roles and responsibilities of Chief Operating Officer include the following:

1. To manage and supervise the Company in line with the Company's articles, objectives, policies and goals;
2. To consider the business plan and to propose it to the Board for approval;
3. To have authority to act on behalf of the Company in line with the Company's Power of Attorney;
4. Any duties or projects assigned by the Board of Directors and / or Shareholders of the Company.

**Powers of the Board**

1. To approve key business matters, such as strategy, financial targets, risks, major plans of action and budget and monitors the compliance of management with approved policies and plans;
2. To approve the payment or non-payment of dividend to the shareholders of the Company. And to propose to the shareholders for approval;
3. To approve the quarterly, half yearly, yearly financial statements, and proposes yearly financial statements and propose to the shareholders for approval;
4. To approve the re-election of Directors who retire by rotation and the Directors' remuneration and propose to the shareholders for approval;
5. To approve the appointment of new director, in the case there is vacancy among the Directors other than a retirement by rotation. (except in the event the period of time the Director is entitled to retain his office is less than 2 months);
6. To approve the appointment of Chief Operating Officer to manage the Company's business under the control of the Board of Directors;
7. To approve the appointment of the auditors and the auditing fee and propose to the shareholders for approval;
8. To approve the appointment and removal of the Company Secretary;
9. To approve the capital increase / reduction, the par value changes, changes in the Company's Memorandum and Articles of Association and propose to the shareholders for approval;
10. To approve any sale or transfer of the Company's business whether in whole or in substantial part to other person, any purchase or acceptance of a transfer of business of other public or private company, and any entering, amendment or termination of any agreement concerning the lease, in whole or in substantial part, of the Company's business, assigning any person to manage the Company's business, or merging with other person for the purpose of profit and loss sharing. And propose to the shareholders for approval;
11. To approve the establishment or liquidation of a Subsidiary;
12. To approve the acquisition and disposition of assets and the connected transaction of the Company according to the Securities and Exchange Commission Act.

**Authority of the Board and Management**

To make the Company more manageable, the Board of Directors' meeting has delegated to the Company's management the power to approve the following matters:

**1. To approve the Company's expenses**

The Company's expenses must be reasonable and necessary for the Company's business. The approval must be as follows:

**Authorized person**

Branch Manager or Sales Division Head  
Sale Supervisor  
Department Head  
Head of Finance & Accounting

**Authority to approve operating expenses (Baht)**

Not exceeding Baht 5,000  
Not exceeding Baht 30,000  
Not exceeding Baht 30,000  
Not exceeding Baht 120,000

<u>Authorized person</u>	<u>Authority to approve operating expenses (Baht)</u>
Head of Brokerage	Not exceeding Baht 200,000
Chief Operating Officer or Authorized Director	Not exceeding Baht 6,000,000
Chairman of the Board	Not exceeding Baht 10,000,000
The Board of Director	More than Baht 10,000,000

## 2. To approve the Company's capital expenditure

The Company's capital expenditures must be appropriately approved. The approval must be as follows:

<u>Authorized person</u>	<u>Authority to approve capital expenditure (Baht)</u>
Head of Finance & Accounting	Not exceeding Baht 2,000,000
Chief Operating Officer or Authorized Director	Not exceeding Baht 6,000,000
Chairman of the Board	Not exceeding Baht 10,000,000
The Board of Directors	More than Baht 10,000,000

### Note:

The capital expenditure means:

- Transaction on furniture, equipment, real estate including buying, selling, renting, construction, improvement, consolidation, and / or land improvements of tenants, buildings or areas.
- Transaction on technology includes the purchase, sale or rental of equipment, such as computers, software, software licenses and new systems.

## The Committees

The Board sets up committees to assist the Board to perform the Board's duties to ensure the effective functioning of the Board and the Board also determines the membership of the committees and their duties and responsibilities. The Company's Board structure has 12 committees, which are;

- |                              |                                      |
|------------------------------|--------------------------------------|
| 1. Audit Committee           | 7. Human Resource Committee          |
| 2. Compensation Committee    | 8. Disciplinary Committee            |
| 3. Nomination Committee      | 9. Welfare Committee                 |
| 4. Risk Management Committee | 10. Health and Environment Committee |
| 5. Debt Recovery Committee   | 11. ESOP Committee                   |
| 6. Purchasing Committee      | 12. Corporate Governance Committee   |

### 1. Audit Committee

The Audit Committee was composed of 3 Independent Directors. All of the Independent Directors have attended director training programs at the Thai Institute of Directors Association ("IOD"). All 3 have adequate expertise and experience to review the creditability of financial reports. Ms. Rungthip Vanitchapan acts as the Secretary of the Audit Committee. (See information of each Audit Committee and Secretary of the Audit Committee in Attachment 1 and 3).

No.	Name	Position	Attendance / Total meetings
1.	Dr. Pisit Leeahtam	Chairman of Audit Committee / Independent Director	6/6
2.	Dr. Don Bhasavanich	Audit Committee / Independent Director	6/6
3.	Mr. Pradit Sawattananond	Audit Committee / Independent Director	6/6

### Scope of duties and responsibilities of the Audit Committee

The Audit Committee directly reports to the Board of Directors. The Audit Committee has the following scope of duties and responsibilities.

1. To review the company's financial reporting process to ensure its accuracy and adequacy.
2. To review the Company's internal control systems and internal audit systems to ensure that they are suitable and effective, to determine the internal audit department's independence, and to approve the appointment, transfer and/or dismissal of the head of the internal audit department or any other unit responsible for internal audit.
3. To review the Company's compliance with laws relating to securities and the stock exchange, the SET's regulations, and laws relating to the Company's business.



4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, and to attend a meeting with the auditor at least once a year at which the Company's management is not present.
5. To review any connected transactions, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the relevant laws and the SET's regulations, and that they are in the best interests of the Company.
6. To review the Company's risk management policies and procedures to ensure that they are suitable and efficient.
7. To review the Company's compliance with private sector's anti-corruption and certification programmes, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool.
8. To prepare and to disclose in the Company's annual report, an audit committee report which must be signed by the audit committee's chairman and contain at least the following information:
  - 8.1 an opinion on the accuracy, completeness and creditability of the Company's financial statements,
  - 8.2 an opinion on the adequacy of the Company's internal control systems,
  - 8.3 an opinion on the compliance with the relevant laws relating to securities and the stock exchange, the SET's regulations, and other laws relating to the Company's business,
  - 8.4 an opinion on the suitability of the auditor,
  - 8.5 an opinion on any transactions that may involve conflicts of interests,
  - 8.6 the number of the audit committee meetings, and the attendance at such meetings by each committee member,
  - 8.7 an opinion or overview comment by the audit committee regarding the performance of its duties in accordance with the charter,
  - 8.8 any other transactions which, in the audit committee's opinion, should be disclosed to the Company's shareholders and general investors.
9. In the performance of its duties, if it is found or suspected that a transaction or any of the following acts has taken place, which may materially affect the Company's financial condition or operating results, the audit committee shall report it to the board of directors for rectification within a period of time to be set by the audit committee:
  - a transaction which causes a conflict of interest,
  - any fraud, irregularity, or material defect in an internal control system,
  - an infringement of the laws relating to securities or the stock exchange, the SET's regulations, or any other law relating to the Company's business.

If the Board of Directors or management fails to make a rectification within the specified time, any audit committee member may report the transaction or act to the Office of the Securities and Exchange Commission or the Exchange.
10. If the auditor becomes suspects that a director, manager, or any person responsible for the Company's operations has violated any relevant securities law, they should report the evidence relating to such event to the audit committee for investigation immediately. The audit committee will report the results of its preliminary investigation to the Office of the Securities and Exchange Commission and to the auditor within 30 days. Notification of the suspicious events and procedures for investigating such shall comply with the notification of the Capital Market Supervisory Board.
11. To perform any other act as assigned by the Board of Directors and accepted by Audit Committee.

## 2. Compensation Committee

The Compensation Committee members and their attendance records are as follows:

No.	Name	Position	Attendance / Total meetings
1.	Mr. Yen, Chih-Chien	Compensation Committee Chairman	3/3
2.	Mr. Pradit Sawattananond	Compensation Committee Member / Independent Director	3/3
3.	Ms. Yuan - Chen Chiu	Compensation Committee Member	3/3 (By phone)

### Scope of duties and responsibilities of the Compensation Committee

1. To consider and approve the compensation of the Company's top management;
2. To set the criteria, components, structure and form of payment of the Directors, to ensure their interests are aligned with those of the shareholders;
3. To recommend the compensation of the Directors to the Board for approval and proposal to a shareholders' meeting for final approval.

## 3. Nomination Committee

The Nomination Committee members and their attendance records are as follows:

No.	Name	Position	Attendance / Total meetings
1.	Dr. Pisit Leehtam	Nomination Committee Chairman / Independent Director	1/1
2.	Mr. Pradit Sawattananond	Nomination Committee Member / Independent Director	1/1
3.	Ms. Bee Leng Ooi	Nomination Committee Member	1/1
4.	Mr. Wisit Wongpaisan	Nomination Committee Member	1/1

### Scope of duties and responsibilities of the Nomination Committee

1. Select qualified persons to be senior executives of the Company, and propose them to the Board of Directors for consideration.
2. Recruiting and nominating qualified persons to be directors of the Company. The Committee should ensure that the board structure is diversified in terms of skills, experience, abilities and characteristics that are necessary to achieve the objectives and goals of the Company, and ensure that the overall board is qualified and can understand and meet the needs of stakeholders.
3. Consider the history of any nominated persons and propose them to the Board before being proposed to a shareholders' meeting for appointment as a director. The Committee should ensure that shareholders receive sufficient information about a nominated person to make an informed decision.
4. The nomination committee must first consider the performance of a director if that director retires by rotation and is to be proposed for re-election.

## 4. Risk Management Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Suchada Sodthibhaphkul	Executive Director
5.	Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
6.	Mr. Suthep Rungsiam	Managing Director, Brokerage Business
7.	Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department



No.	Name	Position
8.	Mr. Apichart Tungkiatsilp	Managing Director, Fixed Income Department
9.	Ms. Patchpon Sankaburanuruk	Managing Director, Investment Banking Department
10.	Mr. Jenvit Chinkulkitniwat	Managing Director, Equity Derivatives Department
11.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
12.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
13.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
14.	Ms. Acharee Turongsomboon	Executive Vice President, Treasury Department
15.	Ms. Kannikar Pradiskesorn	Executive Vice President, Institutional Equity Business
16.	Ms. Nantararat Surakkhaka	Executive Vice President, COO Office Support Department
17.	Mr. Mark Antony Hodge	Senior Vice President, COO Office
18.	Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department
19.	Mr. Chi - Chih Huang	Assistant Vice President, Information Technology Department

#### Scope of duties and responsibilities of the Risk Management Committee

1. To approve the Company's Risk Management Policy, and to regularly review or amend that policy to take account of new risks or market developments;
2. To consider and approve any transactions those impact the Company's risk management;
3. To consider and approve the issuance of new products (Product Program);
4. To approve and review the risk budget of the Company's proprietary trading team at least once a year;
5. To manage all Company's risks, such as credit risk, market risk, liquidity risk, operational risk, IT risk, to ensure that the Company's risk policy is followed;
6. To consider and approve Credit Evaluation Policy and Procedures.
7. To consider and approved credit limits according to Credit Evaluation Policy and Procedures
8. To consider and approve Credit Balance Policy
9. To consider and approve Business Continuity Management ("BCM") and Business Continuity Plan ("BCP");
10. Other duties as assigned by the Board of Directors or management.

The scope of duties and responsibilities of the Risk Management Committee which are described in its filings for the issue of DWs are consistent with those described above.

In addition, to avoid violation of Chinese wall, the Company also established 4 sub-committees under the Risk Management Committee as follows:

#### A) Credit Risk Sub-committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Ms. Suchada Sodthibhaphkul	Executive Director
3.	Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
4.	Mr. Suthep Rungsiam	Managing Director, Brokerage Business
5.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
6.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
7.	Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department

#### Scope of duties and responsibilities of Credit Risk Sub-committee

1. To consider and approve credit limits;
2. To set stock concentration limits and to review them on a regular basis;
3. To consider and approve any issue related to Credit Balance and Stock Borrowing and Lending;
4. To consider and approve the refinancing of Credit Balance clients;
5. To consider and approve company's Turnover List.

## B) Trading Businesses Risk Sub-Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Suchada Sodthibhaphkul	Executive Director
5.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
6.	Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department

Scope of duties and responsibilities of Trading Businesses Risk Sub-committee

1. To consider and approve trading policies, including approval of the procedures of related businesses, such as REPO;
2. To consider and approve the temporary limit and market risk budgeting for Proprietary Trading Department, Fixed Income Department and Equity Derivatives Department under the total limit approved by the Risk Management Committee;
3. To consider and approve the adjustment of the trading limits for ETF business.

## C) Investment Banking Business Risk Sub-committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Suchada Sodthibhaphkul	Executive Director
5.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
6.	Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department

Scope of duties and responsibilities of Investment Banking Business Risk Sub-committee

1. To approve underwriting deals;
2. To approve other investment banking business.

## D) ISMS Management Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Ms. Bee Leng Ooi	Managing Director
3.	Ms. Suchada Sodthibhaphkul	Executive Director
4.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
5.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
6.	Ms. Nantararat Surakkhaka	Executive Vice President, COO Office Support Department
7.	Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department
8.	Ms. Chutima Jitbunjong	Senior Vice President, Risk Management Department
9.	Ms. Patchanee Sinwattanacharoen	Senior Vice President, Legal & Compliance Department
10.	Mr. Chi - Chih Huang	Assistant Vice President, Information Technology Department

Scope of duties and responsibilities of ISMS Management Committee

1. To consider and approve matters that may impact the Company's information technology system;
2. To ensure that the IT resources of the Company are used effectively;
3. To comment or advise on the risks relating to Information Technology security;
4. To guide and advise on the implementation of Information Security Management System;

5. To define policy of Information Security Management System (ISMS Policy);
6. To consider the Information Security Risk Assessment Methodology;
7. To establish acceptable risk levels in the risk management process for Information Security Management System (ISMS Information Security);
8. To consider and approve the implementation of Information Security Controls;
9. To support and keep track of progress to make the operation more efficient.

#### 5. Debt Recovery Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Ms. Suchada Sodthibhaphkul	Executive Director
3.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
4.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
5.	Ms. Nantararat Surakkhaka	Executive Vice President, Legal & Compliance Department (Acting)

#### Scope of duties and responsibilities of Debt Recovery Committee

1. To periodically review the progress of debt recovery from time to time;
2. To set guidelines and criteria for restructuring of doubtful debts;
3. To approve settlements with debtors;
4. To monitor and approve management/sale of real estate portfolio incurred from the debt recovery.

#### 6. Purchasing Committee

No.	Name	Position
1.	Ms. Saranya Larksukthom	Senior Executive Vice President , Operation Department
2.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
3.	Ms. Nantararat Surakkhaka	Executive Vice President , COO Office Support Department
4.	Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department

#### Scope of duties and responsibilities of Purchasing Committee

1. Setting up and approving the purchasing process of the Company for items such as office equipment, computer systems and capital expenditure, including insurance of the Company's assets to comply with good internal control. The purchasing process includes:
  - 1.1 Comparing prices, quality of products, and service;
  - 1.2 Selecting lists of suppliers and vendors of products or services to have variety;
2. To recommend negotiations with suppliers or vendors;
3. To select and approve the suppliers and vendors of products or services appropriate for and in the best interest of the Company.

#### 7. Human Resource Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Ms. Bee Leng Ooi	Managing Director
3.	Ms. Suchada Sodthibhaphkul	Executive Director
4.	Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department

#### Scope of duties and responsibilities of the Human Resource Committee

1. To review and approve HR related policies; and
2. To review and approve promotions.

## 8. Disciplinary Committee

No.	Name	Position
1.	Ms. Inchaya Chatcherdsak	Executive Vice President, Human Resources Department
2.	Ms. Nantararat Surakkhaka	Executive Vice President , COO Office Support Department
3.	Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department
4.	The Department Head of the person being charged	

### Scope of duties and responsibilities of the Disciplinary Committee

1. To investigate employee who violates the rules and regulations of the SEC and the SET or do not comply with the policies and procedures of the Company which may cause damage to the Company;
2. To ensure the case will be considered fairly, by hearing from all concerned parties, and to impose appropriate penalty.

## 9. Welfare Committee

No.	Name	Position
1.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2.	Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
3.	Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business
4.	Mr. Kamthorn Chinsakuljaroen	Executive Vice President, Retail Equity Business
5.	Ms. Chatkaew Kittayanusorn	Manager , Fixed Income Department
6.	Ms. Suthinee Theerawitpreecha	Manager, COO Office
7.	Mr. Wattana Kongjarern	Assistant Manager, Human Resources Department

### Scope of duties and responsibilities of the Welfare Committee:

1. To join and cooperate with the employer in providing the necessary welfare for the employees;
2. To give advice and recommendations, as well as propose ideas, on ways for the employer to provide for the employees;
3. To check, control, and supervise the provision of the welfare extended to the employees by the employer;
4. To propose ideas and guidelines on providing useful welfare for the employees to the Company's management.

## 10. Health and Environment Committee

No.	Name	Position
1.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2.	Ms. Suchada Wongrak	Senior Vice President, Corporate Services Department
3.	Ms. Wipha Katikubanan	Senior Vice President, Finance & Accounting Department
4.	Mr. Surachet Amnuaywittayakul	Senior Vice President, Legal & Compliance Department
5.	Ms. Sirirat Chimkaew	Assistant Vice President, Corporate Services Department
6.	Ms. Petcharat Ongartpajon	Deputy Manager, Research Department
7.	Ms. Pimploey Kankaew	Manager , Finance & Accounting Department

### Scope of duties and responsibilities of Health and Environment Committee

1. To determine regulations about the safety and safety standard for workplace;
2. To determine policy, plan, and activities about safety and working environment to protect and reduce the occurrence of accidents and the suffering of injury due to unsafe working conditions;
3. To set up training course about the scope of duties and responsibilities of employees' safety;
4. To evaluate the implementation of safety of the Company's workplace.

### 11. ESOP Committee

No.	Name	Position
1.	Mr. Chih - Hung Lin	Chief Operating Officer
2.	Mr. Pradit Sawattananond	Independent Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department
5.	Ms. Yuan-Chen Chiu	Member

#### Scope of duties and responsibilities of ESOP Committee

1. To determine allocation rules and conditions;
2. To review and approve the list of directors and/or employees eligible to receive the warrants;
3. To review and approve the amount of warrants allocated to directors and/or employees;
4. To determine exercise price, exercise period and other related conditions and other details as deemed necessary.

### 12. Corporate Governance Committee

No.	Name	Position
1.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
2.	Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department
3.	Ms. Nantararat Surakkhaka	Executive Vice President, Legal & Compliance Department (Acting)
4.	Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department

#### Scope of duties and responsibilities of Corporate Governance Committee

1. To review and evaluate the Corporate Governance Policy and to propose to the Board of Directors to approve at least once a year;
2. To follow up on the implementations of the policy.

### The attendance record at Board of Director meetings and other committee meetings in 2017

No.	Board of Directors	Attendance record in other committee in 2017							
		Audit Committee (total 6 times)	Compensation Committee (total 3 times)	Nomination Committee (total 1 times)	Risk Management Committee (total 21 times)	Debt Recovery Committee (total 3 time)	Human Resource Committee (total 2 time)	ESOP Committee (No meeting)	Shareholder Meeting (1 meeting)
1.	Mr. Foong Hock Meng	-	-	-	-	-	-	-	1/1
2.	Dr. Pisit Leeahtam	6/6	-	1/1	-	-	-	-	1/1
3.	Dr. Don Bhasavanich	6/6	-	-	-	-	-	-	1/1
4.	Mr. Pradit Sawattananond	6/6	3/3	1/1	-	-	-	0/0	1/1
5.	Mr. Picharn Kullavanijaya	-	-	-	-	-	-	-	1/1
6.	Mr. Chih - Hung Lin	-	-	-	21/21	3/3	2/2	0/0	1/1
7.	Ms. Bee Leng Ooi	-	-	1/1	15/21	-	2/2	0/0	0/1
8.	Ms. Suchada Sodthibhaphkul	-	-	-	21/21	3/3	2/2	-	1/1
9.	Mr. Wisit Wongpaisan	-	-	1/1	19/21	-	-	-	1/1
10.	Ms. Pi-Lin Huang	-	-	-	-	-	-	-	1/1
11.	Mr. Yen, Chih-Chien	-	3/3	-	-	-	-	-	1/1
12.	Mr. Shaw - Tzeng Ding	-	-	-	-	-	-	-	1/1

### **9.3 Nomination of Directors and Top management.**

#### (1) Independent Director

##### Process of Nominating of Director and Independent Director

1. To consider the appointment of directors and independent directors both new directors and re-election of retired directors. The Nomination Committee will select qualified candidates and proposed to the Board of Directors for consideration.
2. The Board of Directors will consider and approve the appointment of suitable persons as directors of the Company by considering the appropriateness and benefits of the Company's operations.
3. The Company is a securities company under the supervision of the SEC, the appointment shall be approved by the SEC.

##### Guidelines for nomination of new directors

Based on the following criteria;

1. Has full qualifications as prescribed in the Public Limited Companies Act, Securities Act including good corporate governance of listed companies. For Independent Directors The qualifications of an independent director must be in full compliance with the SEC's requirements.
2. Being qualified, knowledgeable and experienced in various fields that are beneficial to the Company.
3. The necessity for the composition of the Board structure. Consider skill Matrix, in finance, law, accounting, economics and management. To combine the knowledge and ability to benefit the operation of the Company.
4. The conflicts of interest with the Company.

##### Guidelines for the nomination for re-election of directors retiring by rotation.

Nomination is based on the following criteria;

1. Performance in the past year
2. The suggestions or opinions of director in the past year
3. Whether the director is knowledgeable, capable, dedicated, and of suitable age and has the ability to perform a director's duties with care and loyalty.
4. For Independent Directors, the Company will consider whether such independent director can express opinion independently and in accordance with the relevant criteria before the appointment of the independent director.

##### Qualifications of Independent Directors

Independent directors of the Company are qualified as per SEC regulation as follows:

1. Any shareholding they, and any related persons, have is equivalent to not more than 1 percent of the paid-up capital of the Company, the parent company, any subsidiary company, associated company or major shareholder or any other juristic person which could result in a conflict of interest.
2. A director who is not an employee, staff member, or advisor who receives a regular salary, or a controlling person of the Company, the parent company, any subsidiary company or associated company, major shareholders, or of any other juristic person which could result in a conflict of interest, either at present or during the past two years. Not including a director who used to be a government official or advisor of any government department which is a major shareholder of the Company.
3. A director who has no biological or legal relationship such as; parent, spouse, sibling, child or spouse of the child with any of the company's executives, major shareholder, controlling person, or any person already proposed to be appointed as an executive or controlling person of the Company or its subsidiaries.



4. A director who has no business relationship\* with the Company, the parent company, subsidiary company, associated company, major shareholders, or any conflict of interest with the company which would affect the ability of the director to provide independent opinions relating to the operations of the Company and a director who is not a major shareholder, or persons who have relationship with the Company, the parent company, any subsidiary company, associated company, major shareholder, or of any juristic person resulting in a conflict of interest, either at present or during the past two years.

\*Business relationship includes transactions for operating the business, leasing, asset or services transactions, or financial subsidies such as loaning or borrowing, providing guarantees, giving assets as guarantee, and all behaviours which will affect the Company or counterparties have duties to liquidate in case that the value is from 3% of tangible assets of the Company or Baht 20 million up, up to the lower amount. However, the concept to calculate transaction follows the disclosure of the Securities and Exchange Commission and will calculate total liabilities which have been for one year before a director has business relationship with.

5. A director who is not and has never been an auditor of the Company, the parent company, any subsidiary company, associated company or any juristic person which might result in a conflict of interest. A director who is not a major shareholder or director (other than an independent director) or executive or partner of the audit company which has the auditor of the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest, either at present or during the past 2 years .
6. A director who is not or never been a professional advisor, such as legal advisor or financial advisor that received service fees of more than Baht 2 million per year, for services for the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest. In the case that the service provider is a juristic person, a director should never be a major shareholder, person with a conflict of interest, or partner of the juristic person, either at present or during the past 2 years.
7. A director who is not a representative of any of the Company's directors or major shareholder or a shareholder who is related to the Company's major shareholder.
8. A director who does not own or control any business which would result in a conflict of interest with the Company or any subsidiary company, and is not a partner of such a business or a director, executive, employee, or advisor who receives a regular salary, or hold shares equivalent to more than 1 percent of the paid-up capital of such business.
9. No other characteristic that would prevent the director providing an independent opinion relating to the operations of the Company.

In 2017, the Company's independent directors are qualified as per SEC's regulation. They have no any business relationship with the Company or provide any services to the Company.

#### Number of Representative Directors from Major Shareholder

KGI Asia (Holdings) Pte. Ltd. is the major shareholder of the Company, owns 34.97% of the Company's shares. The Company has 4 representative directors from Major Shareholder which are 1/3 of all directors, and proper with the portion of shareholding, the list of representative directors from Major Shareholder are as follow:

Director	Position
Mr. Foong Hock Meng	Chairman
Ms. Pi - Lin Huang	Director
Mr. Yen, Chih – Chien	Director
Mr. Shaw - Tzeng Ding	Director

#### Right of Shareholder to Propose the Candidate for Election as a Director

The Company allows shareholders to propose candidates for election as Director who have the qualifications set by the Public Company Act, Securities and Exchange Act. Shareholders can send their

proposal to the Nomination Committee at the address below. The Nomination Committee will propose to the Board of Director for further consideration.

Submit documents

Nomination Committee

KGI Securities (Thailand) Public Company Limited

No.173 Asia Centre Building, 11<sup>th</sup> Floor, South Sathorn Road,

Thungmahamek Sub-District, Sathorn District, Bangkok 10120 Thailand

(2) Nomination of top management (Chief Operating Officer)

Procedures for the selection of a Chief Operating Officer

1. In considering the nomination of top management, the Nomination Committee will select qualified candidates and propose them to the Board of Directors for its consideration.
2. The Board of Directors will consider and approve the appointment of suitable persons as the Company's Chief Operating Officer by considering their appropriateness and benefits they can bring to the Company's operations.
3. The Company is a securities company, which is under the supervision of the SEC. The top management of the Company must be approved by the SEC.

Guidelines for nomination of a Chief Operating Officer.

Based on the following criteria.

1. The nominated candidate must meet the qualifications stated in the Public Company Act, Securities and Exchange Act and the Good Corporate Governance policy of the Company.
2. The candidate must be knowledgeable, capable, and able to perform the COO's duties with care and loyalty.
3. They should have knowledge of the securities industry, accounting & finance, business management, business strategy, corporate governance, legal and other relevant knowledge or experience.

## **9.4 Supervision of Business Operation in Subsidiaries Company**

Mechanisms to control the operations of its subsidiaries

The Company has its mechanisms to control the operations of its subsidiaries, to protect the Company's investment as follows:

1. Appoint a Company's representative to act as director in subsidiary companies, the appointment shall be approved by the Board
2. The representative appointed as director in subsidiary companies has duties as follows:
  - 2.1 To get the Company's Board approval prior to a vote on significant matters of the subsidiary.
  - 2.2 To act for the best benefit of that subsidiary company.
  - 2.3 To participate in the significant policy of the subsidiary.
  - 2.4 To oversee the subsidiary company to ensure it discloses accurate and complete information, such as financial statements, operating results, connected transactions and acquisition & disposition of assets.
  - 2.5 To oversee the subsidiary company to ensure it has appropriate internal control systems.

## **9.5 Prevention of the Misuse of Inside Information**

The Board of Directors has set up a strict policy to prevent the misuse of inside information, as follows:

Policy to report on the Company's securities trading / Company's securities holding

1. Company's directors and executives or related person of them (spouse and minor child) who acknowledge the inside information cannot trade the Company's securities to seek benefits for themselves or related persons by using the Company's information which has not been disclosed to public 1 month prior of disclosure of financial statements to the public.
2. In the case that directors and executives or related person of them (spouse and minor child) purchase or sell KGI securities, they must report the transaction to the SEC in accordance with Section 59 of Securities and Exchange Act and submit the one copy to the Company Secretary.



3. The Company Secretary reports changes in the holding of securities of directors and executives or related person of them (spouse and minor child) to the Board of Directors every quarter.
4. The Company informed all directors and executives the policies and procedures to have them implemented and followed up constantly.

#### Report on Interest of Directors and Executives

1. Section 88 of the Public Limited Company Act B.E. 2535 stipulates that a director shall notify the company without delay in the following cases:
  - having a direct or indirect interest in any contract which is made by the Company during an accounting year, and shall indicate the nature of the contract, names of the contracting party and interest of the director in the contract (if any);
  - holding shares or debentures of the Company or an affiliated company, and shall indicate the total number of shares increasing or decreasing during an accounting year (if any).
2. The directors and executives are required to file with the Company a report on their conflict of interest or a related person's conflict of interest in relation to operation of the Company or its subsidiary by filling out the Form for Reporting on Interest of the Director and Executive as follows:
  - Report any change in information regarding the interest within 7 (seven) working days starting from year ended and from the date of the change in information.
  - The Company secretary shall forward a copy of the report on interest to the Chairman of the Board and Chairman of the Audit Committee for their acknowledgement within 7 (seven) working days after the Company has received such report.
3. Directors and executives cannot make decisions on any transactions which they have a conflict of interests with.

#### Penalty Provision

For the purpose of all Employee to strictly comply with all applicable laws and regulations, the Company has notified the Ethics and code of conduct in to the Company's work rules or regulations. Any violation of such Ethics and code of conduct shall be considered as the violation of the Company's work rules or regulations. In this regard, the Employee who violated the Company's work rules or regulations shall be subjected to any penalty on case by case basis, ii) set up any procedure of penalty consideration in the Company's internally notification no Tor Sor (Phor) 006/2002 dated October 1<sup>st</sup>, 2002 and as amended from time to time. The Employee who violated any provisions contained in this Ethics and code of conduct shall be liable to the penalty as following;

1. oral warning
2. written warning
3. suspension from work without wage payment
4. termination of employment with severance pay
5. termination of employment without severance pay
6. any penalty as per the consideration of Chief Operating Officer

## 9.6 Audit fee

### A) Audit fee

For 2017, the Company and its subsidiaries paid audit fee to auditor and any persons or companies related to auditor as follows:

Company and its subsidiaries	Auditor	Audit Fee (Baht)	Audit Fee (HK Dollar)
KGI Securities (Thailand) Plc.	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd (“Deloitte”)	1,960,000	-
One Asset Management Limited (a 99% owned subsidiary)	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd (“Deloitte”)	484,000	-
KGI Securities (Thailand) International Holdings Limited (a wholly owned subsidiary)	Ernst & Young Hong Kong	-	33,600
KGI (Thailand) Holdings Limited (a wholly owned subsidiary)	Ernst & Young Hong Kong	-	63,000
<b>Total Audit Fee</b>		<b>2,444,000</b>	<b>96,600</b>

**Note :** The above fees are exclusive of out-of-pocket expenses such as traveling , fax and photocopying charges which will be charged to the Company at actual cost.

### B) Non-audit fee

For 2017, the Company’s subsidiary paid non-audit fee to Ernst & Young Tax Services Limited as follows:

The Company’s subsidiary	Non-audit service	The auditor’s firm, persons and companies related to the auditor	Non-audit fee Yearly fee (HK Dollar)
KGI Securities (Thailand) International Holdings Limited (a wholly owned subsidiary)	Tax Service	Ernst & Young Tax Services Limited	9,500
<b>Total Non-Audit Fee</b>			<b>9,500</b>

There is no further expense for services not yet completed which will become payable in the near future.

## 9.7 Implementation of Code of Best Practices of SET

The Company believes that good corporate governance is a significant tool to ensure efficient and transparent management to foster shareholders’ and investors’ trust. The Company intends to conduct business under the Good Corporate Governance Principles issued by the Stock Exchange of Thailand and the rules and regulations of Listed Company issued by the Securities and Exchange Commission and the Capital Market Supervisory Board to continuously raise the governance of the Company to international levels for efficient management and sustainable business growth.

The Company has complied with the principles of good corporate governance for listed companies 2012 in accordance with the guidelines prescribed by the Stock Exchange of Thailand in five categories. In addition, the Company also has considered and approved the implementation of the CG Code 2017 in a manner appropriate to the Company’s business.

Based on the corporate governance assessment of the Company for the year 2017 by the Thai Institute of Directors (IOD), the Company’s score was “**excellent**” in the category of “Right of shareholders”, “Equitable Treatment of Shareholders” and “Disclosure and transparency”, and was “**very good**” in the category of the “Role of Stakeholders” and “**good**” in the category of “Board Responsibilities”.

### Implementation of Good Corporate Governance in 2017

#### Rights of Shareholders

Basic shareholder rights include the right to 1) buy, sell, or transfer shares; 2) share in the profit of the Company; 3) obtain relevant and adequate information on the Company in a timely manner; 4) participate and vote in shareholder meetings to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that affect the Company, such as dividend payment, amendments to

the Company's articles of association or by laws, capital increases or decreases, or the approval of extraordinary transactions.

The Company has a policy to provide shareholders the criteria and procedures governing shareholder meetings and sufficient information regarding the issues to be decided on each agenda item in advance of the meeting. The Company allows shareholders to query directors both in the meeting and by sending their questions in advance. Shareholders are also allowed to authorize a proxy to attend the meeting and vote. The Company recognizes shareholders rights and avoid any action that violates those rights.

#### Procedures for shareholders' meeting

##### 1. Before Shareholders' meeting

- 1.1 The Company encourage all shareholders, including institutional shareholders, to attend the Company's shareholders' meeting.
- 1.2 The Company provided the notice and all relevant information relating to the AGM no. 1/2017 in both Thai and English languages on the Company's website on 6<sup>th</sup> March 2017, more than 30 days prior to the meeting. Such information was the same as the Notice in hard copy sent to shareholders.
- 1.3 The Company sent Notice of the Annual General Shareholders' meeting ("AGM") and related documents in a document to shareholders in advance of shareholders' meeting date and earlier than required by regulations. For AGM 1/2017 that was held on 11<sup>th</sup> April 2017, the Company requested Thailand Securities Depository Co., Ltd., the Company's registrar to send out the notice to shareholders on 21<sup>st</sup> March 2017, which is 21 days prior to the meeting day.
- 1.4 The notice of AGM no.1/2017, the Company provided sufficient information of every agenda for shareholder's consideration.
- 1.5 The Company had specified a date, time, and place by considering the convenience of shareholders. The Company held AGM no.1/2017 on 11<sup>th</sup> April 2017, at 2 p.m., Ballroom 2&3, Ah Yat Abalone Convention Hall, 12<sup>th</sup> Floor (Parking Building), No. 43, Thai CC Tower, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok 10120.
- 1.6 In the case that shareholders could not attend the shareholders' meeting, the Company encouraged them to cast their votes independently on each important matter (proxy form B). Nevertheless, shareholders can use another proxy form. The Company has posted all forms of the proxy issued by the Ministry of Commerce both in Thai and English languages on the Company's website.
- 1.7 In the case that shareholders would like to appoint an independent director to vote on their behalf as a proxy, the Company has proposed names of independent directors, at least one, on the notice of the shareholders' meeting for their consideration. At AGM no. 1/2017, the Company proposed names and profiles of 3 independent directors which were 1. Dr. Pisit Leeahtam 2. Dr. Don Bhasavanich and 3. Mr. Pradit Sawattananond on the notices of the shareholders' meeting for the shareholders' considerations to appoint as a proxy.

##### 2. Conduct of Shareholders' meeting

- 2.1 The Company had provided adequate personnel and technology. The Company used barcode for registration and voting process. The Company also prepared duty stamps to support shareholders who were appointed as proxy and allowed shareholders who came after the meeting began to attend the meeting.
- 2.2 Directors and executives were present at the meeting to explain and answer the shareholders' questions. The Company introduced Directors, Management and Auditor.
- 2.3 The Company conducted transparent shareholders' voting and allowed shareholders to vote separately for each agenda; therefore, shareholders could exercise their rights in each agenda freely. For the directors' election agenda, each shareholder could exercise his/her rights in electing directors and the votes could be counted from individual voting cards handed in by shareholders regardless of whether they were voting "approve", "against" or "abstention".

- 2.4 The Chairman of the meeting allowed shareholders to ask questions or express their views on each agenda freely and the Company answered all shareholders' questions.
- 2.5 The Company counted the votes and announced the result on each agenda during the meeting and specified the voting of "approve", "against" or "abstention".
- 2.6 The Company has appointed an external auditor to act as the inspector to check the votes counted at the meeting and recorded in the AGM minutes.
- 2.7 The Company did not include any additional agenda items which were not specified in the notice of the Annual General Meeting of Shareholders No. 1/2560

### 3. Preparation of AGM's minutes and disclosure of AGM's resolution

- 3.1 On the AGM no. 1/2017, the Company announced the resolutions and the voting, separating the "approve", "against" or "abstention" through the SET's ELCID System on 11<sup>th</sup> April 2017.
- 3.2 The Company recorded the minutes of shareholders' meetings including all significant information such as the meeting's time, names of directors who attended/did not attend the meeting, important explanations and clarifications, summaries of questions, answers, and opinions, voting results by the "approve", "against" or "abstention", and name of minute taker.
- 3.3 The AGM no. 1/2017, the Company disseminated the minutes of the shareholders' meeting to SET and posted in the Company's website both in Thai and English languages on 24<sup>th</sup> April 2017, which was 13 days after the meeting.

### **Equitable Treatment of Shareholders**

The Company has a policy to ensure that all shareholder rights are protected and that all get fair treatment. The Company has set procedures to prevent the use of inside information for abusive self-dealing, such as insider trading. For related party transactions, all directors and executives shall disclose to the Board whether they and their related parties have any interest in any transaction or matter directly affecting the Company. Directors and executives who have such interests will not participate in the decision-making process on such issues.

### **Roles of Stakeholders**

Stakeholders in Corporate Governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community, the government, competitors, and external auditors.

The Company has set clear policy on fair treatment for each and every stakeholder. The rights of stakeholders that are established by law or mutual agreements are to be respected. Any actions that can be considered to be in violation of stakeholders' legal rights shall be prohibited. The Company also provides an effective way for stakeholders to communicate to the Board any concern about illegal or unethical practices, corruption, incorrect financial reporting, insufficient internal control, etc. The rights of any person who communicate such concerns shall be protected.

#### 1. Policy and best practice to Customers

- The Company will propose products relevant to clients' needs and provide quality services.
- The Company will provide equal services to every client.
- The Company will disclose information relevant to the Company's products and services completely, correctly, precisely and without any distortion. Therefore, clients can receive all information thoroughly.
- The Company will not disclose client's information to other clients or related persons except for disclosures that are following regulations or injunctions, etc.
- The Company does not impose any commercial conditions that are unfair to clients.
- The Company gives clients opportunities to make complaints when they deem necessary and to take the best action to ensure a swift satisfactory resolution.

## 2. Policy and best practice to Competitors

- The Company will do any activity under rules in order to support good competition according to the determined rules.
- The Company does not seek any competitors' confidential information in a dishonest or improper manner.
- The Company does not destroy the reputation of competitors by accusing them without honest and factual data. Furthermore, the Company must practice under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods.

## 3. Policy and best practice to Suppliers

- The Company has a policy for employees not to ask or receive bribes or dishonest benefits from suppliers.
- Procurements will be transparent and the Company will provide information to every supplier with equal, accuracy, without bias, and no discrimination. The Company will make fair competition among suppliers and make the procurement process strictly relevant to each situation.
- Negotiations must be transparent. The Company's management can supervise and the Company's staff must be neutral and not close to any supplier that may influence the decision making. The Company's staff must strictly follow the conflict of interest rule.
- The Company will follow the conditions appropriately and fairly.

## 4. Policy and best practice to Creditors

- The Company complies with agreements and conditions mutually agreed upon strictly and in case of non-compliance with any conditions, including obligation and liabilities, notifies customers immediately to jointly seek solutions on a rational basis.
- The Company maintains an appropriate capital structure in order to support the business operation and creditor confidence.
- The Company does not give cooperation to or support any persons or organizations which conduct illegal business or are a threat to society and national security.
- The Company is committed to maintaining a sustainable relationship with creditors on the basis of mutual trust.

## 5. Policy and best practice to Social and Environment

- The Company intends to do business environmentally responsibly.
- The Company supports all employees to have awareness and responsibility on environment by efficiently using resources to the best benefits, such as a policy of saving electricity, saving use of water and saving use of office equipment.
- The Company often supports social activities.
- The Company will encourage awareness of social responsibility to every employee at every level.

## 6. Policy and best practice to Employee and policy of Fair Compensation and policy on development of Safety and Health

The Company regards each employee as a respected and honored colleague who should be well cared for. The Company disclosed the Policy and best practice to Employee and Policy of Fair Compensation and Policy on development of Safety and Health in topic 8.5 Employees.

## 7. Policy on Human Right

- The Company supports staff exercising their rights as citizens under the constitution and laws.
- The Company has kept personal information of the Company's staff such as biography, health history, work experiences, etc. The personal information will be disclosed to the public only if it has been approved by the personal information owner. Harassment is subject to disciplinary action following the Company's rules or laws.
- The Company does not support any violation of international human rights and dishonesty.
- The Company's staff must not do anything to violate or threaten, whether in verbal or action, others based on race, gender, religion, age, or physical and mental disabilities.

**8. Policy on Intellectual Property**

- Works during the duties and Company's operations will be considered as property of the Company.
- The staff must return intellectual property to the Company on termination of employment regardless of the form the files are stored in.
- Computers and software of the Company must get permission from copyright owners, to avoid violation of intellectual property infringement.
- To present or to use works or information received from a third party it must be ensured that it does not violate intellectual property laws.

**9. Channels and procedure on Whistle Blowing**

The Company encourages employees, including stakeholders, to inform the story or suspicious behavior or suspect that there may be a future offense. The Company has set up a procedure and provides channels for complaints as follows:

**Complaint procedure**

1. Employees, including all stakeholders, may report or complain about matters that may cause damage to the Company to the Board. The Company assigns the Audit Committee to receive the complaint.
2. The Audit Committee will investigate and report to the Board. And record the investigation report in writing.
3. The Company has measures to protect all employees or stakeholders who complain and do not disclose the name of the complainant. The Company will keep all complaints confidential.

**Channel to complain**

1. Report to Legal & Compliance Department, telephone number 02-6588740-7 or facsimile number 02-6588004 or E-mail : [legal&compliance@kgi.co.th](mailto:legal&compliance@kgi.co.th);
2. Company's Website: [www.kgieworld.co.th](http://www.kgieworld.co.th);
3. Send letter to Audit Committee at following address:  
KGI Securities (Thailand) Public Company Limited  
173, Asia Centre Building, 11<sup>th</sup> Floor, South Sathorn Road,  
Thungmahamek Sub - District , Sathorn District, Bangkok 10120

**Disclosure and Transparency**

The Company disclose the significant Company's information on the Company's website, such as 56-1 Form, 56-2 Form, the Notice of shareholders' meeting, the minutes of the shareholders' meeting, the Company's Articles, corporate governance policies, ethical and professional standards, and other information. The Company always updates the information on the website.

**Responsibilities of the Board****Board Charter**

The Board has established the Board Charter, which defines the duties and responsibilities of the Board, to be used in reference to the duties of each director. The charter will be reviewed at least once a year. The Company has disclosed the Board Charter on the Company's website.

**Corporate Governance Policy**

The Company shall abide by the principles of its Corporate Governance Policy so that the quality of management is effective, transparent and accessible. The Corporate Governance Policy will enhance confidence and trust from shareholders, investors, stakeholders, and related parties. The Corporate Governance Policy is a tool to increase the value and enhance the sustainable growth of the Company.

The Board of Directors has approved the Company's Corporate Governance Policy in writing and has a policy to review it and its implementation once a year. The Company has disclosed the Corporate Governance Policy on the Company's website.



Code of conduct

The Company intends to act in accordance with the principles of Good Corporate Governance. The Code of Conduct is one way to help the Company achieve this goal. A Code of Conduct is an ethical standard with principles of behavior for staff to abide by.

To enhance good standards and ethics that can sustain trustworthiness and reliability of the Company, the Company has set up a Code of Conduct for employees and executives, which includes penalty provisions, to ensure international standards, transparency, integrity, and accountability.

Policy regarding directors holding positions in other listed companies

The Board sets the number of companies of which a director can simultaneously be a director which is appropriate to the nature and types of businesses involved, as follows:

1. The directors cannot take any position in a business which may have a conflict of interest with the Company's business unless authorized by the board.
2. The board sets a limit of not more than 5 listed companies in Thailand of which a Director can simultaneously be a director, to ensure that directors are able to devote adequate time to their duties.
3. The Company will disclose each Director's positions in other companies, if any, in its Annual Report.

Policy regarding the Chief Operating Officer and management holding positions in other listed companies

The Board sets the maximum number of companies of which the Chief Operating Officer ("COO") and key executives (Department Head up) can simultaneously be a director as follows:

1. The COO and key executives cannot take any position in a business which may have a conflict of interest with the Company's business, unless approved by the Board.
2. The Board sets a limit of not more than 3 listed companies in Thailand of which a COO and key executives can simultaneously be a director, to ensure that the COO and key executives are able to devote adequate time to their duties.
3. The Company will disclose the positions of the COO and key executives in other companies, if any, in its Annual Report.
4. Before taking any position in another company, the COO and key executives shall first obtain approval from the Board.

Board of Directors' meeting

1. A Board of Directors' meeting shall be attended by no less than half of all the Directors in order to constitute a quorum. In the event the Chairman is not present or is unable to discharge his duties, the Vice-Chairman, if any, shall serve as the Chairman. If there is no Vice-Chairman or such Vice-Chairman is unable to discharge his duties, the Directors present shall elect one of their members to act as Chairman of the meeting.
2. The Company sets the schedule of the Board of Directors' meetings in advance and each director will be notified of the schedule so that each can arrange to attend meetings.
3. The number of Board of Director' meetings shall be appropriate to the obligations and responsibilities of the Board and nature of the Company, but should be at least six times per year.
4. Meeting documents shall be sent to each director at least five business days before the meeting.
5. The Chairman will allocate the meeting time appropriately for complete management presentation and comprehensive discussion by directors. The Chief Operating Officer may invite management to attend a Board of Directors' meeting to present details on the issues that they are directly responsible for.
6. The minutes of the Board of Directors' meeting shall have all necessary and relevant information, such as date, time, names of directors who attend and do not attend the meetings, significant information and comments, resolutions, and the name of minute taker. The Company shall maintain good storage systems to store and retrieve the data. The Company Secretary will inform the SEC of the storage place.

7. All resolutions of the Directors' meeting shall be passed by a majority vote of the Directors present at the meeting. Each Director shall have one vote, however, the Director who has interest in any matter cannot exercise such vote. In the case of a tied vote, the Chairman shall have a deciding vote.

#### Development Directors' continuing education

The Company has a policy to encourage at least 1 director to attend the seminar that are relevant to their duties and responsibilities. In 2017, there are 1 director attended the seminar, which are Mr. Pradit Sawattananond, independent director, attended the seminar on Practices for Directors in Cyber Supervision and Prevention.

#### Orientation of new directors

All new directors are briefed about the Company's overall business operation, structure and relevant businesses so they understand the business process and shareholding structure of the Company. The Company Secretary is responsible for preparing for each new director a set of documents consisting of an annual report, mission, vision, core values, business performance, Articles of Association, Memorandum of Association, director handbook and relevant regulatory notifications.

#### Term of Directorship

The Company stipulated in the Articles of Association that at every annual general meeting, one-third (1/3) of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. A retiring Director is eligible to re-election.

However, the Company does not specify a maximum number of years or terms for which any Independent Director can hold office so that the Company does not lose the opportunity to appoint knowledgeable, capable and experienced directors who can contribute to the Company. However, to ensure that the Company's Independent Directors will be truly independent, where the Company intends to appoint an Independent Director whose duration of service as an Independent Director of the Company is more than 9 years, the Board shall assign the Nomination Committee to consider the suitability before proposing to the Board for consideration. The Board of Directors will consider whether an Independent Director can express his / her opinion independently before approving the appointment

#### Succession Planning

The Company has a proper and transparent plan to recruit personnel into important positions at all managerial levels to ensure that the Company has a professional management team. Details are as follows:

##### 1. Chief Operating Officer level

In the event that the position of the Chief Operating Officer is vacant or the individual cannot perform his duties, the Company has an arrangement whereby executives in a closely comparable level or his deputy shall act on his behalf until the selection process for a qualified replacement is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience and fit with the Company's corporate culture. The Company's Nomination Committee shall be responsible for the selection process and shall submit its final choice to the Company's Board of Directors for approval and appointment.

##### 2. Executive Level

The Company continually prepare for succession planning at the executive position level as follows:

1. Analyze business condition of the Company in term of its strategy, policy, investment and expansion plans.
2. Evaluate the readiness of manpower to be consistent with the Company's strategy in both short term and long term.
3. Create plan making the availability of manpower by developing or recruiting employees to replace those resigning from the Company.
4. Create Recruitment Plan and arrange for Employee Training and Development in advance prior to retirement or early retirement of employees.
5. Define competencies, which refers to the knowledge, skills, personality and desirable attitude of the employees in certain positions and establish the Individual Development Plan.
6. Select, evaluate and assess the performance to determine the potential of employees.
7. Use tool to test and evaluate the employees to analyze their potential.



8. Select successors based on the assessment and analysis of the employees' potential and performance. The employees shall be notified in advance in order to prepare for the handover and learning of the new responsibilities, while a successor shall also be determined.
9. Develop and evaluate employees who are expected to be successors. If their performance is contrary to the expectation, the Company has time to change the successors.

#### Board of Directors' Self-assessment

The Board of Directors has conducted its annual self-assessment to determine whether or not, over the past year, it has carried out its duties completely and appropriately according to the framework of authorities and responsibilities and Corporate Governance Principles. The assessment result is gathered and summarized by the Company secretary.

#### A. Criteria for evaluating the performance of the Board of Directors

The assessment form used for the Board of Directors is the assessment form of the SET. It assesses six major aspects:

- (1) Structure and characteristics of the board;
- (2) Roles and responsibilities of the board;
- (3) Board meetings;
- (4) The board's performance of duties;
- (5) Relationship with management; and
- (6) Self-development of directors and executive development.

The score of the assessment within the range of 0 - 4; strongly disagree to strongly agree. The result of the 2017 annual assessment of the Board of Directors as a whole is a favorable result with an average score of 3.95.

#### B. The process of evaluating the performance of the Board of Directors

- 1) The Board of Directors evaluates its performance using the assessment form produced by the SET, to ensure that the evaluation is accurate, complete and in accordance with the criteria prescribed by the regulator.
- 2) The Company Secretary sends a self-assessment form to all directors in the middle of November. All directors evaluate the Boards' performance and return the form to the Company secretary by the end of November each year.
- 3) The Company Secretary summarizes the results and reports them to the Board of Directors in December each year.

#### Items that the Company cannot follow principles of good corporate governance of SET

Topic	Reason
1. The Company should inform the shareholders via its website of their rights to propose additional agenda items, and to nominate candidates for directors, including the procedures and deadlines for submitting such proposal for the Board of directors' consideration.	The Company has already disclosed in 56-1 that shareholders can propose additional agenda items, and nominate a candidate for Director to the Company Secretary. The Company Secretary will propose to for the Board of Directors for their consideration.
2. If the chairman is not an independent director, the Board should ensure the balance of power and authority of the board and between the board and management by: 2.1 having the board comprise a majority of Independent Directors, or 2.2 appointing a designated Independent Director to participate in setting the board meeting agenda.	The Chairman of the Board is not an Independent Director, however the Company ensures the balance of power and authority of the Board and between the Board and management because the Company has 4 Independent Directors any of whom may propose any matter to the Board or to Management. In addition, the Audit Committee (comprised of 3 Independent Directors) considers all connected transactions before they are proposed to the board.

Topic	Reason
3. The Board of Directors should set limitations an individual may serve as an independent director to a maximum of 9 consecutive years. 4. The Board of Directors should set limitations on consecutive terms of directors and committee members.	The Company did not set limitations on terms for directors since the Company believes that the Company's directors have knowledge and capability. The long-term experience of the director gives them a good understanding of the Company's business.
5. The Board should establish a Compensation Committee with the majority of its members and its Chairman being Independent Directors.	The Company's Compensation Committee consists of 1 Independent Director, 1 Non-executive Director experienced in legal issues, and 1 executive of the major shareholder involved in Human Resource management. Thus the Compensation Committee can make accurate and informed decisions.
6. Non-executive directors should be responsible for determining the total compensation of, and performance evaluation criteria for, the Chief Operating Officer.	The Company has assigned the Company's Compensation Committee to be responsible for determining the total compensation of, and performance evaluation criteria for the Chief Operating Officer. The Compensation Committee consists of 1 Independent Director, 1 Non-executive Director experienced in legal issues, and 1 executive of the major shareholder involved in Human Resource management. Thus the Compensation Committee can make accurate and informed decisions.

## 10. Corporate Social Responsibilities: CSR

### 10.1 Social Responsibility Policy

The Company operates its business with responsibility for all groups of stakeholders. The Company strives towards this by strictly complying with all applicable laws and regulations and promoting CSR projects on education and learning, which will be a major force for the sustainable development of the country and society in the future.

#### Principles of Corporate Social Responsibility

##### 1. Fair business operation

The Company is committed to doing business in compliance with the law, giving respect to social rules as well as not committing acts that infringe or degrade the rights of the interested individuals.

##### 2. Anti-corruption

The Company has policies to fight against corruption of all forms directly and indirectly. The Company implements work reviews, financial reports, internal controls, internal audits to ensure proper control systems, which is enough for the risk of any possible corruption.

##### 3. Giving respect to human rights

The Company realizes the importance of humanitarian rights and provides all employees the rights, freedoms and equality in working as well as advancement without discrimination against employee because of position, race, religion, sex, class or political opinions.

##### 4. Fair labor treatment

The Company sets wages at a proper level for the Thai industry. It also provides welfare to its employees in different forms and creates a safe working environment.

5. Responsibilities to the client

The Company focuses on good services to ensure the highest satisfaction of the client, adhering to the fairness of price and quality of service and honesty in negotiation and conclusion of the contract, sincere management of client complaints as well as any attempt to solve any possible deficiencies in activity or services in order to maintain a permanent relationship with the client.

6. Environmental protection

The Company regularly encourages employees to be environmentally aware.

7. Joint development of the community or society

The company supports the activities of development of the community and society. The Company continues to focus on providing the educational opportunities for youth as usual every year, whether it is building a library for schools in remote areas, the KGI scholarships throughout the course of Bachelor students and donating bicycles to students.

8. Innovation

The Company is recognized as one of the leaders in innovation in the development of new products. The Company shall not infringe against the intellectual property or copyrights of others. The Company will regularly organize training/seminars to ensure that our clients thoroughly understand new products before investing with the Company.

## **10.2 Report Preparing and CSR Operations**

### **Report Preparing**

The following 2017 CSR Report of the Company (the fiscal year of 1<sup>st</sup> January 2017 – 31<sup>st</sup> December 2017), is published to communicate with the public and stakeholder groups the understanding of the Company's CSR directions and operations.

### **Corporate Social Responsibility Operations**

#### **Product design**

The Company's products are based on the principle of conducting business fairly and responsibly with the consumers. The Company proposes products relevant to clients' needs and that do not impose unfair trade terms with clients or competitors. The Company will disclose complete, accurate, and fair information about the products without any distortion to clients.

When the Company launches a new product, it will educate clients and investors in order to enhance their knowledge and build confidence in the Company's product.

#### **Sources of Funding**

If the Company requires new funds, the policy is to try to procure the cheapest source of funds available and not depend upon just a single source of funds. The Company has a policy to maintain a Net Capital Rule and a Net Capital Ratio (NCR) that are higher than the requirements under the SEC regulations, which specified that the Net Capital Rule must be at least Baht 25 million and the Net Capital Ratio must be at least 7% of liabilities and guarantees.

#### **Operational laws and regulations**

The Company shall strictly abide by all laws and regulations concerning the securities business. The Audit Department and Legal and Compliance Department are responsible for ensuring the Company has effective internal control systems and that the systems are used properly and comply with SEC/SET regulations.

#### **Risk Management**

At the heart of the business operation is the question of how to maximize profits while keeping risk at a reasonable level. Under this concept, the Company, which has developed various new financial products such as equity options, structured products, other derivatives, Repurchase Agreement, etc., knows that the risk factors must be handled effectively. Therefore, the Company has established a Risk Management Committee as well as other safeguards to see that risk is always balanced with return.

The Company's Risk Management committee is comprised of representatives of all business units as well as senior operational administrative executives. Essentially, the Committee is a forum where professional managers can join forces in coordinating risk-management initiatives. Initiatives include the installation of a mechanism for monitoring and managing market, credit risk and other financial risk. The Risk Management Department is responsible for monitoring all trading positions by systematically calculating Value at Risk (VaR) and also monitoring all the clients' positions by computerized systems. The Company has been able to analytically identify risk and thereby fully realize the full potential of the capital in question. Other innovations by the Company include a variety of standard operational procedures that have been developed to reduce risk in routine operations.

#### Fair treatment to employees

The Company takes action to ensure that qualified applicants are given equal opportunity to be employed with regards to the required qualification, educational background, experience and other requirements on a non-discriminatory basis regarding gender, age, nationality or religion. The Company ensures fair employment and offers fair career advancement opportunities.

#### Fair competition policy

The Company practices under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods. The Company does not seek any competitors' confidential information in a dishonest or improper manner and does not destroy the reputation of competitors by accusing them without honest and factual data.

#### Caring for the environment

The Company intends to do business environmentally responsibly. The Company supports all employees being environmentally aware and responsible by efficiently using resources to the best benefits. This includes saving electricity, saving use of water and proper use of office equipment.

#### Anti - Corruption Practices

The Company's staff must not ask or receive any bribes which can lead to misbehavior or omit to do any duties or cause the Company to lose its benefits. The Company's staff must omit to propose, or give benefit or assets to third parties to encourage such third parties to do illegal practices or behavior.

#### Respect for the rights of stakeholders

The Company's operations place importance on the rights of all groups of stakeholders both internal and external.

### **10.3 Impact of Business Operations on Corporate Social Responsibility**

The Company and its subsidiaries have not been found in violation or under review regarding the 8 principles of Corporate Social Responsibility.

### **10.4 Corporate Social Responsibility (After Process)**

In 2017, the Board of Directors approved a CSR project to help provide access to education for school students who live in remote rural areas by donating 1,150 bicycles to students who live far from the nearest school.

### **10.5 Anti-Corruption Guidelines**

#### (1) Policies and Guidelines to prevent and combat corruption

##### The Board's resolution

The Board of Director's meeting No.6/2014, dated 12<sup>th</sup> December 2014, approved the Policies and Guidelines to prevent and combat corruption by the Company and the Procedures regarding the Anti-Corruption policy. Furthermore, the Board of Director's meeting No.1/2017, dated 22<sup>nd</sup> February 2017, has reviewed and approved the improvement of such Policies and Guidelines already. (See the policies and guidelines to prevent and combat corruption on the Company's website: [www.kgiworld.co.th](http://www.kgiworld.co.th)).

Anti-Corruption Policy

In operation of the ordinary course of business, the Company persists in honesty, transparency and compliance with corporate governance principles and intends to resist corruption in any manner, whether direct or indirect.

1. The Company resists corruption and cooperates with outside organizations in support of anti-corruption.
2. The Company resists and does not support any corruption and also employs preventive measures to combat corruption.
3. The Company prohibits its directors, executives and employees from being involved in any corruption in the form of calling for any money, things or benefits from the Company's counterparty, business-related persons or vendors.
4. The Company has a clear policy on receiving gifts, ie, directors, executives and employees can receive gifts worth no more than Baht 5,000. In case of gifts worth more than Baht 5,000 and can not reject, directors, executives and employees shall follow the Company's procedure.
5. The Company encourages employees, including stakeholders, to inform the story or suspicious behavior or suspect that there may be a future offense. The Company has measures to protect all employees or stakeholders who complain and do not disclose the name of the complainant. The Company will keep all complaints confidential.

Intention to join the Private Sector

The Company signed its intention to join the Private Sector Collective Action Coalition against Corruption (CAC), of which Thai Institute of Directors (IOD) was the project secretary. The purpose of this project is to create a joint agreement to combat corruption in all its forms. This is the beginning of collaboration on nationally important issues.

(2) Actions to prevent and combat corruption1. Risk evaluation

The Company assesses risks from all types of business transactions, which may be considered as bribery or corruption by revising the perspective of its risk management policy annually. Moreover, the present risk management policy shall be reviewed appropriately to avoid or reduce risk to an acceptable level.

2. Set the Guidelines

The Company has set up Guidelines related to anti - Corruption such as guideline for Political Contributions, Charitable Contributions and Sponsorships, the expenditure of gifts, hospitality and entertainment, Whistle Blowing, the protection of directors, management and employees who rejected bribery. The Company also has other relevant policies and manuals such as Corporate Governance, Company Code of Conducts, Compliance Manual, etc.

3. Communication and training for staff

The Company provides directors, executives, and employees with copies of policies and practices to prevent and combat corruption. And post it on the Lotus note and the Company website ([www.kgiworld.co.th](http://www.kgiworld.co.th)) to ensure that everyone understands the Company's anti-corruption policy. It also includes this policy as part of an employee orientation.

In addition, in 2017, the Company sent the letter to inform its business partners regarding Company policy prohibiting the acceptance of gift at any season or any other occasion.

4. Monitoring

The Company monitors and reviews this policy continuously (at least once a year), by taking into consideration circumstance and risk adjustment, then, shall propose to the audit committee for considering the sufficiency and result of implementing the anti-corruption policy, after that a report to the Board of Directors will be made in order to acknowledge the risk assessment and to make suggestions for risk mitigation. Furthermore, the Audit Department will be responsible for monitoring the internal control and procedures regularly, and shall report issues immediately to assure the effectiveness of such procedures.

Nevertheless, related authorized persons shall consider proper solutions and report to the Chief Executive Officer and Audit Committee for proceeding.

#### 5. Review

The Company's Audit Committee will be responsible for reviewing the sufficiency of the entire process.

In 2017, the Board of Directors and Audit Committee considered and reviewed the report related to investigation of corruption. The conclusion was that the operation processes related to anti-corruption had adequate internal control, authorization compliance with the Company's policy/guidelines and could not find any transactions that may be considered as corruption

## 11. The Internal Control and Risk Management

### 11.1 Evaluation of Internal Control

The Company's Audit Committee is responsible for reviewing the Company's financial statements by coordinating with external auditors and the relevant management. The Audit Committee monitored and review the Company's internal control systems and internal audit systems, along with considering related party transactions and risk management to ensure that the Company has an appropriate internal control system.(see the Audit Committee report)

At the Audit Committee Meeting No.1/2018 held on 26<sup>th</sup> February 2018, the Audit Committee has completed the self –assessment questionnaire regarding the Adequacy of Internal Control Systems for year 2017 as following parts and reported to the Board of Directors Meeting No.1/2018 held on 26<sup>th</sup> February 2018 regarding the evaluation result. The Audit Committee and the Board gave the same opinion that the Company has an appropriate internal control system for its business and adequate staff to implement the system effectively. The Company has a system of internal controls to protect the assets of the Company and its subsidiaries against wrongful by the directors or management.

1. Control environment,
2. Risk assessment,
3. Control activities,
4. Information and communication, and
5. Monitoring activities

The auditor of the Company, Deloitte Touche Tohmatsu Jaiyos Company Limited has audited quarterly, half year and annual financial statements of the Company for 2017 and reported on the information technology system. The audit scopes were general control and application control and the results did not disclose any material findings. The related departments had improved operation process based on the auditor's recommendations in order to increase the control efficiency.

### 11.2 Head of Audit Department and Head of Compliance Department.

#### Head of Audit Department

The Company has established the Audit Department, reports to the Audit Committee and has appointed Ms. Rungthip Vanitchapan to act as Head of Audit Department since 1<sup>st</sup> February 2016. The Audit Committee gave the opinion that Ms. Rungthip Vanitchapan is appropriate to perform such functions effectively because she has more 10 years of experience in the auditing of securities and banking businesses and has an understanding of the Company's business.

The appointment or Transfer or dismissal of the Head of Audit Department needs approval from the Audit Committee. (see The qualification of the Head of Audit Department as per Attachment 3)

#### Head of Legal & Compliance Department.

The Company has established a Legal and Compliance Department to ensure that the Company does not violate any rules or regulation. The Company has appointed Ms. Nantararat Surakkhaka as the acting head Legal and Compliance Department.



### Head of Finance & Accounting Department and Accountant Officer

The Company has appointed Ms. Khunmira Thanmom, Executive Vice President, to act as Head of Finance & Accounting Department since 1<sup>st</sup> April 2008 and has appointed Ms. Wipha Katikubanan, Senior Vice President, to act as the Accountant Officer of the Company since 26<sup>th</sup> April 2016. Such persons have the qualifications as required by the SEC. (see the qualification of Head of Finance & Accounting Department and Accountant Officer in Attachment 3)

## **12. Related Party Transaction**

### **12.1 Related Party Transactions**

During the years ended 31<sup>st</sup> December 2017, the Company and its subsidiaries had significant business transactions with its related parties. Those transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, the subsidiaries and those related parties. (See note of financial statements no. 35)

In 2017, the Board of Directors approved 2 connected transactions. The Audit Committee and the Board both agreed that the transactions are reasonable and in best interest of the Company since the service provider are knowledgeable and experienced in the relevant matters.

Connected person	Relationship	Transaction	Size (Baht million)	Necessity and reasonableness
1. KGI Securities Co., Ltd. ("KGI Taiwan")	The indirect major shareholder of the Company, holding approximately 34.97% of the Company.	The Company hired KGI Taiwan as a service provider, to develop its Algorithmic Trading System.	The total service fee for 2 years is capped at USD 406,939. (equivalent to Baht 14.45 million, represents 0.27% of the net tangible asset value of the Company.	The transaction is reasonable and best interest of the Company since the service provider is knowledgeable and experienced in the relevant matters.
2. Ms. Suchada Sodthibhaphkul	Authorized Director of the Company	The Company appointed Ms. Suchada Sodthibhaphkul as the Executive Director to responsible for managing the Risk function for the Company, including be a member of the Risk Management Committee and all its sub-committees as well as the Debt Recovery Committee and the Human Resource Committee.	A monthly remuneration of Baht 315,000 per month . Total remuneration for 1 year will be Baht 3.78 million. In addition, the Company may consider giving her a discretionary bonus. The transaction size of the total remuneration for 1 year will be in the range of 1–20 million baht or 0.03% - 3% of net tangible assets.	The transaction is reasonable and best interest of the Company since the service provider is knowledgeable and experienced in the relevant matters.

### **12.2 The process of approving the connected transaction.**

The Company has set the process of approving the connected transaction to comply with the SEC and SET regulations as follows:

#### Level where Management has authority

Normal business transaction / Supporting business transaction with normal commercial terms. The Board of Directors has approved the principles and management can approve the transaction.

Level where Board of Directors has authority

All other transactions (excluding items that are exempt from the connected transaction regulation) where the size of the transaction requires Board approval. The Company will propose to Audit Committee to consider and approve. If the Audit Committee approves and agrees that the transaction is reasonable and in the best interest of the Company, the Company will propose to the Board for approval. (The directors who have interests will not participate in the decision). And the Company will disclose the Board resolution to SET immediately after the meeting and disclose the transaction in form 56-1 and form 56-2.

Level where the approval of shareholders is needed

In the event that the transaction exceeds certain sizes, shareholders' approval is required. After it has been approved by the Board of Directors, the Company must seek approval from the shareholders' meeting. The notice of meeting must be sent to shareholders at least 14 days before the shareholders' meeting. In order to pass the resolution, the vote of three quarters of the total number of votes of shareholders attending the meeting is required. The Company shall appoint an independent financial advisor to comment on the transaction. The independent financial advisor has to comment on the rationale and benefits to the Company, fairness price, conditions and risks etc.

**12.3 Policy regarding planned future connected transactions**

The Company and its subsidiaries have no current intention to enter into transactions with persons who may have a conflict of interest. However, if such transactions become necessary, the Company will strictly comply with the SEC and SET regulations and strictly follow the process of approving any connected transaction as described above.