



รายงานประจำปี 2562

**ANNUAL REPORT 2019** 



บริษัทหลักทรัพย์ ยูโอบี เคย์เฮียน (ประเทศไทย) จำกัด (มหาชน) UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED

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## **FINANCIAL HIGHLIGHTS**

		2019	2018	2017
Profitability Ratio				
Gross Profit Margin	(%)	86.33	90.19	90.57
Net Profit Margin	(%)	1.52	16.36	18.72
Return On Equity	(%)	0.46	4.93	6.48
Efficiency Ratio				
Return On Asset	(%)	0.42	3.54	4.29
Asset Turnover	(times)	0.20	0.18	0.18
Financial Ratio				
Liquid Asset / Total Asset	(%)	22.28	22.01	5.96
Earned Asset / Total Asset	(%)	50.97	36.10	42.86
Liabilities / Equity	(times)	0.37	0.60	0.91
Dividend Payout	(%)	22.08	20.60	20.94
Other Ratio				
Investment / Asset	(%)	8.16	4.93	2.50
NCR (Calculated by SEC's Regulations)	(%)	225.04	128.83	101.97
Book Value Per Share	(Baht)	6.86	6.90	6.63
Book Value Per Share (Fully Diluted)	(Baht)	6.86	6.90	6.63

## **GENERAL INFORMATION**

: UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED The Company name

Type of Business The Company has licenses are as follows; 1) Four securities business,

> which are Securities Brokerage, Securities Dealing, Investment Advisory and Underwriting. 2) Derivatives business license. 3) Financial Advisory business 4) Selling Agent as Sales Supporter in relation to Subscription, Redemption

and Switching of Units and 5) Bondholder Representative.

: No. 130-132, Sindhorn Tower 1, 2<sup>nd</sup>, 3<sup>rd</sup> Flr., Sindhorn Tower1 Wireless Road, **Head Office** 

Lumpini, Pathumwan, Bangkok, 10330.

: The Company has 44 branches which 14 branches are located in Bangkok Branch

Metropolitan area and 30 branches are in other provinces.

Issued and paid-up share capital : 502,448,570 ordinary shares

The Company register No. : 0107548000056

Homepage http://www.utrade.co.th

Telephone No. : 0-2659-8000

Facsimile No. : 0-2651-4338

**Auditors** : Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

: Mr. Chavala Tienpasertkij

Certified Public Accountant (Thailand) No. 4301

: Mr. Permsak Wongpatcharapakorn

Certified Public Accountant (Thailand) No. 3427

: Mr. Yongyuth Lertsurapibul

Certified Public Accountant (Thailand) No. 6770

: Dr. Suwatchai Meakhaamnouychai

Certified Public Accountant (Thailand) No. 6638

Legal Consultant : Dherakupt Consultant Co., Ltd.

Share Registrar : Thailand Securities Depository Co., Ltd.

#### **Detail of the Branch address**

### **Bangkok Metropolitan**

1.	Yaowaraj 1, 2 (3)	:	215, Grand China Building, 5 <sup>th</sup> Flr., Room No. 505-509, Yaowaraj Rd., Sampantawong, Sampantawong, Bangkok 10100
2.	Bangkapi (6)	:	9, Happyland Plaza 1, 4 <sup>th</sup> Flr., Ladprao Rd., Klongchan, Bangkapi, Bangkok 10240
3.	Bangkhae (7)	:	518, 7 <sup>th</sup> Flr., Phet Kasem Rd., North Bangkhae, Bangkhae, Bangkok 10160
4.	Chaengwattana 1, 3, 4 (8)	:	339, UOB Bank PLC. Office Bldg., Muang Thong Thani Branch, 3 <sup>rd</sup> Flr., Muang Thong Thani, Bond Street Rd., Bangpood, Pak Kret, Nonthaburi 11120
5.	Pinklao 1, 2 (10)	:	7/129, 14 <sup>th</sup> FIr., Central Pinklao Bldg., Room No. 1402, Borommaratchachonnani Rd., Arun Amarin, Bangkok Noi, Bangkok 10700
6.	Thanapoom (13)	:	1550 Thanapoom Tower, 4 <sup>th</sup> Flr., New Petchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400
7.	Future Park Rangsit (14)	:	94 Future Park Rangsit Shopping Park, G Flr., Room No. PLZ.G. SHP087C, Paholyoyhin Rd., Prachathipat, Thanyaburi, Pathumthani 12130
8.	Central World (16)	:	999/9 The Offices at Central World, 34 <sup>th</sup> Flr, Unit MH3404-5, Rama 1 Rd., Pathumwan, Bangkok 10330
9.	Interchange (17)	:	399 Interchange Building, 25 <sup>th</sup> FIr, Room No. 5A, Sukhumvit Rd., Klongtoey Nua, Wattana, Bangkok 10110
10.	ABAC (18)	:	88 Moo 8, ABAC Suvarnabhumi Campus, SG Building 1 <sup>st</sup> Flr. Room No. SG120, Theparat Rd., Bangsaothong, Samuthprakarn 10540
11.	Samrong (30)	:	999/99 UOB Bank PCL., Samrong Branch, 2 <sup>nd</sup> Flr., Sukhumwit Rd., Samrong Nua, Mueang, Samut Prakan, 10270
12.	Market Village Suvarnabhumi (38)	:	99/29 Market Village Suvarnabhumi, 3 <sup>rd</sup> Flr., Room No. S302/1, Moo 1, Racha Thewa, Bang Phli, Samut Prakan 10540
13.	Silom 1, 2 (40)	:	323 United Center Tower, 5 <sup>th</sup> Flr., Silom Rd., Silom, Bang Rak, Bangkok, 10500
14.	Fashion Island (42)	:	587, 589, 589 / 7-9 Fashion Island Shopping Center, B Flr., Room No. B001, Ram Intra Rd., Khan Na Yao, Khan Na Yao, Bangkok 10230

#### Northern Region

1. Chiang Mai Ragang 1, 2 (4) : 144 Ragang Rd., Chang Klan, Mueang Chiang Mai, Chiang Mai 50100

2. Phayao (27) : 3/5 Chaykwan Rd., Wiang, Mueang Phayao, Phayao 56000

3. Chiang Mai Huaykaew (32) : 50/153-157 Hillside Plaza & Condotel 4, 4<sup>4th</sup> Flr., Huaykaew Rd., Chang

Phueak, Mueang Chiang Mai, Chiang Mai 50300

4. Chiangrai 1, 2 (33) : 356/7-9 Moo 15, Rajyotha Rd., Soi 3, Rob Wiang, Mueang Chiang Rai,

Chiang Rai 57000

5. Lampang (35) : 18 Chalerm Prakeat Rd., Pra Bat, Mueang Lampang, Lampang 52100

6. Chiang Mai Chang Khlan 1, 2 (39) : 215/2 @CURVE Community & Education Mall, 2<sup>nd</sup> Flr., Room No. B202

Chang Khlan Rd., Chang Khlan, Mueang Chiang Mai, Chiang Mai 50100

7. Chiang Mai Mahidol 1-4 (41) : 288/61-62, Mahidol Rd., Chang Khlan, Mueang Chiang Mai, Chiang Mai 50100

#### **Central Region**

1. Banpong (1) : 266, 268, Songpol Rd., Ban Pong, Ban Pong, Ratchaburi 70110

2. Supanburi (2) : 195/3, Naenkeaw Rd., Tha Rahat, Muang Supanburi, Supanburi 72000

3. Saraburi 1, 2 (5) : 116/27-28, Sut Banthat Rd., Pak Phriao, Mueang Saraburi,

Saraburi 18000

4. Ratchaburi (12) : 44/33 Phetkasem Rd., Na Mueang, Mueang, Ratchaburi 70000

5. Nakhon Pathom (15) : 401 Tesa Rd., Phra Praton, Mueang Nakhon Pathom, Nakhon Pathom 73000

6. Rayong (22) : 115, Star Plaza, 1<sup>st</sup> Flr., Room No. 1241-3, Soi Soonkarnkha Sai 4.,

Sukhumvit Rd., Cherng Nern, Mueang Rayong, Rayong 21000

7. Chon Buri (24) : 838/1A-838/1B, Chai Chana Rd., Bangplasoi, Muang Chon Buri, Chon Buri

20000

8. Nakhon Sawan (26) : 919/112 Moo 10, Phaholythin Rd., Nakhon Sawan Tok, Muang Nakhon

Sawan, Nakhon Sawan 60000

9. Phitsanulok (36) : 228/28-30 Borom Trailokkanat Rd., Nai Mueang, Mueang Phitsanulok,

Phitsanulok 65000

#### **Northeast Region**

Surin (20) : 7/8 Sirirat Rd., Nai Mueang, Mueang Surin, Surin 32000

2. Si Sa Ket (23) : 858/9 Guang Heng Rd., Mueang Tai, Mueang Si Sa Ket, Si Sa Ket 33000

: 238/8 Ozone Village Building 2<sup>nd</sup> Flr., Room No. 17 - 19, Teparak Rd., Khon Kaen (26)

Muang Khon Kaen, Khon Kaen 40000

Ubon Ratchathani (28) : 104/1 Chavala Nai Rd., Nai Mueang, Mueang Ubon Ratchathani, Ubon

Ratchathani 34000

Buri Ram (37) : 8/47-48 Palad Mueang Rd., Nai Mueang, Mueang Buri Ram,

Buri Ram 31000

: 1195/57 Mittraphap Rd., Nai Mueang, Mueang Nakhon Ratchasima, Nakhon Ratchasima (43)

Nakhon Ratchasima 30000

#### Southern Region

: 85/4 Hat Yai Greenview Hotel Bldg., 1st Flr., Saeng Si Rd., Hat Yai, Hat Yai (9)

Hat Yai, Songkhla 90110

: 59/71 Huay Yod Rd., Thap Thiang, Mueng Trang, Trang 92000 2. Trang I (11)

Nakhon Si Thammarat 1, 2 (19) : 62, 64, 66, 68 Wandi Kositkunphon Rd., Nai Mueang, Mueang Nakhon

Si Thammarat, Nakhon Si Thammarat 80000

4. Trang II (21) : 59/55 Huay Yod Rd., Thap Thiang, Mueng Trang, Trang 92000

: 21/3 Saiburi Rd., Bo Yang, Mueang Songkhla, Songkhla 90000 5. Songkhla (29)

Hat Yai Juladis (31) : 200/406 Juladis Hat Yai Plaza Building, 4th Flr., Niphat Uthit 3 Rd.,

Hat Yai, Hat Yai, Songkhla 90110

7. Phuket (34) : 154/14-16 Phangnga Rd., Talat Yai, Mueang Phuket, Phuket 83000

: 59/10, 59/12 Jootee Anusorn Rd., Hat Yai, Hat Yai, Songkhla 90110 Hat Yai Jootee Anusorn (44)

### MESSAGE FROM CHAIRMAN

#### **Economic Review & Outlook 2020**

#### **THAILAND**

#### Review of 2019

Thailand's 2019 GDP grew 2.4%, vs 4.1% growth in 2018. In 1H19, the Thai economy expanded 2.6% yoy, driven by expansion in private consumption, private investment and government expenditure while exports in the goods and manufacturing sector had declined. In 2H19, the Thai economy continued to decelerate as export value continued to contract along with manufacturing-related production and private investment. This came as a consequence of the Sino-US trade wars and the Baht seeing its steepest appreciation in six years.

#### Outlook for 2020

UOB Global Economics and Market Research (GEMR) forecasts GDP growth of 3.2% yoy for Thailand in 2020. The recovery of the Thai economy is expected due mainly to lower trade tension between the US and China which is positive for key exports such as commodity products.

Consumption remains weak, amid low agricultural product prices, high household debts and the lack of consumer confidence. Droughts would also be a key risk to both consumption and exports. Droughts in the central region would spell limitations in available plantation area and hence lower farm incomes. The low water levels in reservoirs of the eastern region will mostly impact the petrochemicals industry which could see shutdowns or lower utilisation rates on the limited water supply.

The Bank of Thailand (BOT) will likely to do more loosening monetary policy including to reduce its policy rate as a tool to support the economy growth which has more downside risk due to many challenging factors.

The novel coronavirus pandemic COVID-19 that emanated from Wuhan in the beginning of 2020, reminiscent of the 2003 SARS outbreak and which have spread across the globe, will have a major impact on the global economy. Whilst various governments have taken strong and early preventive actions to curb the spread of the contagion, the disruption to the Chinese manufacturing and the global supply chain, disruption to travel and impact on the tourist industries worldwide will have a negative impact on the global economy.

#### Stock Market Review for 2019

The SET index slightly gained 1.02% in 2019. Despite global equities having generated impressive returns (25.79%) with easing in monetary policies and Sino-US trade tensions, Thai stocks were hit by a number of internal pressures such as: a) underperformance in economic growth rate; b) risks relating to government stability; c) baht appreciation; and d) one-time employee benefit expenses. The SET index failed to hit a record high and underperformed global equities by 24.77%.

The worst-performing sectors in 2019 were petrochemicals (-24.86%), construction (-22.00%), electronics (-14.26%) and banking (-13.83%). Foreign investors became net sellers of equities worth US\$1.44b, after selling US\$8.96b in 2018.

Stock Market Outlook for 2020

We are cautiously optimistic about the stock market for 1H20 due to: a) res-stocking in global trade and manufacturing, and b) re-balancing of investor portfolios to reduce safe-haven stocks. Instead, investors are likely to increase growth/ risk assets and seek favourable risk/reward investment conditions (e.g. truce in US-China trade conflict).

Given the impact of the coronavirus pandemic on the manufacturing and tourist industry, we do not expect the Thai financial markets to be spared and will remain volatile until the spread of the contagion is brought under control.

Therefore, we expect investing in Thai stock market would faces maximum challenging in the first 4-6 months due to uncertainties of global economy and corporate earnings, which was created by COVID-19. Our 2020 target for the SET index was reduced to 1,465 points (from 1,700 points), derived from 14.8x forward PE and 5% EPS growth. Our investment themes are focused on stocks that has high earnings visibility and cash flow which has good dividend pay out. Also, we believe that the blue chip tourism stocks impacted from COVID-19, such as hotel, would be significantly recovered.

2019 Operating Performance

The poor market sentiment has affected investor confidence and had negatively impacted our business. Total market transaction volume and values have declined in 2019. Our bottom line have correspondingly also suffered. Although we continue to remain profitable, Profit after tax declined from 170,730,719 in 2018 to 15,925,914 in 2019. In line with the Company's policy of paying a dividend equivalent to 20% of net profit after tax, a dividend of Baht 0.007 in respect of the financial year ended 31 December 2019 will be proposed for approval at the shareholder's meeting.

**Business Outlook** 

Market is expected to be volatile and business environment will continue to remain competitive and challenging in 2020. We hope trade tension between the US and China will ease in 2020 and the Corvid-19 outbreak will not be too protracted. We remain cautiously optimistic that investor confidence will return.

We will strive to engage our clients better and provide better value added services through the building of a more active investment community and the use of technology. Efforts will continue to be made to diversify our revenue stream from the traditional equity brokerage agency business. In the current competitive environment where yields are low, we will keep a tight control over costs.

On behalf of the Board of Directors of UOB Kay Hian Securities (Thailand) Public Company Limited, I would like to thank our shareholders, and clients for their continued trust in and support for the Company. We are grateful to our management team and colleagues for their contributions and we look forward to the continuing support of all our stakeholders.

Mr. Tan Chek Teck Chairman of the Board of Directors UOB Kay Hian Securities (Thailand) Public Company Limited

## **BUSINESS OVERVIEW**

UOB Kay Hian Securities (Thailand) Public Company Limited ("The Company"), previously known as "Ocean Securities Limited" was established on July 2, 1998 with a registered capital of Baht 250 million. Later, it was acquired by United Investment Limited (a subsidiary of the UOB group in Singapore) and renamed UOB Securities (Thailand) Limited.

Subsequently in 2001, United Investment Limited sold its shares to UOB-Kay Hian Holdings Limited (an entity born of a merger between the UOB Bank group and Kay Hian Holdings in Singapore) and UOB Securities (Thailand) Limited transformed into UOB Kay Hian Securities (Thailand) Limited. As a result, UOB-Kay Hian Holdings Limited held 99.99% of its paid-up share capital. Next, the Company acquired BNP Paribas Peregrine Securities (Thailand) Limited's retail banking operations. On February 21, 2005, it completed convert into public company and also change the new name, UOB Kay Hian Securities (Thailand) Public Company Limited.

UOB-Kay Hian Holdings Limited, a parent company, is a listed company which has a subsidiary operate the largest Singaporean stockbroker and also have the regional office in Hong Kong, London, New York, Jarkata, Shianghai and Manila. In addition, we also are under the group of United Overseas Bank, a largest commercial Bank in Singapore, which have United Overseas Bank (Thai) Plc. operate banking business in Thailand. Under UOB relationship and broadly networking, the Company is able to expand our business both domestic and international client.

Furthermore, the Company has been provided know-how, experience and assistance in the securities business from the companies in the group continuously. The Company has entered into a service agreement with UOB Kay Hian Private Limited, a subsidiary of UOB-Kay Hian Holdings Limited, the service covers a wide variety of areas (details of service agreements and service fees can be found in the topic Related Parties Transaction). From the past until now the Company is assisted by the service agreement such as to assist in the development of information technology systems which can link in the same system within UOB Kay Hian group, to advice on trading system installation as well as the development of various systems to be effective continuously and to establish a risk management system.

Since 2005, the Company has also received marketing and Cross Selling project support. As a result, the Company has been able to expand its brokerage services to clients by introducing its clients through its groups. In addition, the Company benefits from shared resources among the Group, jointly using the securities analysis information, including the company can access to securities analysis articles and market conditions in foreign countries by research of the companies' group.

In 2010, the Company entered into an acquisition business agreement with Merchant Partner Securities Public Company Limited, and in 2011 the Company acquired United Securities Public Company Limited ("United"). United was the Company's subsidiary until May 8, 2013 when the Board of Directors approved to sell United's share to another investor group, made United's status as the Company's subsidiary came to the end.

In 2016 the Company expanded its retail business by purchasing assets (securities retail business) from Country Group Securities Public Company Limited., such assets including investment consultants and 21 branch offices. And our ABAC Learning Center was allowed being an online branch.

In 2017, the Company moved its offices at Pinklao 2, Hat Yai-Siam City and Chaengwattana 3-4 to integrate with the other branch nearby in order to reduce expenses. And the Company opened a new branch office at Market Village Suvarnabhumi on August 8, 2017.

And in 2018, the Company moved the ABAC branch office (Hua Mak) to ABAC (Suvarnabhumi), reducing the area of renting Chiang Mai Huay Kaew branch and in the end of the year the Company expanded retail businesses by adding 6 branches from AEC Securities Public Company Limited, namely Silom, Fashion Island, Nakhon Ratchasima, Chiang Mai-Mahidol, Chiang Mai-Chang Klan, and Hat Yai-Jooti Anusorn. And the Company has been approved to qualify as a bond holder representative according to the Notification of the Capital Market Supervisory Board No. TorJor. 37/2552 regarding to the letter No. JorThor.178/2561 to be a way to increase revenue for the Company.

In the year 2019, the Company accounted for 2.72% of the total market trading volume in Thailand. This is higher than the 2018, 2017, 2016, and 2015 level (2.12%, 2.43%, 2.30%, and 2.22% respectively). Amid intense competition, the Company implemented various methods to maintain its market share by: 1) organizing investment seminars; 2) participating in IPO and debt instruments deals; and 3) conducting UTRADE Investment Academy which were continued from 2016, the Company also launched the Sales Associates Program (SAP);, in order to strengthen its marketing team and be more active in approaching retail clients and gaining additional market share.

December 31, 2019, the Company has 45 locations including (1) head office and (44) branches which the head office is located at 130-132 Sindhorn Tower1, 2<sup>nd</sup> 3<sup>rd</sup> Flr., Wireless Road, Lumpini, Pathumwan, Bangkok. In the year 2019, in order to manage the branch business appropriately according to the economic conditions and to reduce costs, the Company has closed 2 branch offices which are Potharam and 15th Floor Sindhorn Tower 3, and the rental area of the branch offices has been reduced by relocating 10 branch offices, consisting of Sri Sa Ket, Lampang, Trang2, Chieang Rai, Hat Yai (Nipat Uthit), Songkla, Samrong, Chaengwattana, Yaowarat and Ubon Rachathani. So the Company has 15 branches located in Bangkok and 30 branches located in other provinces.

## TYPE OF BUSINESS

#### Securities Brokerage

UOBKHST's main source of income is from brokerage, the amount of which is approximately 65% of the total. With a branch network of 44 across the country, the Company has managed to maintain a substantial retail client base. The institution business has benefited from the group's continual effort to broaden the client base to include non-Asian clients in US and Europe. On average 75% of the trades are from individuals, making the Company one of the significant retail players in the country.

#### Corporate Finance Business and Underwriting

The Company participated in underwriting securities of issuing companies which are to be listed, and was granted to operate the Corporate Finance business on September 9, 2014. It's providing financial restructuring, mergers and acquisitions.

The Company is also authorized to conduct financial advisory business on September 5, 2014 providing service of short-term debt restructuring advisory, financial advisory and investment advisors.

#### Wealth Management

The Company has been granted the selling agent of unit trust of various top asset management companies of Thailand. The service includes offering advice on asset allocation and the promotion of unit trusts as long term investment.

#### **Derivatives Business**

The Company has been granted derivatives license to act as a derivatives agent from the Securities and Exchange Commission (SEC) and is a member of the Thailand Futures Exchange (TFEX) and Thailand Clearing House (TCH). The Company began its derivatives business on March 24, 2008.

The Company's policy and measures are in accordance with SEC rules and regulations and those imposed by TFEX and TCH. Cash is the only form of collateral accepted.

#### **Bondholder Representative**

The Company has been granted to act as a Bondholder Representative qualification according to the Notification of the Capital Market Commission No. TorJor 37/2552 on May 15, 2018 reference to a letter no. JorTor178/2561 Subject: Inspection of qualification of a bond holder representative to be a bondholder representative.

#### **Revenue Structure**

Revenue	2019	)	2018		2017	
(Baht Million)		%		%		%
Brokerage fees from securities business	682.71	65.13	733.19	70.25	799.19	69.27
Brokerage fees from derivatives business	90.66	8.65	45.01	4.31	38.94	3.38
Brokerage fees from selling agent of unit trust	2.59	0.25	2.65	0.25	4.68	0.41
Fees and service income	42.09	4.02	44.62	4.28	69.12	5.99
Gain on investment	34.08	3.25	41.65	3.99	35.56	3.08
Interest and dividend income	81.19	7.75	53.90	5.16	48.07	4.17
Interest on margin loans	89.80	8.57	106.64	10.22	144.67	12.54
Other income	25.04	2.38	16.08	1.54	13.45	1.16
Total revenues	1,048.16	100.00	1,043.74	100.00	1,153.68	100.00

### MARKET OVERIEW AND COMPETITION

#### Economic Review 2019 & Outlook 2020

Thailand's GDP in 2019 is expected to grow by 2.4% comparing to 4.1% growth in 2018. First half, the Thai economy expanded by 2.6%yoy, driven by an expansions of private consumption, private investment and government expenditure while the export of goods and manufacturing sector had declined. In the second half, Thai economy continued to be on decelerating trend mainly due to the value of exports continued to contract with the manufacturing production and private investment as consequence of Sino-US trade wars and the most THB appreciation in 6 years.

UOB Global Economics and Market Research (GEMR) forecasts GDP growth of 3.2%yoy for Thailand in 2020. The recovery of the Thai economy is expected due mainly to lower trade tension between the US and China which is positive for key exports such as commodity products. The growth in tourist arrivals will also underpin the services sector's growth.

Somehow, key risk that might significantly impact to our GDP growth and earnings forecast is the spreading of new corona virus (COVID-19). Although the China's cities lock down is an efficiency measure to contain the spreading, it is definitely impact to economic activities. The disappearing international tourists, especially Chinese, would severely hurt both global and Thai economy. The impact is possibly greater than SARS outbreak in 2004 given that Chinese outbound tourists rise to 166 million in 2019 compare to just 17 million in 2004. The total impact to Thai economy is still difficult to estimate depend on the outbreak of the epidemic.

Consumption remains weak, amid low agricultural product prices, high household debts and the lack of consumer confidence. Droughts would also be a key risk to both consumption and exports. Droughts in the central region would spell limitations in available plantation area and hence lower farm incomes. The low water levels in reservoirs of the eastern region will mostly impact the petrochemicals industry which could see shutdowns or lower utilisation rates on the limited water supply.

In the worst case, the combination effect from new corona virus (COVID-19), drought in central and eastern region, and delay of government budget could significantly impact to our base case estimate. We conservatively forecast a GDP growth just 2% for the worst scenario.

The Bank of Thailand (BOT), on the meeting 5 February 2020, cut its policy rate to 1% which is the historical low. This move signals that BOT will do appropriate measure to warrant the economic growth and will act promptly to protect downside of the economy. We expect the Bank of Thailand (BOT) will likely to do more loosening monetary policy including to reduce its policy rate as a tool to support the economy growth which has more downside risk due to many challenging factors.

The SET index slightly gained by 1.02% in 2019. Despite the global equity has generated an impressive returns this year (25.79%) as monetary policy easing support and Sino-US easing trade tension, but as Thai stock has faced with many internal pressures such as: a) Under potential Thai economic growth rate b) Government stability risk c) Ongoing baht appreciation and d) One-time employee benefit, SET index has failed to reach record high and underperformed the global equity by 24.77%.

The worst-performing sectors in 2019 were Petrol (-24.86%), Construction (-22.00%), Electronic (-14.26%), and Bank (-13.83%). Foreign investors became net sellers of US\$1.44b worth of equities, after selling US\$8.96b in 2018.

We are cautiously optimistic about the stock market for 1H20 due to: a) restocking in global trade and manufacturing, and b) re-balancing of investor portfolios to reduce safe-haven stocks. Instead, investors are likely to increase growth/ risk assets and seek favourable risk/reward investment conditions (e.g. truce in US-China trade conflict).

Therefore, we expect supportive investment conditions in the first 4-6 months of the year despite overall domestic figures still being weak. Our 2020 target for the SET index is 1,700, derived from 15.5x forward PE and 6.9% EPS growth. Our investment themes are focused on beneficiaries of the global growth recovery such as energy and refinery stocks.

#### 1) Equity market in 2019

In 2019, equity trading value totaled THB 12,978,853.55 million from THB 14,130,077.72 million while average daily trading value were THB 52,467.58 million or decreased by 7%yoy. Local investors' participation was decreased to 33.72% from 40.81% while foreign investors' trading was increased to 41.38% from 36.39%.

#### Trading value by investor type in 2019

	Local In	stitutes	Proprieta	ry Trading	Foreign I	nvestors	Local Ir	nvestors	Total
	Va	lue	Va	lue	Va	lue	Va	lue	Value
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	
(M. Baht)	1,499,274.30	1,447,933.82	1,765,484.99	1,750,571.26	5,348,299.46	5,393,090.70	4,365,794.80	4,387,257.77	
TOTAL %	11.55	11.16	13.60	13.49	41.21	41.55	33.64	33.80	
NET	51,34	40.48	14,9	13.73	-44,7	91.24	-21,4	62.97	12,979,85

Source: SETSMART

#### 2) Derivatives market in 2019

In 2019, derivatives trading volume totaled 104,521,995 contracts from 104,422,200 while average daily trading volume were 428,368.83 contracts or increased by 0.51%yoy including

Average Daily Trading volume for Derivatives (contracts)	2019	2018
SET50 Index Futures	173,976.13	173,649.14
Single Stock Futures	213,517.10	225,846.71
Precious Metal Futures	30,883.37	17,781.32
Currency Futures	2,758.44	2,799.38
Energy Futures	0	0
Agricultural Futures	223.63	140.74
Deferred precious Metal Futures	135.89	434.46

Open Interest as of 31 December 2019 came in at 3,330,230 contracts from 2,440,223 contracts and the total derivatives trading accounts were 186,813 accounts increased by 10.86% year on year from 168,506 accounts as of December 2018.

The trading volume growth in 2019 was mainly driven by 72.98% increasing in Precious Metal Futures due to an increasing in gold prices as falling interest rates and Sino-US trade tensions raise gold holding demand. While SET50 Index Futures and Single Stock Futures (SSF), which is accounted for 90.46% of trading activity, trading volume was 0.22% and 5.85% decreased due to higher market volatility and sideways movement all year.

For 2020 outlook, we have cautious view about derivative market given that most of the trading volume are from equity market (SET50 Index Futures & Single Stock Futures) that may face high volatility due to pressure from potential earnings downgraded as economy deteriorated. For long term outlook, we are still bullish in derivatives trading volume growth which Key drivers are 1) many advantages of investing in derivatives especially for hedging, 2) the ability of making profit in both upward and downward market, 3) investing less money in derivative than in generally equity instrument, and 4) transaction fee of derivatives in cheaper than other stock market. In addition, the Thailand Futures Exchange (TFEX) is still pushing to change some regulations to improve the invest efficiency for local, institutional and foreign investors.

#### Industry environment and market competition

As of December 2019, there were 40 brokers in Thailand, increasing from 2018. The competition become more intense due to coming of low fee brokerages which provide only trading platform without research. Also, the departing of management from top brokerage to join new house was started a war to fight for investment consultants which impact to trading fee. Regarding to the mentioned pressure, we see brokerages start a cost streaming program along with focusing innovative products & services and paying attention to private wealth business, which could generate new revenue stream and offers diversified products to various customers.

As part of the UOB Kay Hian Group with a presence in other regional markets, we shall leverage our regional footprint to enhance the breadth of market knowledge and range of services that we can offer our clients.

#### **Industry prospect**

We expect that trading value will continue decline in 2019 due to lacking of investor confidence in equity and risky asset outlook. Despite the Sino-US trade tension was relief due to signed of Phase one trade deal, global economy still hit by spreading of COVID-19 which could triggered both economy and earnings downgraded especially in 1Q20. As rising volatility and uncertainties, investors tend to diversify risk into more defensive investment and alternative investment such as gold. Moreover, trading value is expected to be affected from high competition among brokerages due to coming of low cost brokers which provide just basic trading services and focus on internet trading. Also, we see competition in brokerage fee still has challenge to the business both in revenue and cost side.

To keep abreast of the competition, we are committed to investing in technology, creating better brand awareness and recruiting new talent to better service our existing clients and broaden our client base. Continuing efforts will be made to expand our research coverage and generate fresh trading ideas for our clients, especially in mid-small caps.

To create greater awareness of our brand, UOB Kay Hian now participates more regularly in national television and radio programs. Also, we try new social media channels such as Facebook live to broad investors to promote our quality products, services and research team. Various marketing programs and investment seminars designed to attract investors will also be continued in 2019.

The Company will remain "Your trusted financial partner" with good corporate governance, professionalism and high-quality management together with knowledgeable and well-disciplined staff.

## **RISK FACTORS**

#### Exposure to volatility of the market

Brokerage fee is the Company's core revenue and the amount earned is dependent on the market volume traded on the stock exchange as well as the Company's market share. Investors' confidence is the most critical factor that will affect the performance of the stock market. As a result, if the socio-political and economic outlook for the country is unstable and investors feel less confident that investing in the stock market will generate healthy returns, the trading volume for the market is unlikely to grow.

#### Competition within the industry

The industry is highly competitive. To compete for market share, each company will strive to raise service quality. In this regard, the Company has made attempts to improve on Client Relationship Management (CRM) by providing value added services to clients while making sure that the level of service-mindedness of its staff is of a high quality. The Company places emphasis on improving its information technology system so that client's request can be responded in a timely manner.

#### Risk from default payment

The Company controls such risk by closely assessing the credit worthiness of the client before approving the credit limit. Apart from that, the Company also conducts regular credit review to make sure that the client's financial standing fully supports the limit granted. To mitigate risk from default payment, the Company requires some clients to deposit an amount of collateral which is higher than what is required officially. The Company has a policy to monitor and reduce the exposure to highly volatile stocks. As for the shares which the Company is prepared to finance for margin trading, the Company carefully evaluates the performance of each stock based on the underlying fundamentals and liquidity before granting approval as marginable.

#### Risk from system failure

The Company has implemented strict procedure on backup of essential data. The Company also performs regular checks of the communication links to prevent disruption to business operations.

#### Major shareholders' influence on management

As of 31 December 2019, UOB-Kay Hian Holdings Limited and group is the major shareholder of the Company, holding 70.65% of the total shares issued. As a result, UOB-Kay Hian Holdings Limited could cast the deciding vote on matters concerning appointment of the directors; other resolutions which require at least 75% of the voting rights at shareholders' meetings and have influence over the management of the Company and business policies. To ensure check and balance, the Company has 3 independent directors on the Board as well as independent directors who are audit committee members.

#### Reliance on UOB Kay Hian Group

Through the Service Agreement, UOB Kay Hian Group has assisted the Company in business development. As part of the Group, the Company also benefits from referral business by some of the member companies. The Company is also an affiliate of the United Overseas Bank which has a subsidiary in UOB Bank (Thai). The Company and UOB Bank (Thai) has jointly developed a cross selling program on expansion of brokerage service and has since gained wide acceptance among the bank clients. To minimize such risk, the Company has initiated a firm-wide systematic approach to achieve diversification of client base.

#### Risk from underwriting

In the event that the securities that the Company underwrote are not fully subscribed, the Company may face loss if the price subsequently traded on the stock market is below the initial offering price. To reduce such risk, the Company would perform an analysis on the fundamental of the issuing company as well as the industry in which the issuer operates. The Company would also assess the demand for clients for the securities of the issuing company before finalizing the underwriting portion.

#### Risk associated with human resource

The securities brokerage business requires highly experienced personnel especially in the field of marketing. As a result, there will always be competition for highly qualified marketing officers. Against such backdrop, the Company has developed a clear policy where marketing officers will be properly compensated in accordance with the rules and regulations of the SET. Besides compensation, the Company provides training to improve product knowledge of the marketing officers so that they can serve clients better.

#### Derivatives Risk

The Company has a strict credit policy when comes to assessing client credit limit, while derivatives trading only accept cash as collateral.

#### Client concentration

The trading volume generated by the Company's top ten client was 18.68% in 2019 and 16.10% in 2018. The Company is aware of such high rate of dependency and has plans to broaden the client base. In this regard, the Company actively participates in road shows organized by the SET, offering promotion activities and provided investment related seminars for existing client and target groups in order to attract retail clients. Apart from that, the Company has positioned internet trading as one of the channels to increase retail client base.

#### Risk associated with the operating a business under a regulated environment

Any amendment of rules and regulations will have an impact on the operations of the Company. One of these issues is the liberalization of the securities business. The Company is well aware of the negative effect that such rules and regulations will have on the overall performance of the Company and has adopted cost control measures as part of the attempt to sustain profit growth.

The Company also places emphasis on proper staffing of the Compliance unit so that marketing officers can be notified as regards the rules and regulations and any amendment which the authority may introduce.

## **LEGAL DISPUTE**

In the year 2019, the Company had no legal disputes that have a negative effect on the Company's existing assets, the value of which is higher than 5 percent of the shareholders' equity and there are no legal disputes materially affecting the business operations of the Company.

## **DIVIDEND POLICY OF THE COMPANY**

The Company has a policy to pay dividend at the approximate rate of 20% of net profit after deducting legal reserve. The payment is subject to the resolution of the shareholders' meeting.

Details of 2016-2018 dividend payment

(Unit: Baht)

Details of profit appropriation	2018	2017	2016
1. Net profit	170,730,719	215,998,378	240,297,849.92
2. No. of Shares	502,448,570	502,448,570	502,448,570
3. Legal reserve	-	-	-
4. Dividend Payment Policy	Minimum 20% of Net Profit	Minimum 20% of Net Profit	Minimum 20% of Net Profit
5. Dividend payment per share	0.07	0.09	0.10
6. Total dividend payment	35,171,399.90	45,220,371.30	50,244,857
7. Dividend payment ratio of net profit (%)	20.60	20.94	20.90

The Company will pay dividend to shareholders whose names appear in the share register book on the Record date for the right to receive dividend payment.

## **CAPITAL STRUCTURE**

As of December 31, 2019, the Company has registered capital of Baht 502,448,570 with paid-up capital of Baht 502,448,570 which equals to 502,448,570 shares of Baht 1.00 each.

**Shareholders** 

As of December 31, 2019, major shareholder is UOB-Kay Hian Holdings Limited holding 70.65% with details as follow:

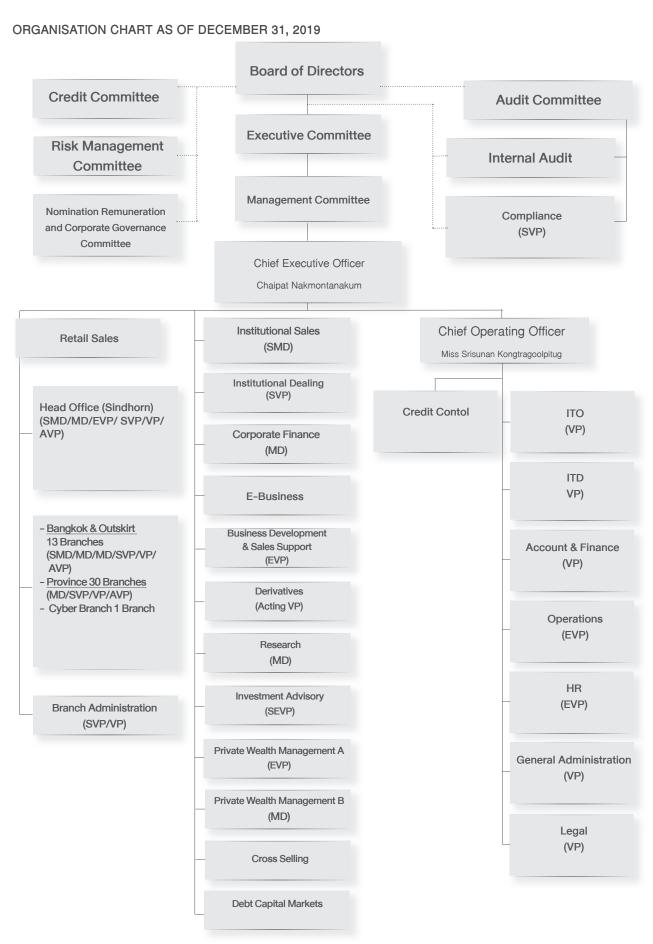
No.	Name	No. of Shares	%
1.	UOB-Kay Hian Holdings Limited	355,000,000	70.65
2.	UOB Kay Hian Private Limited	81,729,734	16.27
3.	Mr. Sophon Mitrphunphanich	25,096,448	4.99
4.	Mr. Wachira Tayanaraporn	9,000,000	1.79
5.	UOB KAY HIAN (HONG KONG) LIMITED - Client Account	3,195,000	0.64
6.	Miss Anchana Pinijkusonjit	3,100,000	0.62
7.	Mr. Suthon Singhasittangkul	2,687,442	0.53
8.	Globlex Holding Management Public Company Limited	1,196,540	0.24
9.	Mr. Sompoch Kittidamkerng	945,000	0.19
10.	Mr. Anuchid Weerawuttiwong	900,000	0.18
11.	Mr. Kraison Thongtan	875,000	0.17
12.	Mr. Wee Ee-chao	781,000	0.16
13.	Mr. Cherdsak Chotimongkonsap	669,000	0.13
14.	Mr. Pornlert Thorngprasert	600,980	0.12
15.	Mr. Pracha Pariyawatkul	535,400	0.11
16.	Ms. Kwanrutai Techawibool	524,100	0.10
17.	Thai NVDR Limited	520,782	0.10
18.	Mr. Chairat Kovitmongkol	500,000	0.10
19.	Mr. Tanakij Lorwattanapongsa	470,000	0.09
20.	Ms. Renu Chantawarasut	400,000	0.08
	TOTAL	488,726,426	97.26

As of December 31, 2019 UOB-Kay Hian Holdings Limited was the Company's major shareholder and has issued share capital of S\$201,500,384 or 821,680,133 shares.

The shareholding structure of UOB-Kay Hian Holdings Limited is as follows:

TOP TEN SHAREHOLDERS AS AT 31 DECEMBER 2019	No. of Shares	%
TYE HUA NOMINEES (PTE) LTD	313,360,043	38.14
U.I.P. HOLDINGS LIMITED	160,357,647	19.52
UOB KAY HIAN PTE LTD	84,034,701	10.23
TANG WEE LOKE	37,203,208	4.53
CITIBANK NOMS SPORE PTE LTD	21,374,749	2.60
RAFFLES NOMINEES (PTE) LIMITED	15,216,823	1.85
DBS NOMINEES PTE LTD	14,309,588	1.74
UNITED OVERSEAS BANK NOMINEES P L	11,624,686	1.41
LIM AND TAN SECURITIES PTE LTD	7,659,297	0.93
OCBC NOMINEES SINGAPORE PTE LTD	5,376,883	0.65
TOTAL TOP 10	670,517,625	81.60
OTHERS	151,162,508	18.40
TOTAL	821,680,133	100.00

## MANAGEMENT STRUCTURE



The Company has a variety of committees; such as board of directors, executive committee, audit committee, risk management committee and nomination remuneration and corporate governance committee, where each is comprised of competent individuals in accordance with Section 68 of the Public Company Acts B.E. 2535 and also in accordance with the Announcement of the Securities and Stock Exchange Commission Thor Jor 28/2551 regarding the Application for Permission and Approval for Issuance of New Shares. Details of structure are as follow:

#### 1. Board of Directors

As of December 31, 2019 there are 8 members on the Board as follows:

No.	Name	Position	Number of the Meeting / Participation
1.	Mr. Tan Chek Teck	Chairman of the Board	5 / 4
2.	Mr. Viroj Tangjetanaporn	Independent Director	5 / 4
3.	Mr. Somchat Chinthammit	Independent Director	5 / 4
4.	Mr. Loh Poh Weng*	Independent Director	3 / 3
5.	Mr. Chaipat Nakmontanakum	Director	5 / 5
6.	Ms. Oh Whee Mian	Director	5 / 4
7.	Mr. Kasemsit Pathomsak	Director	5 / 4
8.	Mr. Yothin Viriyenawat	Director	5 / 5
	Mr. Paiboon Julasaksrisakul*	Independent Director	1 / 1

Board of Directors has appointed Mr. Pirahuht Usubzin as Company Secretary having authorities as specified by the Securities and Exchange Act B.C. 2535 and adding edition (No.5) B.C.2559.

**NOTE:** \*In August Mr. Loh Poh Weng had resigned, the Board of Directors appointed Mr. Paiboon Julasaksrisakul to replace the empty position.

#### The Company's Authorised Directors

The Company's Authorised Directors are Mr. Tan Chek Teck, Ms. Oh Whee Mian, Mr. Chaipat Narkmontanakum and Mr. Yothin Viriyenawat The signature of any two Authorised Directors with company seal shall be required to bind the Company.

#### **Duties and Responsibilities of the Chairman**

- 1. To call the Board of Directors and oversee the delivery of the notice of the meeting, including documents to provide the Board with sufficient and timely information.
- 2. To be Chairman of the Board of Directors.
- 3. Strengthen the good corporate governance standards of the board of directors.
- 4. To chair the shareholders' meeting and control the meeting to comply with the Company's regulations and the defined agenda.
- 5. To ensure effective communications between directors and shareholders.
- 6. To perform the duties prescribed by law, in particular the duty of the Chairman.

#### Duties and Responsibilities of the Board of Directors

- 1. To perform duties in line with the relevant Thai law, the Company's Memorandum and Articles of Association and resolutions of the shareholders' meeting.
- 2. To review and approve the strategic direction, objectives and policies for the Company's business in accordance to the Stock Exchange of Thailand's rules and regulation. On such matters as capital increase, capital reduction, bond issuance, partial or total asset disposal to other party, acquisition or acceptance of any business transferred from other company, as well as alteration of company affidavit and/or and enforcements, and the directors premiums and fees, the Company needs to seek consent from shareholder meeting.
- 3. To appoint directors and/or executives, as deemed appropriate, as members of the various committees to ensure effectiveness in managing the affairs of the Company.

#### **Duties and Responsibilities of the Company secretary**

The Company Secretary's responsibilities as specified by the Securities and Exchange Act include arranging the Board of Directors and shareholders' meetings; providing initial advice to facilitate the Board of Directors' meetings and activities in order to comply with related rules and regulations; handling secretariat works for the Board of Directors and facilitating the Board of Directors' activities; ensuring that the Board of Directors' resolutions are strictly executed; handling activities related to shareholders' rights and proper disclosure of information as regulated by related organizations. (Profile and information about the Company Secretary are published in the Profile of Company Management and Company Secretary section.)

#### 2. Audit Committee

As of December 31, 2019 the Audit Committee comprises 3 members:

No.	Name	Position	Number of the Meeting / Participation
1.	Mr. Viroj Tangjetanaporn	Chairman	4 / 3
2.	Mr. Somchat Chinthammit	Member	4/3
3.	Mr. Loh Poh Weng*	Member	2/2
	Mr. Paiboon Julasaksrisakul	Member	1/1

NOTE: \*In August Mr. Loh Poh Weng had resigned, the Board of Directors appointed Mr. Paiboon Julasaksrisakul to replace the empty position.

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

Audit Committee's scopes of role and responsibility are assigned by the Board of Directors, including reporting to the Board of Directors as follows:

- 1. To review the accuracy and adequacy of information disclosure of the Company's financial statements by cooperating with the external auditor;
- 2. To review the appropriateness and effectiveness of the internal control system and internal audit function, consider independence of internal audit function and approve nomination, transfer and relinquishment of position of head of internal audit function or other functions related to internal audit:
- 3. To review that the Company's operations conforms with the relevant rules and regulations such as the Securities and Exchange Act, regulations of the Stock Exchange of Thailand etc.;
- 4. To consider and advise the appointment and withdrawal of the Company's external auditor, including the audit fee by consider the credibility, the adequacy of existing resources, the firm's performance and experience of its professional staff. The Audit Committee has to participate in meeting with the external auditor without management participation at least once a year;
- 5. To consider the adequacy of information disclosure for related party transactions or transactions that could lead to conflict of interest;
- 6. To prepare an Audit Committee's report in the Company's annual report. The report will elaborate on the following;
  - Opinion on the accuracy, completeness and reliability of the financial statements;
  - Opinion on the adequacy of the internal control system;
  - Opinion on the proposed appointment of the external auditors;
  - Opinion on the Company's compliance with the Securities and Exchange Act and other governing laws;
  - Any other reports that the shareholders and general investors should be informed of under the scopes of duties and responsibilities as delegated by the Board of Directors;
  - Opinion on the cooperation or resistance demonstrated by employees and management in performing the duties of a member of the Audit Committee:
  - Opinion on the accuracy, completeness and reliability of the financial statements;:
- 7. To perform any other assignments as the Board of Directors and Audit Committee see fit.

#### **Executive Committee**

As of December 31, 2019 the Executive Committee consists of 4 members as follows:

No.	Name	Position	Number of the Meeting / Participation
1.	Mr. Tan Chek Teck	Chairman	5 / 4
2.	Mr. Chaipat Nakmontanakum	Member	5 / 5
3.	Ms. Oh Whee Mian	Member	5 / 4
4.	Mr. Yothin Viriyenawat	Member	5 / 5

#### **Duties and Responsibilities of the Executive Committee**

- 1. Considering and verifying the Management Committee's business proposal, determining goals, strategies, policies, operational plans and annual budget before submitting for approval by the Board of Directors for approval;
- 2. Evaluating the business performance of the Company in accordance with the goals, strategies, policies, operational plans and annual budget as approved by the Board of Directors;
- 3. Considering and providing advice on the following reports;
  - Audit report of the Securities and Exchange Commission (SEC);
  - Audit report of the Stock Exchange of Thailand (SET);
  - Report of internal auditor;
  - Report of compliance;
  - Follow-up report;
  - Business report;
- 4. Assessing the external and internal risks which may affect the Company's business and providing advice on risk management policy;
- 5. Determining and approving the remuneration of the management and employees;
- 6. Approving the transfer, appointment and termination of members of the management team who do not hold the position of Executive Committee;
- 7. Approving the Company's expenditure for general business transaction and the investment amount which exceeds the approved amount for a director;
- 8. Approving the appointment of authorised officer to sign cheques, financial documents, securities documents etc as detailed in the Power of Attorney;
- 9. Considering and approving any securities dealing and underwriting by the Company;
- 10. Considering and approving excess of client's credit limit and other related credit matters;
- 11. Vested with the authority to appoint a committee or a team for the benefit of achieving greater transparency in managing the affairs of the Company, and able to sub-delegate and/ or appoint a person to handle a specific task on behalf of the Committee. However, the sub-delegation and/ or the appointment of authority must be within the scope of the assignment and/ or in accordance to the Company's rules and regulations;
- 12. Having the authority to appoint one or more committees or other person to perform a specific task under the supervision of the Management Committee or appoint the person to have authority as deemed appropriate by the Management Committee and within the suitable period of time. The Management Committee can revoke, terminate, amend or replace the authorised person or the authority delegated as appropriate;
- 13. Performing any other duties as assigned by the Board of Directors.

However the delegation of the Executive Committee s' duties and responsibilities will not be a power of attorney or sub-power of attorney to executive directors or authorized person from the executive directors that can approve the transactions which having conflict with themselves. (As defined in the Notification of the Securities and Exchange Commission) or there may be conflict of interest in any way with the Company or its subsidiaries unless the transaction is approved in the normal practice of business with clear scope.

#### 4. Risk Management Committee

As of December 31, 2019 the Risk Management Committee comprises 4 members:

No.	Name	Position	Number of the Meeting / Participation
1.	Mr. Viroj Tangjetanaporn	Chairman	4/3
2.	Mr. Somchat Chinthammit	Member	4/3
3.	Mr. Loh Poh Weng *	Member	2/2
4.	Mr. Chaipat Nakmontanakum	Member	4 / 4
	Mr. Paiboon Julasaksrisakul*	Member	1 / 1

NOTE: \*In August Mr. Loh Poh Weng had resigned, the Board of Directors appointed Mr. Paiboon Julasaksrisakul to replace the empty position.

#### Duties and Responsibilities of the Risk Management Committee

- 1. To define and review the Company's risk management policy and framework. Consider the Company's risk management policy covering the credit risk, market risk, operational risk, strategic risk, liquidity risk and other themes, such as legal risk and relevant rules and regulations.
- 2. To regulate and support risk management process to be in line with strategy and business goal including changing situations. Consider and review risk management guidelines and tools to ensure efficiency and appropriateness with the nature and size of each risk aspect.
- 3. To provide recommendations, monitor and evaluate risk management for further implementation of Risk Management and Internal Control (executive level). Consider and review the setting of risk limits and measures in the case that there is a failure in keeping within specified risk limits.
- 4. To review Risk Management Report and give suggestions on possible risks, including specification on control measure or mitigation plan and the development of risk management system to ensure continuous efficiency.
- 5. To support the Company to achieve the Company's Risk Management Goal. Follow up the results of risk assessments under normal and crisis conditions and set the risk management guideline for such transaction.
- 6. To report risk management results to the Board of Directors. In case where there are factors or events that might have significant impact on the Company, the Board of Directors shall be notified immediately.
- 7. The Risk Management Committee should meet at least once a quarter.
- 8. Perform other Board-assigned tasks.

#### 5. Nomination Remuneration and Corporate Governance Committee

As of December 31, 2019 the Nomination Remuneration and Corporate Governance Committee comprises 3 members:

No.	Name	Position	Number of the Meeting / Participation
1.	Mr. Loh Poh Weng*	Chairman	1/1
2.	Mr. Somchat Chinthammit	Member	2/1
3.	Ms. Oh Whee Mian	Member	2/1

NOTE: \*In August Mr. Loh Poh Weng had resigned, the Board of Directors appointed Mr. Paiboon Julasaksrisakul to replace the empty position.replace the empty position.

#### **Duties and Responsibilities of the NR&CG Committee**

#### 1. Nomination

- 1. Formulation of policy, criteria and method for nomination of directors and Persons with Management Authority for the Board for approval and submission of such policy to the Regulator upon request.
- 2. Selecting and nominating qualified candidates in accordance with the relevant rules and regulations in order to hold the position of Company directors, members of the Board committees and Persons with Management Authority for the Board's consideration
  - In proposing directors, the Committee will take into consideration experience in at least one area of significance to the Board (e.g. finance, Companying, business, marketing, human resources, law, management); ability to contribute to deliberations of the Board; ability to exercise sound business judgment; ability to think strategically; demonstrated leadership experience; also seeking a high level of professional skill and integrity, as well as other appropriate personal qualities.
- 3. Ensuring the size and composition of the Board and the Board Committees to be appropriate for the organization, including adjustment to its changed environment, the Board and the Board Committees shall compose of qualified candidates with appropriate expertise and experience.
- 4. Disclosing policies and details of the nomination process in the annual report of the Company.
- 5. Ensuring that the Company has in place a proper succession and management continuity plan for the positions of the Chief Executive Officer, Managing Director and Persons with Management Authority and to make recommendations to the Board for approval.

#### 2. Remuneration

- 1. Formulation of policy for an appropriate remuneration plan and other benefits to directors and Persons with Management Authority with clear and transparent criteria and to present to the Board for approval and/or to present to the shareholders' meeting (as the case may be) and to submit such policy to the Regulator upon request.
- 2. Ensuring that directors and Persons with Management Authority receive appropriate remuneration for their duties and responsibilities.
- 3. Formulation of guideline for evaluating the performance of directors and Persons with Management Authority for the purpose of considering the annual remuneration.

- 4. Disclosing policies regarding remuneration plan and types of remuneration plan, including preparing reports on the determination of remuneration plan which shall at least contain details of objectives of the performance and opinions of the Committee in the Company's annual report.
- 5. Recommending appropriate remuneration of the Board and Board Committees to the Board for endorsement prior to seeking shareholders' approval.
- 6. Reviewing management's proposals for remuneration policies, remuneration and fringe benefit plans other than salaries for employees of the Company and make recommendations to the Board for approval.
- 7. Reviewing performance targets and criteria for the Company, the Chairman of the Executive Committee and the President and make recommendations to the Board for approval.
- 8. Proposing an appropriate remuneration and benefits for the Chief Executive Officer, Managing Director and Company Secretary and make recommendations to the Board for approval.

#### 3. Corporate Governance

- 1. Formulation of corporate governance policy for the Board's consideration, monitoring compliance with that policy, including reviewing and revising the policy regularly for appropriateness.
- 2. Monitoring the Company's performance to be in compliance with the corporate governance principle of the authority having supervisory power under applicable laws, such as the Regulator, the Securities and Exchange Commission and the Stock Exchange of Thailand etc.
- 3. Arranging the annual performance assessment of the Chairman of the Board, individual directors the Board as a whole and the Board Committees.
- 4. Perform any duties as prescribed by law, rules, regulations, or regulations.

#### 6. Other Committee

#### 6.1 Credit Committee

As of December 31, 2019 the Credit Committee consists of 3 members as follows:

No.	Name	Position
1.	Mr. Chaipat Nakmontanakum	Chairman of Credit Committee
2.	Mr. Yothin Viriyenawat	Member
3.	Ms. Srisunan Kongtragoolpitug	Member

#### Duties and Responsibilities of the Credit Committee are as follows:

- 1. Formulating, reviewing and implementing credit policy as approved by the Board of Directors or Executive Committee; .
- 2. Approving the credit application of new account opening or increasing/ decreasing the credit limit of the existing account in compliance with the credit policy of the Company;
- 3. Reviewing the lists of marginable securities;
- 4. Reviewing, revising and initiating credit control measures based on information related to control issues such as late-payment records, securities which are suspended from trading etc;
- 5. Submitting operational reports to the Board of Directors.

Credit Committee must not approve any transaction that is deemed to be of conflict of interest or any transaction that is against the interest of the Company or its subsidiaries and must disclose such transactions to the Board of Directors for consideration.

Limit for Securities and Derivatives Trading: please see details in Form 56-1 in the subject "Type of Business"

#### 6.2 Management Committee

As of December 31, 2019 the Management Committee consists of 2 members as follows:

No.	Name	Position
1.	Mr. Chaipat Nakmontanakum	Chairman of Management Committee
2.	Mr. Yothin Viriyenawat	Member

#### Roles and Responsibilities of the Management Committee are as follows:

- 1. Managing the operation in accordance with the goals, strategies, policies, operational plans and annual budget as approved by the Board of Directors and/or the Executive Committee;
- 2. Recommending business proposal, operational plans and annual budget to the Executive Committee for approval;
- 3. Approving the account opening for investment, bank account and other related business transactions including delegating any person to take action as appropriate;
- 4. Providing advice to the heads of Finance, Settlement, Human Resource and any other departments concerning operational matters, securities business and new business activities;
- 5. Performing any other duties as assigned by the Board of Directors and Executive Committee;
- 6. Submitting operational reports to the Executive Committee.

However the delegation of the Management Committee s' duties and responsibilities will not be a power of attorney or sub-power of attorney to management committee or authorized person from the management committee that can approve the transactions which having conflict with themselves. (As defined in the Notification of the Securities and Exchange Commission) or there may be conflict of interest in any way with the Company.

### Management

As of December 31, 2019 the list of 92 executives is as follows:

No.	Name	Position
1	Mr. Chaipat Nakmontanakum	Chief Executive Officer
2	Miss Srisunan Kongtragoolpitug	Chief Operating Officer
3	Mr. Yothin Viriyenawat	Senior Managing Director - Retail 3
4	Mr. Jaratpong Pornprinya	Senior Managing Director - Institutional Sales 1
5	Miss Usa Sangcham	Senior Managing Director - Retail 8
6	Mr. Chatthapat Suttitak*	Senior Managing Director - Retail 9
7	Mr. Supot Lapchayanon	Managing Director - Retail 7
8	Mr. Supak Nirastook	Managing Director - Retail 8A
9	Miss Siriwan Thitisiriwech	Managing Director - Retail 9A
10	Mr. Payung Nilsaeng-ngam	Managing Director - Retail 9B
11	Mr. Yanyong Chantavadee	Managing Director - Retail Business - Had Yai Jutianusorn Branch
12	Mr. Sittiporn Jennaimuang	Senior Executive Vice President - Investment Advisory
13	Miss Tanaporn Visaruthaphong	Managing Director - Research
14	Ms. Srisakul Boonsiri	Senior Executive Vice President - Retail 4
15	Miss Suvinun Chavaphansiriporn	Senior Executive Vice President - Retail 5
16	Mr. Somchai Teeratum	Senior Executive Vice President -Retail 6, Chaengwattana 4 Branch, Khonkaen Branch
17	Mr. Jackavut Amonmaneekul	Senior Executive Vice President - Silom 2
18	Mr. Soratja Prajongsangsri	Senior Executive Vice President - ChiangMai Mahidol 1 Branch
19	Mr. Theerasak Taweepiyamaporn	Managing Director - Corporate Finance
20	Mrs. Prompuk Karoonworawong	Executive Vice President - Human Resources
21	Mr. Nitiphon Sophonpokai	Executive Vice President - Business Development & Sales Support
22	Mr. Surasak Boonyachai	Managing Director - Private Wealth Management B
23	Miss Ruttanawadee Kittigulphaisal	Executive Vice President - Retail 1 Center 3
24	Miss Paphaorn Kamolnimitkul	Executive Vice President - Retail 2-3
25	Mr. Choakdee Chinthammitr	Executive Vice President - Retail 3-2 Division

No.	Name	Position
26	Miss Chunthana Sanngnai	Executive Vice President - Retail 3-1-1
27	Mr. Peansak Saebae	Executive Vice President - Retail 8A
28	Mr. Jeeradej Kitsamret	Executive Vice President - Retail Business - Bangkapi Branch
29	Mr. Thanabadee Bunnag	Executive Vice President - Retail Business - Yaowaraj 1 and Cheangwattana 1 Branch
30	Mr. Torsak Pavasatjanun	Executive Vice President - Silom 1
31	Mr. Thammarut Jarusira	Executive Vice President - Silom 1
32	Mr. Boontham Kaveelak	Executive Vice President - Silom 2
33	Mr. Piyapong Tantikajonkosol	Executive Vice President -Silom 2
34	Mr. Winai Thongviengchan	Executive Vice President - Retail Business - BanPong Branch
35	Miss Kanokwan Wongpanit	Executive Vice President - Retail Business - Retail 5
36	Ms. Suvimol Kespokeaw	Executive Vice President - Operations
37	Mrs. Thitima Chaithaseth	Executive Vice President - Private Wealth Management A
38	Miss Suwanna Rungjangsri	Senior Vice President - Retail 1-1
39	Ms. Vimonrat Suribud	Senior Vice President - Retail 1-3
40	Ms. Rattanaporn Rojwongviriya	Senior Vice President - Retail 1-9
41	Miss Narintorn Lapmeeprasert	Senior Vice President - Retail 1-10
42	Mr. Pichet Patcharachavalit	Senior Vice President - Retail 2-2
43	Miss Pimlada Pattanawararoj	Senior Vice President - Retail 3-1-3
44	Mr. Sunyalux Jirattitikan	Senior Vice President - Retail 3-2-1
45	Mr. Sarayuth Yingnakorn	Senior Vice President - Retail 3-2-5
46	Miss Sanaunuch Pramuanphol	Senior Vice President - Retail 4-1
47	Mrs. Varaporn Puttamanond	Senior Vice President - Retail 4-2
48	Miss Pattarin Tangwongsawang	Senior Vice President - Retail 4-3
49	Miss Siriporn Thanathit	Senior Vice President - Retail 5-2
50	Mr. Yongyut Chantranivet	Senior Vice President - Retail 6-1
51	Mr. Wichai Yamkaewdithee	Senior Vice President - Retail 6-2
52	Mr. Wichai Whangmana*	Senior Vice President - Retail 6-3

No.	Name	Position
53	Mr. Pairoj Piraro	Senior Vice President - Retail 6-4
54	Mrs. Sunee Khamhom	Senior Vice President - Retail 6-6
55	Mr. Chaichan Akaradaedachachai	Senior Vice President - Retail 6-7
56	Miss Rungrudee Vissavachonpradit	Senior Vice President - Retail 8B
57	Mr. Kanok Saengrungroj	Senior Vice President - Retail 8B-1
58	Miss Sucheera Tachavijitsakul	Senior Vice President - Retail 8B-2
59	Miss Suphap Likitdumrongchai	Senior Vice President - Retail 8B-3
60	Miss Chalalai Saliwattana	Senior Vice President - Retail 9A-1
61	Mr. Pramot Rungsuwannakit	Senior Vice President - Retail 9B-1
62	Mr. Panutat Pattarataweekasem	Senior Vice President - Retail Business - ChiangMai Ragang 1 Branch
63	Miss Sirinuan Sura	Senior Vice President - Retail Business - ChiangMai HuayKaew Branch
64	Mrs. Panurat Sawasdee	Senior Vice President - Retail Business - ChiangMai Ragang 2 Branch
65	Miss Aphinya Decharat	Senior Vice President - Retail Business - ChiangMai Mahidol 1 Branch
66	Mr. Bunpod Na Lamphun	Senior Vice President - Retail Business - ChiangMai Mahidol 2 Branch
67	Mrs. Ananya Chaimoon	Senior Vice President - Retail Business - ChiangRai 1 Branch
68	Miss Pornpan Chaitip	Senior Vice President - Retail Business - ChiangRai 2 Branch
69	Mrs. Phatcharee Butthura	Senior Vice President - Retail Business - Lampang Branch
70	Mrs. Preyawan Anantachot	Senior Vice President - Retail Business - Phayao Branch
71	Mrs. Pornthip Punnaraj	Senior Vice President Retail Business - Phitsanulok Branch
72	Mr. Thongchai Wanthong	Senior Vice President - Retail Business - Nakornsawan Branch
73	Miss Jitsawan Somboonsri	Senior Vice President - Retail Business - Srisaket Branch
74	Mrs. Jirasuda Charoennawee	Senior Vice President - Retail Business - Ubon Ratchathanee Branch
75	Miss Jaruwan Nakdee	Senior Vice President - Retail Business - Buriram Branch
76	Mrs. Siriporn Kasidajpong	Senior Vice President - Retail Business - HadYai Juladis 1 and Songkla Branch

No.	Name	Position
77	Mrs. Pittaya Hirunroongrat	Senior Vice President - Retail Business - Trang 2 Branch
78	Mr. Chawalit Treewong	Senior Vice President - Retail Business - Nakornsrithammarat 1 Branch
79	Mr. Kanob Senagun	Senior Vice President - Retail Business - Nakornsrithammarat 2 Branch
80	Mr. Thrinn Pattaranukrom	Senior Vice President - Retail Business - Phuket Branch
81	Mr. Krittidet Jutaganon	Senior Vice President - Retail Business - Chonburi Branch
82	Mr. Archa Aroon	Senior Vice President - Retail Business - Rayong Branch
83	Mr. Wiwat Jantiwatkun	Senior Vice President - Retail Business - Nakornpathom Branch
84	Mr. Wijakkit Thongyoolerd	Senior Vice President - Retail Business - Chaengwattana 3 Branch
85	Mrs. Arunee Rodmorn	Senior Vice President - Retail Business - Bangkae Branch
86	Mr. Kulwut Songthanasak	Senior Vice President - Retail Business - Interchange Branch
87	Mr. Pirat Somnukquandee	Senior Vice President - Retail Business - Pinklao 2 Branch
88	Ms. Piranrat Arayahattakul	Senior Vice President - Branch Administration
89	Mr. Somdech Ruksomboon	Senior Vice President - Compliance
90	Miss Wachiraporn Wasatammasit	Senior Vice President - Institutional Dealing 1
91	Miss Bussarin Pingkarawat*	Senior Vice President - Credit Control
92	Mr. Kittiphan Techasurakhun	Vice President - Accounting & Finance
Remar	k: *Number 6. Mr. Chatthapat Su	uttitak resigned as of 1 April 2019
	52. Mr. Wichai Whang	mana resigned as of 1 August 2019
	91. Miss Bussarin Pin	gkarawat resigned as of 1 October 2019

91. Miss Bussarin Pingkarawat

# Executives according to the definition of the SEC has 6 persons as follows;

No.	Name	Position
1	Mr. Chaipat Nakmontanakum	Chief Executive Officer
2	Miss Srisunan Kongtragoolpitug	Chief Operating Officer
3	Mr. Yothin Viriyenawat	Senior Managing Director - Retail 3
4	Mr. Jaratpong Pornprinya	Senior Managing Director - Institutional Sales 1
5	Miss Usa Sangcham	Senior Managing Director - Retail 8
6	Mr.Chatthapat Suttitak	Senior Managing Director - Retail 9

Remark: \*Number 6. Mr. Chatthapatpat Suttitak resigned as of 1 April 2019

#### Roles and Responsibilities of the Chief Executive Officer are as follows:

The Chief Executive Officer is Mr. Chaipat Nakmontanakum.

- 1. Monitoring business operations and/or executing day-to-day operations;
- 2. Determining the goals, directions and operational plans to propose to the Executive Committee and including monitoring the performance of the Company;
- 3. Coordinating with the department heads and employees to comply with the rules and regulations approved by the **Executive Committee:**
- 4. Supervising the Company to be in compliance with laws, rules, policies and regulations of the Company;
- 5. Managing the risk to be in line with the current situation and Company's policies;
- 6. Approving business transactions as assigned by the Board of Directors or the Executive Committee;
- 7. Submitting the Company's performance report to the Board of Directors.

#### Remuneration for Directors

#### (1) Cash Remuneration

In 2019 the Company's Board of Directors has 8 directors of which 3 are Audit Committee members, 3 are Independent Directors. Directors who are representatives of UOB Kay Hian Group will only be entitled to fees as obliged in Service Agreement.

The resolutions of the Annual General Meeting of Shareholders 2019 on April 23, 2019 resolved that for each meeting attended, the fee for the Independent Director and Non-authorized Director as follows;

Meeting	Chairman (Baht)	Member (Baht)
Board of Directors	-	20,000
Audit Committee	10,000	5,000
Risk Management Committee	10,000	5,000
Nomination Remuneration and Corporate Committee	10,000	5,000

Directors that serve as Company's management are not eligible for the meeting fees as those directors are compensated as Company's management position.

Such compensation is equal to year 2018. The chairperson, members of the Audit Committee, Independent Directors and Non-Authorized Directors will be remunerated each time they participate in the meeting, be it the Board of Directors' meeting; Audit Committee meeting or shareholders' meeting.

# **Directors**

No.	Name	Remuneration (2019)
1.	Mr. Tan Chek Teck	-
2.	Mr. Viroj Tangjetanaporn	Baht 140,000
3.	Mr. Somchat Chinthammit	Baht 120,000
4.	Mr. Loh Poh Weng	Baht 95,000
5.	Mr. Chaipat Nakmontanakum	-
6.	Mr. Yothin Viriyenawat	-
7.	Mr. Kasemsit Pathomsak	Baht 80,000
8.	Ms. Oh Whee Mian	-
	Mr. Paiboon Julasaksrisakul	Baht 30,000

# Management

In 2019 the Company paid the total amount of Baht 152.68 million to 92 executives, in 2018 the Company paid the total amount of Baht 135.79 million to 95 executives. And in 2017 the Company paid the total amount of Baht 129.44 million to 72 executives.

2 directors namely Mr. Tan Chek Teck and Ms. Oh Whee Mian were not entitled to cash remuneration, as their service rendered is part of the Service Agreement between the Company and UOB Kay Hian Private Limited.

# (2) Other Remuneration

In 2019, the Company paid provident fund to 92 managements as amount Baht 4.89 million.

Employee As of 31 December 2019, the Company had 620 employees (excluding management) divided by department as follows;

Department	Number of Employee (person(s))
Retail Sales	
- Head Office	163
- Branch	293
Executive	2
Institutional Sales	7
Internal Audit	2
Compliance	5
Operations	29
Account & Finance	8
Credit Control	9
IT Operations	17
IT Development	10
HR	5
Legal	1
General Administration	12
Research	14
Business Development & Sales Support	3
E-Business	7
Corporate Finance	6
Derivatives	3
Investment Advisory	2
Branch Administration	1
Private Wealth Management A	6
Private Wealth Management B	12
Cross Selling	3
Debt Capital Markets	-
Total	620

# **GOOD CORPORATE GOVERNANCE**

#### GOOD CORPORATE GOVERNANCE

### Corporate Governance Policy

The Board of Directors of UOB Kay Hian Securities (Thailand) Public Company Limited (UOBKH) believed that good corporate governance is vital to successful business operations, and a key to ensuring long term and sustainable maximization of shareholder value. UOBKH has thus established the Corporate Governance Policy in which the relevant policy and key principles are compiled for the Board of Directors, management and staffs to follow in their performance of duties.

The Company has put in place a policy for good corporate governance which incorporates the following key principles:

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

The Board of Directors will ensure this corporate governance policy be acknowledged and complied by all staffs, the policy will be updated as appropriate and necessary to benefit shareholders, employees, executives and all stakeholders. The detail of Corporate Governance Policy has been disclosed on the Company's website www.utrade.co.th, About us.

To ensure that all employees understand and effectively carry out their duties in compliance with the relevant regulations and business code of conduct, the Company launched the compulsory Policy Test. The test results will be evaluated to determine the level of understanding so that appropriate communication methods will be carried out to enhance the staff's awareness of their roles and responsibilities in good corporate governance.

For the past year Thai Institute of Directors (IOD) also evaluated UOBKH as the listed company with "Good" corporate governance recognition level consider from information disclosed through the Stock Exchange of Thailand's information dissemination channel and other Company's public documents. The Company has reported the assessment result to the NRC Committee, which further reported to the Board of Directors to review IOD's recommendations to continuously develop and improve corporate governance of UOBKH.

The Company emphasizes on information disclosure. Thus, regular meetings with investors exchange viewpoints, and respond to any queries on the basis of trustworthiness and professionalism concerning all stakeholders.

### Rights and Equitable Treatment of Shareholders

The Company commits to protect and facilitate the exercise of its shareholders' rights. The right to buy, sell or transfer their shares; to receive their rightful portion of UOBKH's profits; to easily obtain the relevant and adequate information on UOBKH on a timely and regular basis; to participate effectively and vote in general shareholders meetings, and to be informed of the rules that govern the general shareholders' meeting; to elect and remove members of the Board of Directors; to participate in, and to be sufficiently informed on, decisions concerning fundamental company changes.

UOBKH fairly and equally treats all shareholders, majority or minority, individual or institutional, foreign or Thai, either executive or non-executive. Among its policies are: Minority shareholders are protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly. Insider trading and self-dealing abuses are strictly prohibited. Members of UOBKH's board and senior management are required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting UOBKH.

The Company delivers Notice of the shareholder meeting to summon shareholders to join the meetings, attached with Proxy Form. Any shareholders who cannot attend the meeting can have their proxies taken part on their behalf. In addition, the Company has contacted institutional investors, who are funds or custodians, to send in representatives for the meeting and facilitating on advance meeting document checking and providing information or responding to any inquiries.

The Company also gives invitation to shareholders to propose agenda items in the annual general meeting and nominat qualified candidates for director position. The shareholders can submit their proposals in advance of the meeting according to the criteria set by the Company. Regarding agenda items, the Board of Directors shall add items that are considered appropriate for the agenda and make sure that the items are included in the Notice of the annual general meeting. For nominations of qualified candidates for director positions, the NRC Committee shall review and propose candidates for the Board of Directors' consideration for further recommendation to the shareholders at the annual general meeting. In cases wherein proposals are disapproved by the Board and/or the Nomination and Compensation Committee, the Company shall state the reason for refusal to the shareholders in the shareholders' meeting, on the Company's website or any other appropriate information dissemination channels.

For the 2019 Annual General Meeting, UOBKH invited shareholders to propose agenda and qualified candidates for director positions in advance, from November 1 to December 31, 2018. Before mailing out the Notice, the Company posted on the Company's website to inform shareholders their rights to propose additional agenda in the annual general meeting together with related procedures, deadline for the proposal of agenda so that the Board of Directors shall consider include or not include the agenda in the Notice, and methods of proposing qualified candidates for director position to the NRC Committee for further recommend to the Board of Directors and propose to the shareholders at the annual general meeting. In this regard, upon the posting of information, the Company also disclosed through the Stock Exchange of Thailand's information dissemination channel.

The Company prepares Notice of the shareholder meeting in both Thai and English and notifies the meeting details to investors prior to the meeting date through the Stock Exchange of Thailand's information dissemination channel and its website to allow shareholders adequate time to study meeting materials. Such notice and materials shall be sent to the shareholders not less than seven days before the date set for the meeting in accordance with the law.

The information presented on the website shall be the same as that presented in the meeting materials sent to the shareholders by QR Code; which include (1) Notice of the meeting (2) Annual Report (3) Profile of the nominated person to be Director in replacement (4) Profile of the independent directors nominated to serve as proxies for shareholders (5) the Company's Articles of Association in the category of company's shareholder meetings (6) Procedure for meeting registration (7) Proxy Forms and (8) Meeting location map.

In addition, the Company shall publish Notice of the shareholder meeting in a Thai daily newspaper for three consecutive days and not less than three days before the date set for the meeting. All agenda items shall indicate clearly whether it is a matter being proposed for acknowledgement, for approval, or for consideration, as the case may be, and include the opinions of the Board of Directors in said matters.

For the 2019 Annual General Meeting, UOBKH disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 22, 2019 and disclosed Notice of the shareholder meeting in both Thai and English languages through the Stock Exchange of Thailand's information dissemination channel and its website since March 22, 2019 and sent by document to shareholders on April 5, 2019 which was 31 and 18 days before the date of shareholders meeting, respectively.

The company assigned officers to check shareholders' or proxies' documents according to the requirements stated in the notice for protecting shareholders' rights to attend the meeting and ensure equitable treatment for shareholders. The company allowed enough time for any shareholder to register to attend the meeting in advance of the meeting time and utilized a computer and barcode system for registration and printing of voting forms for each agenda item to facilitate shareholder participation, and to ensure prompt and accurate registration, and for vote counting procedure.

In addition, shareholders are also able to register to attend and exercise their voting rights on the agenda that they have not cast the vote in advance after the meeting's commencement. For shareholders who unable to attend the meeting and would like to appoint a proxy, the company proposes more than one independent directors by presenting director profiles for the shareholders' selection, in addition to management, director or any other person attending the meeting on their behalf.

The company has also attached Proxy Forms, which allows shareholders to specify their voting decision, with the notice. Moreover shareholders could cast their votes in advance on the Voting Form which had been sent out together with notice of shareholders' meeting. The shareholders can download other types of proxy forms from the company's website.

Before the date set for the meeting, UOBKH invites shareholders to submit questions regarding the Company and meeting agenda that requires clarification by the Board of Directors and the management at the meeting. The question may be submitted in advance via fax or email to Investor Relations. In the meeting, the Chairman shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and raise their queries at the meeting as per the agenda. UOBKH shall endeavor to arrange for all directors, executives of the Company and subsidiaries, as well as the auditors to attend the shareholders' meeting to answer the queries. The Company's directors and management will clearly explain and clarify such matters.

For the 2019 Annual General Meeting, 8 directors (out of 8 directors), UOBKH Management and the auditors attended the meeting. In addition, representative from the consulting law firm was also observed the meeting.

The meeting is conducted in accordance with the order of agenda as arranged in the notice of the meeting, before the meeting starts considering the agenda, the shareholders will be informed of number and proportion of shareholders or

proxy attended the meeting, their voting rights, total votes required for each agenda and the voting process for each agenda. Every shareholder present in person or being represented by proxy is entitled to one vote per share. For the purpose of transparency and equitable treatment of the shareholders in the voting process, the Company shall utilize voting forms for all agenda.

The Company assigns inspectors to oversee and monitor the shareholders meeting to ensure that the meeting is conducted with transparency and compliance with the law and its Articles of Association. After the vote count is completed, voting results of each agenda will be announced to the meeting, by specifying the vote results as "Agree", "Disagree", and "Abstain" together with number of votes.

For the 2019 Annual General Meeting, the meeting was conducted according to the Company's Articles of Association with no additional agenda, no changes to the agenda order, or no changes in important information without prior notification to shareholders. In addition, the Company assigned Auditor and Lawyer to ensure that the meeting was conducted with clear and transparency and in accordance with laws and the Company's Articles of Association. There was representative of Dherakupt Consultant Co., Ltd. to observe in the registration and vote counting throughout the meeting.

The Company shall give notification of the shareholders' meeting resolutions to all investors through the SET's information dissemination channel within the same day of the meeting or at least one hour before the opening of the Stock Exchange of Thailand on the next working day. In addition, the Company shall also prepare the minutes of the meeting in which all relevant information, including all clarifications, queries, opinions, and resolutions are recorded and categorized into "Agree", "Disagree", and "Abstain" votes. UOBKH shall disseminate the above minutes on its website and submit it to the Stock Exchange of Thailand within 14 days from the date of the meeting. The minutes of the meeting will be kept at the office. In addition, UOBKH has arranged for a recording of the shareholders' meeting to be available on the company's website in section Investor Relations.

For the 2019 Annual General Meeting held on April 23, 2019, the Company notified the shareholders' meeting resolutions through the SET's information dissemination channel within the same day of the meeting and disclosed the minutes of the meetings on May 13, 2019.

Regarding measures taken to prevent conflict of interest, the Company has set the code of conduct for employees to ensure that employees comply with stipulated laws and regulations, conduct their duties with integrity, consider the Company's interests above their own, and refrain from exploiting inside information for their own benefit. Directors, Top Management or top 4 managements whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must firstly file with the Company a report on his/her interest or related person's interest in relation to management of the Company upon the appointment and within 3 working days from the date of the change. In addition UOBKH has set out rules regarding securities trading by employees, stating that all employees must open trading accounts only with the company. Also, employees are required to seek approval from their supervisors and the Compliance Unit before executing trades. Moreover, it also prohibits Management Committee and insiders from trading UOBKH's shares 1 month prior to the last working day of the month until 1 day after the financial statements or the summary statements of assets and liabilities of UOBKH are published.

Directors, Top Management or top 4 managements whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must report their securities holdings in UOBKH, as well as the securities holding of their spouses and any minor children, to the Office of Securities and Exchange Commission. This report on securities holding must be filed within 30 days from the date of appointment and within 3 working days from the date of the change. Directors must also notify the Board via the Audit Committee of their shareholdings at the end of each quarter. The Audit Committee reviews director's shareholding and report to the Board for acknowledgement every quarter under Audit Committee's activities.

The above-mentioned persons must file a copy of their report on securities holdings to UOBKH within the same date on which such a report is filed to the Office of Securities and Exchange Commission. In addition, Directors and management shall file with UOBKH a report on his/her interest or a related person's interest in relation to management of UOBKH in accordance with the rules, conditions and procedures specified by the Company in compliance with the Securities and Exchange Commission requirement.

UOBKH has no policy to encourage transactions between related parties or any other transactions that may result in a conflict of interest. Should any such transactions occur, they must be considered thoroughly by the Audit Committee. The Audit Committee shall report and/or propose to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same conditions as those governing normal business transactions. Persons with vested interests shall not be entitled to vote for the approval of said transactions.

#### Interest of Stakeholders

UOBKH treats all stakeholders fairly in accordance with UOBKH Corporate Governance Policy - Section: Rights and Equitable Treatment of Shareholders, and their legal rights, either established by law or through mutual agreements. UOBKH continues to develop processes to deliver superior financial products and services in order to meet stakeholders' expectations.

These stakeholders include UOBKH's shareholders, employees, customers, business partners, creditors, competitors, and society.

### Shareholders

In addition to direct benefits resulting from the rights and equitable treatment shareholders received from UOBKH, they indirectly gain from the trust created by the fair treatment UOBKH has given to other stakeholders. Such mutual trust in turn promotes co-operation between UOBKH and its counterparts and is believed to be the key factor in maximizing the shareholders' long term wealth, and providing UOBKH with financial stability and sustainability.

# **Employees**

UOBKH compensates its employees, permanent or contracted, fairly and they are rewarded based on an equitable performance evaluation system. They are equipped with the required standard of education and professional training, and provided with health care benefits and work place safety.

#### Customers

UOBKH fulfills its contractual commitments to customers by providing professional and practical solution in accordance with the highest standard and code of conduct.

#### **Business Partners and Creditors**

UOBKH treats its business partners fairly and honestly and honors any conditions agreed by both parties. UOBKH's business partner selection policy and procedure are obviously and do not deal any business with them who suspected of taking bribes or corruption in any form. UOBKH also treats creditors fairly and honestly and honors any conditions agreed by both parties. In such business dealings, UOBKH promises to abide by the Collective Action Coalition against Corruption in the Private Sector and Intellectual Property Rights Act.

### Competitors

UOBKH operates its business with respect for fair competition and integrity, works within the framework of applicable competition regulations, and refrains from action that may have a negative impact on the financial industry.

### Social and Environment

UOBKH recognizes its social responsibility and has continuously undertaken development initiatives to make a better society. Resources and expertise are focused on sustainable issues which are important to stakeholders and UOBKH, such as supporting education and financial literacy. Other CSR activities are allocated to social welfare, cultural and environment preservation, which are driven mostly by voluntary staff, and occasionally with customers and business partners, to cultivate their moral values and social conscience.

# Refusal to Violate the Human Rights

The Company has policy on the refusal to violate the human rights as follows:

- 1. Provision of security for the employees to ensure that they are safe from harassment and abuse and have freedom of assembly within the purview of the relevant laws.
- 2. Upholding the principles of equal opportunity, regardless of race, religion, color, gender, identity national origin or disability, within the purview of the relevant laws.
- 3. Refusal to use forced labor and child labor.
- 4. Employee development enhancing the skills and capabilities of members of staff by offering opportunities to learn and to be promoted, as deemed fit.
- 5. The adoption of employment terms and conditions that are fair to employees and offer reasonable compensation, based on the skills and effort of each employee.
- 6. Provision of appropriate welfare for employees, such as annual vacation leave, reasonable overtime, medical care, etc.
- 7. Ensuring that employees manage a good balance between career and personal life and have opportunities to participate in activities that contribute to society.

# Refusal to Violate the Intellectual Property Rights

The Company has policy on the refusal to violate the Intellectual Property Rights as follows:

- 1. Compliance with intellectual property or copyright law. In the case that a violation of intellectual property rights is discovered, the Company will take prompt action, as deemed fit, in order to end such piracy.
- 2. According to clause 1, when a violation of intellectual property rights is ceased, the Company will take proper action in line with the Company regulation regarding the discipline of employee and inform to the employee, who violate intellectual property rights.

In addition, stakeholders can propose their opinions, complaint or other important issues directly to the independent director or the audit committee, UOBKH Group also provides variety of channels such as UOBKH website, and UOBKH dedicated functions. For example, Investor Relations Function is responsible for feedbacks from shareholders and investors community while UOBKH HR is responsible for those from employees. Moreover, Compliance Function has been assigned to receive suggestions, complaints or any other concerns related to UOBKH business operation and regulatory matters. Significant issues shall be reported to the Compliance Committee for consideration. The Compliance and Operation Control Committee will preliminary screen the issue before reporting to the Audit Committee in case of critical corporate issues. The Audit Committee will further review, advise and report the issues and/or outcome to the Board of Directors.

In addition, in order to protect the rights and privacy of claimants, the company has set clear policies and operational procedures to handle with claims from customers, employees and stakeholders. Comments, complaints or any information given will be protected and kept confidential.

### **Complaint Channels**

- Inform the complaint at UOBKH's Head Office or branches through officers or filling the form and submit to officers.
- To Send a letter to the address below: Compliance Department
   UOB Kay Hian Securities (Thailand) Public Company Limited
   130-132 Sindhorn Tower 1, 2<sup>nd</sup> 3<sup>rd</sup> Flr., Wireless Road, Lumpini, Pathumwan, Bangkok, 10330
- Call UOBKH at 0 2659 8000 or fax the complaint to 0 2651 4338.
- Post your complaint on UOBKH's website.

# **Disclosure and Transparency**

UOBKH believes that its shareholders and other stakeholders are entitled to timely and accurate disclosure of all material information regarding the company, including financial reports, Quarterly Management Discussion and Analysis, and other important non-financial information, either by mandatory requirement or on a voluntary basis.

The disclosure is conducted through easy access channels including UOBKH's website, press conferences, and the information dissemination channels of the Stock Exchange of Thailand.

UOBKH makes publicly available on its website by the next working day the result of voting during the annual general meeting or extraordinary general meeting for all resolutions. UOBKH prepares reports for submission to relevant authorities and for public dissemination on the basis of equality and simplicity. The Board of Directors shall provide a report indicating the performance of the Company and important business activities over the course of the year to shareholders. Moreover, the Board of Directors is accountable for assessing the Company's internal control system, which is primarily assessed by the Executive Board and reviewed by the Audit Committee. The Board of Directors is also responsible to certify the accuracy of information in financial statements, the Board assigns the Audit Committee to review the financial statements of the Company and its subsidiaries to ensure that they are presented in accordance with generally accepted accounting principles and disclosed in an accurate and transparent manner to allow investors to make informed investment decisions. The Board provides the Statement of the Board of Directors' Responsibility for Financial Statements, while the Audit Committee provides reports on audit issues along with the auditor's report. Reports from the Board, the Audit Committee and the auditor's report are included in the Annual Registration Statement and Annual Report.

UOBKH arranges for the disclosure of the names and responsibilities of directors and other committees, the number of meetings, each director's meeting attendance record, their remuneration, profile of directors and management, and other corporate information in the Annual Report and the Company's website.

Directors and management shall file with the Company a Report of their Securities Holding in the Company and Report on their Conflict of Interest.

#### Responsibilities of the Board

The Board of Directors is appointed by the shareholders to take overall responsibility for UOBKH. These include directing, approving, and overseeing the implementation of, the group strategy, corporate governance and corporate values. The Board is also responsible for annually review vision, mission and corporate value along with the business strategy for achieving the objectives and sustainable growth. In addition, monitoring the implementation of business strategy is the one of the Board's responsibility as well.

With the above responsibilities, UOBKH has a policy to select its Board that possess, both as individual board members and collectively, appropriate and diverse experience, relevant competencies and personal qualities, including professionalism, personal integrity, and ability to make independent and analytical inquiry, and understand its business.

#### **Board Structure**

The Board members are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, ability to make independent analytical inquiries, and their understanding of UOBKH Group's business environment. UOBKH has clearly established the proper structure of the Board as well as Guidelines for Board Composition and Selection Criteria with regard to the proportion of independent directors, management directors, and directors nominated by major shareholders to ensure the appropriateness of the Board's composition. Recognizing the crucial of their roles and to be in compliance with the Bank of Thailand regulations, directors, managers and person with controlling power are allowed to assume the position of Chairman, executive director, or director with signatory authority in no more than 3 listed companies. Directors and management should avoid other positions or jobs that may lead to conflicts of interest.

To achieve high standards of performance, the Board delegates other committees to take on tasks that require in-depth consideration, such as the Executive Committee, the Audit Committee, the Nomination Remuneration and Corporate Governance Committee, the Risk Management Committee. UOBKH assigns the responsibility of Corporate Secretary to take care of the Board's activities, monitoring compliance to the Board's resolution, handling Board Meeting and shareholders' meeting on matters concerning notice, minutes, including other duties as required by related laws and regulations of the governing authorities.

Moreover, the Company assigned Committees and authorized persons in management to compile reports on their own interests and any involving persons to Corporate Secretary. Once any changes on the information are made, Corporate Secretary is responsible for restoring the data and reporting the changes to Chairman of the Board and Chairperson of the Audit Committee.

#### **Board Self-assessment**

In order to improve its performance, the Board of Directors has formulated self-assessment process to assess Board performance and efficiency according to corporate governance best practices. The Board of Directors assigns the Nomination Remuneration and Corporate Governance Committee to prepare and recommend Board Performance Self-assessment Guidelines for the Board's approval. The NRC Committee then reports the assessment result to the Board for acknowledgment.

Said assessment is essential to assess the appropriateness of the Board's composition and Board performance according to corporate governance best practices. The Board of Directors shall analyze the assessment results, recommendations and remarks from Board members and consider applying according to the Company's business environment and operations.

#### Remuneration

To ensure that the remuneration policies are set up with transparency, the Board of Directors assigns the NRC Committee to formulate director remuneration policies with clear and transparent criteria. Director remuneration shall reflect their duties and responsibilities. The Committee shall propose the remuneration to the Board Meeting and shareholders' meeting for approval. Remuneration for directors should be comparable to general practice in the industry with regard to work experience, expertise, commitment, as well as the contribution or benefit each director brings.

# **Board and Management Training**

When a new director is appointed to the Board, senior management will arrange for an orientation regarding UOBKH Group's business operations and past performance to provide clear understanding and enable the director to fully perform his/her duties. The Company shall also provide a copy of the Director Manual and the Corporate Governance Policy and to such director. It is UOBKH Group's policy to encourage trainings and educational activities for directors on a regular basis. The Company has subscribed for membership in The Thai Institute of Directors Association for directors in order to keep abreast of news and updates as well as to attend trainings beneficial to a listed company directorship. Training schedules shall be regularly notified to the director in advance. In addition, board members and top managements attended training programs related to the roles and responsibilities of directors, and also further their skills and knowledge in seminars or training programs which presented in the topic "Information of Directors and Senior Management".

#### Chief Executive Performance Assessment

The assessment shall be divided into 2 main parts: Financial KPI and Non-Financial KPI. The set KPI is aligning with Company Vision Mission and short-term & long-term goal of the Company in considering the business situation and environment.

To ensure the most effectiveness on the assessment, the Board will arrange the meeting(s) between the Board and Management of UOBKH, in absence of the Top Management at least once a year prior to his/her annual performance Assessment. In addition, for the performance assessment of UOBKH's Chief Executive the assessment will take into the consideration the assessment result from sub-committees. The assessment result will be reported in the Board of Directors' Meeting.

#### Succession Planning

To ensure stability and continuity of UOBKH operations, successor of all key positions has been determined. Managements succession plan shall be regularly reviewed as appropriate. For other senior management positions, the Board shall review and evaluate the successors by considering factors that is qualification, knowledge, ability, experience, and evaluation of qualified Management for successor in each position.

#### Integrity and Ethics

A reputation for integrity has been a cornerstone of UOBKH's business since its inception. This provides confidence to all stakeholders that UOBKH and its employees are performing and behaving consistently to the highest standards. They are guided by a set of values, such as compassion, dependability, honesty, loyalty, maturity, objectivity, respect, trust and professionalism.

Integrity is UOBKH's fundamental requirement in choosing and retaining its employees.

The members of the Board of Directors and employees of UOBKH also strive to maintain the highest standards of ethical conduct including:

- a) Compliance with applicable laws and regulations.
- b) Conflict of interest must be declared and appropriate arrangements made to ensure that those with a material interest are not involved in the decision-making process.
- c) Improper payments of any kind are prohibited; similarly no gift whose value is material and which may be interpreted as a form of inducement should be accepted or offered by UOBKH's employees.
- d) Ethical issues must be dealt with in an efficient and transparent manner.

# **Anti-Corruption Policy**

In 2015, the Board of Directors approved to set up "Anti-Corruption Policy", with an aim to enhance integrity and ethically business operation within UOBKH. The company has participated in numerous anti-corruption activities. On March 9, 2017, UOBKH was among the CAC member companies, certified as allies of the Thailand's Private Sector Collective Action Coalition against Corruption and also renewed the above membership after completion of the first three-year term.

# **Subsidiary Committee**

Other Subsidiary Committees and Board of Directors please see the topic. "Management Structure"

#### **Nomination of Directors and Management**

The Company has the Nomination Remuneration and Corporate Governance Committee, therefore the Nomination of Directors and Management is the subject to the following procedures:

#### **Board of Directors**

- The Company's Board of Directors shall consist of at least 5 persons. Board members will elect one of their members as Chairman and Vice-Chairman and other positions as deemed appropriate. At the same time, not less than half of the directors must reside in the Kingdom of Thailand.
- Board members can be re-elected as per the shareholders' resolution, in reference to the securities business requires specialized experts with knowledge and understanding of the Company's business.
- During the shareholders' meeting, certain rules and procedures shall apply:
  - Each shareholder holds the number of votes equal to the amount of shares in possession.
  - Each shareholder may cast votes for each individual director or a group of directors, in case of election of a group of directors, the vote cannot be divided among each individual in the group.
  - The election of directors requires a resolution of shareholders passed by a majority vote. In case of an equality of votes, the Chairman of the meeting must exercise a casting vote.
- In every annual ordinary meeting, at least one-third of the directors shall resign from the position. If the number of directors cannot be divided into 3 equal portions, the closest number to that sum shall be applied. Of the 3 directors who will resign in the first and second years after the registration of the Company, they are required to draw lots to determine who will resign in subsequent years, beginning with the director who has the longest service years.

# **Audit Committee Members**

The members of the Audit Committee are appointed by the Board of Directors or by resolution of the shareholders' meeting; members of the Audit Committee shall serve for a period of 3 years.

#### **Independent Committee**

According to the Board of Directors' selection criteria, the Independent Committee is appointed in the shareholders' meeting or the Board of Directors' meeting. The Independent Committee shall be in the position not over 3 consecutive terms. (Total not more than 9 years) and disclosure the date of elected. In case of appointment more than 9 years, the Board must provide a reason for the meeting of the Shareholders' approval.

### Definition of independence director qualification

- 1. An Independent Director holds no more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority. This is inclusive of shares held by anyone who is affiliated with them.
- 2. An Independent Director is a Director, who is not involved in the management, employees, staff, consultant with monthly salary or Entities with Controlling Authority over the Company, the Parent Company, a Subsidiary, a Joint/

- Associated Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as an Independent Director.
- 3. An Independent Director has no connection by blood or legal registration as father, mother, spouse, sibling, son/ daughter or spouse of son/daughter of another Director. Further, an Independent Director has no such connection with an Executive, a Major Shareholder, and an Entity with Controlling Authority or an Individual who will be nominated as Director, Executive or Entity with Controlling Authority over the Company or the Subsidiary.
- 4. An Independent Director has no business relationship with the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not a Significant Shareholder or an Entity with Controlling Authority over a party with business relationship with the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as Independent Director. Such business relationship is inclusive of a trading transaction occurring on a conventional basis for the conduct of business; a rent or lease of property; a transaction involving assets or services; a provision or an acceptance of financial assistance through means of a loan, a guarantee, a use of an asset as collateral against debt; and, other similar actions which result in the Company or the party to the contract having a debt to be repaid to another party for the amount from 3% of net tangible assets (NTA) of the Company or from 20 Million Baht, whichever is lower. This amount is determined by the calculation of Related Transaction value as per the announcement of the Securities and Exchange Commission. It is inclusive of debt(s) arising within one year prior to the day of business relationship with the same party.
- 5. An Independent Director is not an auditor of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder (holding more than 10% of all shares with voting rights of the Company, including shares held by Linked Entities), an Entity with Controlling Authority or a partner to the audit office with which the auditors of the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority are associated at the present time or have been within two years prior to his/her appointment as an Independent Director.
- 6. An Independent Director is not a person rendering any professional service or a legal or financial consultant who is paid more than Two Million Baht in service fee per year by the Company, the Parent Company, a Subsidiary, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder or an Entity with Controlling Authority over the Company or a partner to such professional service provider at the present time or within two years prior to his/her appointment as an Independent Director.
- 7. An Independent Director is not a Director who is appointed to be a nominee of a Director of the Company, a Major Shareholder or a Shareholder who is connected to a Major Shareholder.
- 8. An Independent Director does not engage in a business of the same nature as and which is significantly competitive to that of the Company, the Parent Company or a Subsidiary. An Independent Director is not a significant partner to a partnership or a Director with involvement in the management, employees, staff, consultant with monthly salary, or, who holds more than 1% of all shares with voting rights of another company which is engaged in a business of the same nature as and which is significantly competitive to that of the Company or a Subsidiary.

9. An Independent Director does not have any other characteristic which prevents him or her from opining freely on the operation of the Company.

Following appointment as Independent Directors, they may be assigned by the Board of Directors to make collective decisions involving the business of the Company, the Parent Company, a Subsidiary, a Joint / Associated Company, a Subsidiary of Equal Level, a Major Shareholder or an Entity with Controlling Authority, where it will not be deemed that such Independent Directors are Directors involved with the administration.

# Supervision of operation of subsidiaries and associates

As at December 31, 2019, the Company has no subsidiary and associated companies.

# SUSTAINABILITY REPORT

#### STATEMENT OF THE BOARD

The Board recognizes that sustainability is a key component of the UOB Kay Hian Group's long term business strategy. The Board is responsible and committed to building a sustainable business in the interests of its stakeholders.

#### SUSTAINABILITY GOVERNANCE

In today's investment climate, non tangible financial factors are becoming increasingly important to our stakeholders. Stakeholders are beginning to look beyond economic and operational factors in evaluating management and corporate accountability. This Sustainability Report is based on economic, social and environmental issues that are material to the UOB Kay Hian Group of companies.

#### SCOPE OF REPORT AND PERIOD OF REPORTING

This report focuses on the sustainability practices and strategy of the UOB Kay Hian Group of companies. It seeks to meet the interest of our stakeholders in the non-financial information of the Group and demonstrates our effort to report to Shareholders and other stakeholders the steps we are taking to achieve a more sustainable business model and contribute to a more sustainable environment.

#### **FRAMEWORK**

This report is prepared in accordance with the Global Reporting Initiative Standard: Core Option (GRI) and is also in alignment with SET Sustainability guidelines. The GRI standard is chosen as it is a universally accepted standard for reporting.

#### **ENGAGEMENT OF KEY STAKEHOLDERS**

Key Stakeholders	Form of Engagement	Key topics
Clients	Seminars, workshops, sales engagement, customer service hotline	Capital markets, corporate news investment strategy and tools
Regulators	Dialogue and face to face meetings	Regulations, cyber security corporate governance
Employees	Face to face meetings and discussions, corporate events	Performance, work efficiency, product related
Shareholders	Announcements, quarterly reporting, General meetings	Performance, corporate governance

#### TRUSTED FINANCIAL PARTNER

As a provider of regulated financial services, we position ourselves as a trusted financial partner of our clients. To achieve this, we have identified the following key Environment, Social and Governance ("ESG") factors necessary for the continuing success of our business:

#### MATERIAL ENVIRONMENT, SOCIAL AND GOVERNANCE ('ESG') FACTORS

#### a. Critical factors

#### i i Clients

Our client base comprises financial institutions, fund management companies, corporations, high net worth and mass market retail clients. Each group of clients will have their own investment and trading strategies and will require different types of services and levels of engagement from us. As a trusted financial partner and responsible broker, we see ourselves having an important role sharing our knowledge and helping to develop the capital markets in the region. We are committed to educating the investment community and providing a robust platform and relevant investment/trading tools to help investors make better investment/trading decisions.

#### To achieve this, we have:

#### Trading tools

Regular seminars and workshops on trading tools, corporate and market updates on the major regional and global markets are conducted during the evening and weekends.

#### Education

Work with SET in their various education programs for investors.

#### Technology and Research

Invest heavily in technology and research to help our clients make better investment decisions.

# Feedback

Engage our clients actively and solicit feedback on their various investment needs.

#### ii. Integrity and Fair Dealing

We strive to develop a corporate culture which will give our clients the confidence that they are dealing with a financial institution where fair dealing is central to the corporate ethos. The confidence clients place in us and their trust in our ability to help them manage and safe-keep their assets is a core ingredient to the success of our business. To achieve this, we:

- Inculcate a corporate culture where our trading representatives and staff apply the highest professional and ethical standards in dealing with our clients. Checks are in place to ensure there is no conflict of interest in handling of client orders;
- Conduct reviews to ensure that our staff and trading representatives satisfy the 'fit and proper' criteria for (b) the role they are engaged in;
- Have procedures in place to ensure that investment products are screened by our product committee and proper client assessments where necessary are conducted;
- (d) Procedures are in place to ensure that there is no conflict of interest in the handling of market sensitive information:

- (e) We have an independent department to handle client complaints. We believe in instilling a culture of doing what is right and fair to the clients in the handling of complaints. Complaints are escalated to senior management; and
- Client feedback and complaints are reviewed by management on a regular basis to enable the Company (f) to improve its service level.

#### iii. Human Capital

Our staff and trading representatives are our key assets. The UOB Kay Hian Group believes in an all inclusive work environment and we have a multi-cultural and multi-generational workforce. As a regional broker with footprints in the major regional markets, we recognize that we deal with clients and colleagues from diverse cultural backgrounds. In our dealing with our overseas clients and colleagues we are mindful of the need to be sensitive to the cultural diversity of the clientele of the different countries. We believe it is important that where possible, local talent across all levels are hired in our overseas offices. We recognize the importance of having an appropriate human capital strategy in a very competitive environment to make sure that we are able to recruit and retain the right talent. We believe in nurturing our talent, managing employee performance, cultivating leadership skills and planning for succession. We have in place a holistic and sustainable package to attract and incentivize the right talent. We recognize the need to help our colleagues build a meaningful career and provide a physically and professionally conducive environment to help our colleagues achieve their professional goals.

#### To achieve this:

- We conduct regular reviews to ensure that our remuneration package is in line with the industry and com mensurate with the job;
- (b) In addition to a basic salary, we offer a sustainable performance bonus based on the Company's as well as the employee's performance;
- (c) Identify and promote deserving staff with potential to develop their career in the organization;
- Regulatory, technical and soft skills training is conducted to help our staff keep abreast of the demands of their jobs; and
- (e) We are dedicated to principles of fair employment in our HR policies, abide by labor laws and are guided by the tripartite guidelines

In order to have a sustainable business, we recognize the importance of renewing and refreshing our talent pool and preparing staff with the potential to assume key management and leadership positions.

We recruit graduates and mid-career professionals looking for a career switch from within and outside the industry and groom them to take on various roles within the organization.

We believe that the diverse talent we have can only be good for the overall talent development within the organization.

Our multi-generational work force encompasses young millennial to industry veterans who have passed their statutory retirement age and who still have the ability to contribute to the Company and society. We believe a good blend of the young with fresh ideas and the experience of the veterans can only be good for the Company and help us to service our multi-generation client base better.

We are committed to gender equality and equal opportunities. We hire and promote based on suitability and merit.

We believe that staff welfare is an important supplement to the remuneration package offered to our colleagues. In this respect, we provide health and dental care and organize companywide gatherings.

To ensure that we are working together as a team, we share the Company's vision and strategic developments with our colleagues.

As part of staff benefits and welfare, long serving staff and sales personnel are recognized with long service awards.

Our workforce comprises the following remain stable:

AGE (years)	%
35 and below	20.28
36-50	48.47
>50	31.25
Total	100
GENDER	%
Male	44.17
Female	55.83
Total	100

# iv. Technology Risk

As a provider of stock broking services, we are in possession of client sensitive information, we are mindful that we are exposed and vulnerable to cyber security-related threats prevalent in the digital era. Such threats if not properly addressed could potentially cause disruption to our services and leakage of sensitive information.

We cater to an increasingly technology savvy and sophisticated clientele, reliance on technology to service our clients will increase. We recognize that this will increase our risks and exposure to cyber security threats and it is thus important that we strike the correct balance between having a user friendly and accessible platform and at the same time ensuring that sufficient security checks and controls are in place to protect sensitive information.

To retain the confidence and trust of our clients, it is critical that we have a robust and reliable trading and back office system as any disruption can cause financial and reputational damage.

To address this, we conduct regular vulnerability assessments of our networks and systems to ensure that vulnerabilities identified are resolved timely. We continue to invest in security and surveillance systems and at the same time enhance our recovery capabilities in the event unlikely emergencies arise.

We regularly benchmark ourselves against the technology risk management guidelines issued by the regulators to ensure that we meet the standards expected.

#### v. Governance and Regulatory Compliance

Our corporate governance report is set out in our annual report.

As a provider of financial services, we recognize the need for the regulators, in the various jurisdictions that we have a presence, to have strict rules and regulations governing how we conduct our business and how we deal with our client orders and their assets in order to ensure that our business is sustainable and the integrity of the financial systems of these countries are not compromised.

Our organization structure, operating policies and procedures are designed to ensure that appropriate segregation of duties and controls are in place to meet the high standards set by the regulators. Independent audits and compliance checks are conducted on a regular basis to ensure that our systems and procedures adhere to and comply with the regulatory standards and requirements. The audit committees review the audit reports of the internal audit departments to ensure remedial measures are taken to address regulatory and internal control lapses.

The regulators conduct regular meetings with industry participants on an industry wide basis and at the company level to help us keep abreast with regulatory changes and for us to provide feedback on the various laws and regulations. Such meetings are a useful platform to ensure that the rules and regulations, our business strategy and practices remain relevant in a fast changing environment where increasingly sophisticated technology provides both a wealth of opportunities and threats to our business.

As a major financial centre, we appreciate and understand the need of the regulators to combat anti-money laundering and the funding of terrorist activities. We have in place a robust Anti-Money Laundering Policy and framework. We also co-operate with the authorities in not dealing with potential clients who are in the Sanctions list. We have in place robust and appropriate due diligence and 'Know Your Customer' assessment procedures when accepting new accounts. These assessments are conducted using established data providers who are specialists in this area and through publicly available data.

Monitoring procedures are in place to report suspicious transactions to the relevant authorities. We promote transparency and have a whistle blowing policy where investors and staff are encouraged to report any improper, illegal or criminal activities.

### b. Important factors

#### i. Community and Social Responsibility

As responsible corporate citizens in countries which we operate, we recognize that we have obligations to the investing public and society at large.

We tie up with tertiary institutions by offering investment games and internships to their students in order for them to have a better understanding of how to invest and the business environment in which we operate.

We sponsor scholarships to deserving students in tertiary education to recognize their scholastic and all round achievements.

We donate to various charities and community projects.

#### ii. Environmental Policies and Practices

We are committed to playing an active role in preserving our natural environment reducing the depletion of our natural resources and the minimization of our carbon footprint. We constantly remind our employees to reduce paper, power consumption and water usage. Electronic devices, lighting and air condition in the office are where possible turned off after office hours.

We have been committed towards a paper-less environment since the second half of 2016.

#### (a) Our shareholders

Since 2018, as part of our sustainability efforts, we are not sending CD roms or hard copy Annual Reports to shareholders as our Annual Reports will be available online from our Company's website.

# (b) Our clients

Towards the end of 2016, we have started to implement the delivery of e-statements and e-contract notes to our clients, reducing the printing of physical statements and contracts, thus helping to promote a more sustainable environment and at the same time improving the timeliness of such reports to our clients.

#### (c) Our staff

- (i) We have over the last 3 years ceased to provide printed trade reports to our trading representatives. Efficiency and reduction in carbon footprint waste have been achieved through the migration of such reports to an Electronic platform.
- (ii) Circulars, announcements and formal communication with colleagues are currently done through the office intranet and email.
- (iii) Staff are constantly reminded to minimize printing of reports and are encouraged to recycle and reuse papers.

#### **TARGETS FOR FY2019**

#### **CLIENTS**

We recognize that client engagement and education continue to be important factors in our business. To this end, we shall continue to organize seminars, workshops and presentations by fund houses and corporates to keep our clients abreast of developments in the capital markets and investment opportunities which are relevant to their needs.

#### **TECHNOLOGY RISK**

We continue review and monitor our vulnerability to intruders and hackers and invest in relevant tools to mitigate cyber security risks. We will be conducting cyber security awareness training to remind our colleagues of how risks can be mitigated.

To ensure business continuity, we will be testing our operational resilience, incident communication procedures to ensure that we are prepared in the event of disruption due to factors beyond our control.

#### **HUMAN CAPITAL**

We believe in staff recognition and will be implementing programs outside our normal remuneration structure to encourage our colleagues to provide better service and to promote teamwork.

#### **GOVERNANCE AND REGULATORY COMPLIANCE**

This is an on-going process and we shall continue to engage with the regulators and how we can work towards better investor protection and to enhance the reputation of the financial markets in Thailand.

#### COMMUNITY AND SOCIAL RESPONSIBILITY

We shall continue to offer scholarships to students in tertiary education and to engage in community work.

#### **ENVIRONMENT POLICIES**

Over the past year, we have increased the use of electronic communication with our clients and trading representatives in order to reduce our carbon footprint. Plans are in place to further reduce the amount of printed notices and communications. We target to maintain the same level of power consumption.

# INTERNAL CONTROL

In the Board of Directors meeting in which 3 audit committee members attended, the directors discussed with the management on adequacy of internal control in 5 areas, namely Organisation Control and Environment Risk Management, Management Control, Information Technology and Communication and Monitoring Systems, the Board of Directors concluded that the Company has adequate control in all of these areas. The Board of Directors was also satisfied with the Company's monitoring system which is capable of protecting the Company's assets from unauthorised usage.

# **Head of Internal Audit Department**

The Audit Committee considered the Internal Audit Department of UOB Kay Hian Private Limited, the related party and one of the leading Securities Trading and Investments Company in Singapore, to act as internal auditor of the Company, UOB Kay Hian Private Limited appointed Ms. Jenny Ng, Associate Director of Internal Audit Department, to act as Head of Internal Audit Team of the Company. Besides, the Company found internal audit unit to coordinate with internal auditor from outsourcing and to update the Audit Committee on internal audit findings on a quarterly basis. The Audit Committee agreed that Ms. Jenny Ng has experience in the auditing of securities and banking businesses and has an understanding of the Company's business. She is appropriate to perform such functions. The qualification of the Head of Internal Audit Department as published in the information of Head of Internal Audit Department and Head of Compliance Department Section.

# **Head of Compliance Department**

The Company appointed Mr. Somdech Ruksomboon, to act as Head of Compliance Department, to monitor and control all business units to comply with rules and regulations. The qualification of the Head of Compliance Department as published in the information of Head of Internal Audit Department and Head of Compliance Department Section.

# PREVENTION OF THE MISUSE OF INSIDER INFORMATION

The Company established a policy on misuse of insider information by directors and the management for personal gains. Directors and management who are in the known of the Company's financial information are not allowed to trade the Company's shares one month prior to the public disclosure of such information. In case where directors and management purchase shares of the Company, they are required to report such transactions to the Office of Securities and Exchange Commission in accordance with Section 59 and Section 275 of the Securities and Exchange Act.

#### **Penal Provision**

Furthermore, The Company has issued the penal provision for those seeking personal benefits by using insides information. The penalty deemed as appropriate includes verbal warning, warning, probation and dismissal.

# **AUDIT COMMITTEE REPORT**

The Audit Committee of UOB Kay Hian Securities (Thailand) Public Company Limited comprises of 3 members from the Company's Board of Directors, proficient in finance, accounting and law. Each member is independent and not an executive nor an employee, nor any advisor of the Company. The name of Audit Committee members are as follows:

Mr. Viroj Tangjetanaporn, Independent Director as Chairman of the Audit Committee Mr. Somchat Chinthammit, Independent Director as member of the Audit Committee \*Mr. Loh Poh Wena. Independent Director as member of the Audit Committee

NOTE: \*Mr. Loh Poh Weng had resigned effective August 15, 2019 the Board of Directors appointed Mr. Paiboon Julasaksrisakul on August 23, 2019. The Company has registered with Department of Commerce on 28 August 2019.

Appointed by the Company's Board of Directors, the Audit Committee has a duty to review financial reports, ensure that the Company has appropriate and efficient internal control and audit systems, as well as to perform other duties as designated by the Board of Directors in accordance with the terms and best practices for Audit Committees issued by the Stock Exchange of Thailand.

During 2019, the Audit Committee held 4 meetings. The meetings were held together with the Company's management, Head of Compliance, Internal Audit Department, and the external auditor. The Audit Committee has performed the following duties:

- 1. Financial Statement: The Audit Committee reviewed the Company's quarterly financial statements and annual financial statements for 2019, including disclosure of inter-company and related transactions. The review focused on compliance with generally accepted accounting standards, adequacy, completeness and reliability of information disclosure.
- 2. Related Transactions: The Audit Committee reviewed all related transactions that may cause conflict of interest with the Company, and found that they are reasonable, genuine, and occurred as part of normal business operation. The disclosure of related information is complete and accurate. This is to ensure that the Company was in compliance with the Stock Exchange of Thailand's published code of good corporate governance.
- 3. Internal Control: The Audit Committee reviewed and evaluated the sufficiency of the internal control system provided by the Compliance and Internal Audit in order to prevent and reduce potential risk. In addition, the Audit Committee has regularly followed up with the Company's management as well as receiving regular report from Compliance and Internal Audit on internal control issues. In general, the Audit Committee is of the opinion that the Company internal control system is sufficient and appropriate for the Company's business.
- 4. Compliance with rules and regulations of regulatory bodies: The Audit Committee has reviewed the Company's operation to ensure that the Company has performed its duties in accordance with all laws and regulations to which the Company must comply.

5. Selection and appointment of auditor: The Audit Committee has considered and proposed, Mr.Yongyuth Lertsurapibul, CPA No. 6770 and/or Mr. Permsak Wongpatcharapakorn, CPA No. 3427 and/or Mr. Chavala Tienpasertkij, CPA No. 4301 and/or Dr. Suwatchai Meakhaamnouychai CPA No. 6638 of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. To be the auditors of the Company of the year 2019, any one being authorized to conduct the audit and express an opinion on the annual financial statement of the Company. In the absence of the above-named auditors, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. is authorized to identify one other Certified Public Accountant with Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to carry out the work. Their remuneration is no more than Baht 2,336,040 per annum.

In conclusion, the Audit Committee has reviewed and found that the Company has sufficient internal control. The related transactions, which may cause conflict of interest with the Company, are reasonable, genuine, and part of normal business operation. Furthermore, the Company has performed its duties in accordance with all laws and regulations to which the Company must comply. The Annual financial statement ended December 31, 2019 is presented in all material respects and free of material misstatement. The financial statement is correct, sufficiently disclosed, complete, and reliable according to generally accepted accounting standards.

Mr. Viroj Tangjetanaporn

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Chairman of the Audit Committee

In the name of the Audit Committee of

UOB Kay Hian Securities (Thailand) Pcl.

# **RELATED PARTIES TRANSACTION**

#### Saving, interest income and accrued interest receivable (1)

Persons/ Companies with	Types of connected party transactions	Transaction Value (unit : Baht)						Necessity and Justification of
potential conflict of interests		2019		2018			Related transaction	
		Savings	Interest	Accrued	Savings	Interest	Accrued	
			Income	Interest		Income	Interest	
				Receivable			Receivable	
1 United Overseas Bank	The company has	1,311,384,160*	17,526,552	-	842,136,437*	14,543,167	69,050	Audit Committee has reviewed
(Thai) Plc.	funds deposited in							and concluded that they are
	current and saving							normal transactions with the same
	accounts							interest rate that the Bank offered
								to other clients.

<sup>\*</sup>deposit at Bank also include deposits for Customers' account.

# Company's deposits on behalf of customers

Persons/ Companies with potential	Types of connected party transactions	Transaction Va	lue (unit : Baht)	Necessity and Justification of	
conflict of interests		2019	2018	Related transaction	
2.1 UOB Kay Hian Private Limited	Cash deposited by UOB Kay Hian Private Limited	164,021,466	187,417,919	Audit Committee has reviewed and concluded that	
	and UOB Kay Hian (Hong Kong) Limited for share			they are normal transactions.	
2.2 UOB Kay Hian (Hong Kong) Limited	settlement purpose. This amount of cash is deposited	1.215.108.416	711.937.239		
2.2 OOB Ray Half (Hong Rong) Limited	with a local bank.	1,213,106,410	711,937,239		

#### (3) Brokerage fees

Persons/ Companies with potential	Types of connected party trans-	Transaction Va	llue (unit : Baht)	Necessity and Justification of	
conflict of interests	actions	2019	2018	Related transaction	
		Brokerage fees	Brokerage fees		
3.1 UOB Kay Hian Private Limited	The company received brokerage fees.	3,173,338 As of Dec 31, 2019 Receivables 1,814,514 Payables None	4,436,281 As of Dec 31, 2018 Receivables 43,294,903 Payables None	Audit Committee has reviewed at concluded that the transactions were proformal business transactions with the same fees rate as offered to other clien. The committee concluded that the transactions were reasonable.	
3.2 UOB Kay Hian (Hong Kong) Limited	The company received brokerage fees.	4,640,576 As of Dec 31, 2019 Receivables 3,779,673 Payables 26,142,606	5,661,269 As of Dec 31, 2018 Receivables 4,295,825 Payables 559,470		
3.3 UOB Asset Management (Thai)	The company received brokerage fees.	21,954,263 As of Dec 31, 2019 Receivables and Payables None	18,258,126 As of Dec 31, 2018 Receivables and Payables None		

As of December 31,2019 and 2018, the related parties who have engaged in transaction listed under (3) have no outstanding balance from share trading beyond the settlement period of T+2.

#### Service fees and others (4)

Persons/ Companies with potential	Types of connected party transactions		Transaction Val	lue (unit : Baht	)	Necessity and Justification of Related	
conflict of interests		2	2019	:	2018	transaction	
		Income	Expense	Income	Expense		
4.1 United Overseas Bank (Thai) Plc.	The Company paid fees for automatic money transfer, cheque clearing and also remunerate the bank for the suggestion given to client (suggestion on trading shares with the company).	-	349,608	-	360,613	Audit Committee has reviewed and concluded that the transactions were part of normal business operation with the receipt of fees arisen from shares transfer, from being a share registrar and from late payment/ delivery of shares.	
4.2 UOB Kay Hian (Hong Kong) Limited	• Other	-	1,734,872 Accrued fees 175,600	-	1,135,077 Accrued fees 83,160	For payment of fees, the amount is for automatic money transfer and cheque clearing, and also remunerate the bank for the suggestion given to client (suggestion on trading shares with the	
4.3 UOB Kay Hian Private Limited*	The Company received fees from late payment/ late deliveries of share exceeding (T+2) , share transfer and other fees.	294,109	-	22,499		company), which were part of normal business operation.	
	The Company received service fees	2,942,603	-	-	-	Audit Committee has reviewed and concluded that the transactions were part of normal business operation	
	The Company paid fees for the Service Agreement	-	13,856,320 Accrued fees 3,205,040	-	14,021,280 Accrued fees 3,383,500	Audit Committee reviewed the transactions and concluded that the service was beneficial to the Company's operation. The fee and condition were reasonable. The Company considered and assessed the services before paying the fees. The need to renew the agreement will be assessed and review on a yearly basis.	
	• Other	-	6,157,536 Accrued fees 245,892	-	5,013,810 Accrued fees 126,912		
4.4 United Overseas Insurance (UOI)	The amount is the payment for insurance contract (Stock Broker Scheme and Director & Officer Liability). The purpose of this insurance is to protect any damage inflicted in securities companies within the UOB Group. This includes negligence, misconduct of employees; theft or false documents; malpractice by employees, computer crimes and also damage which cannot be classified. The amount insured for the entire group was approximately SGD 40 million and the validity of the contract was from July 1, 2019 to August 31,2020. The yearly insurance premium was 6.45 million Baht according to the allocation (number of employee).		5,636,951 Accrued fees 3,155,123		5,133,524	Audit Committee reviewed the premium and protection as stated in the assurance policy and concluded that the transaction was reasonable and beneficial to the Company.	
4.5 UOB Asset Management (Thai)	The Company received unit trading agency fees	140,461	-	123,893	-	Audit Committee reviewed the transactions and concluded that the transaction was a part of normal business operation.	

<sup>\*</sup> Other expenses originated from besides the fee for the Service Agreement, the Company also incurred the services provided under the agreement, such as traveling, accommodation and provision. In 2019 and 2018 the total expenses were Baht 0.20 million and Baht 0.25 million.

# **EXPLANATION AND ANALYSIS OF FINANCIAL** STATUS AND OPERATION PERFORMANCE

The overall operating results in 2019 and 2018 of Company, the total income amounted to Baht 1,048.16 million and Baht 1,043.74 million respectively. The net profit amount to Baht 15.93 million and Baht 170.73 million respectively. Mostly income of the Company came from securities business which the Company had market share of 2.72% in 2019 and 2.12% in 2018. The trading volume of Company in 2019 and 2018 was Baht 609,985 million and Baht 525,796 million respectively.

# **Operational Performance**

#### Revenue

The Company's revenue comprises of brokerage fees on securities and derivatives trading, service fees, interest on margin loan, gains and return on financial instruments such as gains (losses) on securities and derivatives and interest and dividend income and other income such as fees from transferring share, fees from being a share registrar. Nevertheless, the major source of the Company's income is from securities brokerage. Previously, the Company's income from brokerage fees was equivalent to 65-70% of total income. Most of the clients were retail investors, which were equivalent to 66-75% of the Company's securities trading value, and the value of trade from institutional clients was 25-34% of the Company's total. The gains (losses) on trading securities and derivatives in the Company was a result of trade error from securities and debt securities trading, and did not originate from the Company's investment in equity securities of its own capital.

In 2019, the Company's total revenue reached Baht 1,048.16 million, increased by 0.42% compared to the previous year's amount. This was due mainly to the increasing of gain and return on financial instruments while brokerage fees, services income and Interest on margin loan were decreased from last year.

# Revenue from Brokerage Fees

Revenue from brokerage fees is directly related to the overall trading value in the stock exchange, and in turn is attracted by market conditions and other factors.

In 2019, the trading value of the total market was Baht 12,802,090 million, decreased by 7.37%, while the Company's trading value was Baht 585,616 million, increased by 15.50% which is better than the industry due to the buying part of retail business from AEC Securities Plc. The transaction was done in December 2018 and benefit significantly to full year performance of 2020. Then, the company's market share was rise to 2.72% from just 2.12% in the previous year.

Somehow, the Company's total earned income from brokerage fees was equivalent to Baht 775.96 million, decreased by 0.63%, contrasting compared to the increasing of trading value due to the fierce competition of trading fee rate, especially in retail brokerage business as investors in this segment focus on short term trading based on own decision without using research papers. For institutional brokerage business, the competition is less intensify than retail due to institutional investors has many services criteria including quality of research, execution services and others.

Company's Performance	2019	2018	2017
UOBKHST's trading value (Baht million)	609,985	525,796	533,168
UOBKHST's market share	2.72	2.12	2.43
Ranking	17	22	20

Source: Stock Exchange of Thailand

Type of Company's Investor (%)	2019	2018	2017
Individual	75.54	66.20	66.73
Institutional	24.46	33.80	33.27

Remark: Calculated from the Company's total trading volume

#### Other Revenue other than Brokerage Fees

In 2019 and 2018, the Company had fee and service income Baht 42.09 million and Baht 44.62 million and accounted for 4.02% and 4.27% of the Company total revenue, respectively, or decreased 5.67% from the previous year as a result of decreasing in financial advisory services.

In 2019 and 2018, the income from interest on margin loan of the Company were Baht 89.80 million and Baht 106.64 million and accounted for 8.57% and 10.22% of the Company total revenue, respectively. The decreasing of 15.80% from previous year, this was from decreasing in margin loans balance in year 2019.

The income from gains and return on financial instruments were equivalent to 11.00% and 9.15% of total income in 2019 and 2018, respectively. Most of the income was the interest from deposit with financial institutions.

# **Expenses**

The 2019 operating expenses of the Company was Baht 1,026.44 million, increased 23.21% from year 2018. The breakdown for the expenses were (1) Employee benefits expenses accounted for 54.81% (2) Fees and service expenses accounted for 11.38% (3) Financial costs accounted for 2.57% (4) Others expenses accounted for 31.23% of the total expenses. Total expenses for 2019 has increased compare to 2018, mainly due to the increasing of employee benefits expenses, increased 18.54% from year 2018 since number of marketing officers were increased by acquiring the retail stockbroking business of AEC Securities Public Company Limited in December 2018 and the increasing of fees and service expenses, increased 35.83% from previous year because of trading value and volume of securities and derivative of the Company have increased. Moreover, in year 2018 the Company has reversed provisions for litigation of Baht 45.46 million to result in the decreasing of total expense in year 2018.

The Company's finance cost in year 2019 was Baht 26.36 million, increased by Baht 10.04 million or 61.46%. This was the result from the payment of interest for customer's deposit account.

#### **Net Profit**

In 2019, the Company had net profit of Baht 15.93 million, decrease of Baht 154.80 million or 90.67% from 2018. As a result of increasing in the Company's total expenses was greater than increasing of total income of the Company due to the fierce completion on trading fee rate in year 2019.

#### **Financial Situation**

#### Assets

The amount of total assets, as of December 31, 2019, was Baht 4,723.31 million. Decreased 14.81% from the previous year, the decrease was mainly the result of the decreased in receivables from clearing house and broker-dealers. As of December 31, 2019 and 2018, the Company's receivables from clearing house and broker-dealers were 0.27% and 13.03% of total assets, respectively.

#### Cash and Cash Equivalent

As of December 31, 2019, the Company had cash and cash equivalents amount of Baht 666.66 million, decreased from 2018 by Baht 280.20 million or 29.59% as a result of decreasing in cash provided by operating activities.

#### Investment

The Company has no policy to invest its own capital in equity securities because of the Company's commitment to engage only in agency broking. Consequently, there is no movement regarding equity investment, except for the Company's investment in TSFC and ASCO Business Promotion. Moreover, the Company has invested in trading debt securities Baht 380.89 million accounted for 8.06% of total assets.

As of December 31, 2019 the Company had investments Baht 385.60 million increased by Baht 112.26 million or 41.07%.

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

As of December 31, 2019, the Company had receivables from Clearing House and broker - dealers of Baht 12.95 million. Such a receivable varies according to trading volume which is normal in securities business.

#### Securities business receivables and Derivatives business receivables

As of December 31, 2019, the Company had the receivables from securities and derivatives business receivables amounting to Baht 3,028.41 million, and increased of 2.73% from 2018 because of the market condition and trading value at the end of year 2019.

The breaks down of securities business receivables and derivatives business receivables as of December 31, 2019 are as follows:

- Receivables from customer accounts cash was Baht 997.13 million, decreased from previous year end by Baht 214.68 million, balance varies according to volume of trades during the last 2 trading days before year end date.
- Receivables from customer accounts credit balance of Baht 2,022.10 million, increased from year 2018 by Baht 294.09 million. As a result of the increasing of margin loan accounts.
- Other receivables, which are settlement of trades exceeding T+2, receivables from restructured account, and installment as of December 31, 2019 was Baht 6.92 million slightly increased from end of year 2018 by Baht 0.08 million.

As of December 31, 2019, the Company has allowance for doubtful debts of Baht 6.92 million, increased by Baht 0.08 million from year 2018.

#### Goodwill

As of December 31, 2019, the Company has Goodwill of Baht 324.07 million, increased from end of year 2018 by Baht 28.27 million as a result of the management of the Company considered to record loss on impairment of goodwill and recognized as expense into the statement of comprehensive income for the year ended December 31, 2019 of Bath 28.27 million because some marketing officers who were transferred from Merchant Partners Securities Public Company Limited, Country Group Securities Public Company Limited and AEC Securities Public Company Limited resigned from being employee of the Company.

#### Other Assets

These comprise of Indemnity compensation fund in net settlement system, deposits, prepaid expenses, accrued income. As of December 31, 2019, the Company's other assets amounted to Baht 141.43 million, increased by Baht 4.46 million from 2018.

# Liquidity

In year 2019, the Company has cash and cash equivalents decreased Baht 280.20 million as a result of cash used in operating activities of Baht 195.95 million mainly due to the Company's net profit has decreased and the decreasing of change in operating assets and liabilities from previous year.

### Significant factors that may affect future financial status or company performance

The company's performance depends largely on brokerage fees and derivative trading, which in turn depends on the trading value, performance of SET index, domestic investors' confidence and fund flow from foreign investors. Also, the trading value depends on the investment return which is rely on the corporate earnings which rely on the direction of GDP growth, corporate earnings and liquidity. External liquidity comes from loosening monetary policy from major central banks, while the internal liquidity comes from domestic saving and people investment which is included the investment for tax privileges.

The change of tax privileges investment from "long term mutual fund (LTF)" to "super saving fund (SSF)" which has lower investment size limited but allow variety of asset which is not only Thai equity, probably reduce the capital flow into Thai stock market. Moreover, The Association of Thai Securities Companies (ASCO) has agree to start collecting the settlement fee, automatic transfer system (ATS) expense, from investors since 1 April 2020. This action may increase investors' cost of investment which may result as a reduction of transactions, probably pressure to the Company's revenue.

Moreover, the change in technology and customer sending order from investment consultant to internet and trading scripts cause a pressure to commission rate. Also, the fierce competition in brokerage business put more downside to brokerage fee.

# **Auditor Remuneration**

At the end of fiscal year December 31, 2019, the amount of remuneration paid to DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD., which is the Company's auditor, amounted to Baht 2.34 million.

# Other fees

The Company has no other non-audit fee payable to the auditor or an auditing firm which is associated with the auditor.

# REPORT REGARDING THE RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORT

The Board of Directors of UOB Kay Hian Securities (Thailand) Plc. is responsible for the Company's financial statements and financial information as shown in its annual report for the year 2019. The Company's financial reports and information are prepared in compliance with the Generally Accepted Accounting Principles, with due care and carefulness. The Company has provided sufficient disclosure of important information in the notes to financial statements for the benefit of shareholders and general investors.

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

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

It is the Board of Directors' opinion that the financial statements of UOB Kay Hian Securities (Thailand) Plc. for the year ended December 31, 2019 is prepared in line with generally accepted accounting principles and relevant rules and regulations.

> Tan Chek Teck Chairman

Chaipat Nakmontanakum Chief Executive Officer

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# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC **ACCOUNTANTS**

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED

#### Opinion

We have audited the financial statements of UOB Kay Hian Securities (Thailand) Public Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UOB Kay Hian Securities (Thailand) Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

#### **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# **Key Audit Matters**

# **Key Audit Procedures**

# Revenue recognition - Brokerage fee

Brokerage fees are fees from securities business and derivatives business which have terms and conditions to charge the fees based on trading volume. Brokerage fee is key audit matters because the high . volume of transactions, robust internal controls over commission rate setting and recording has impacted on the occurrence, completeness and accuracy of this transaction.

The accounting policies of revenue recognition, the details of brokerage fees and operating segment iformation were disclosed in Note 3.1, Note 24 and Note 35 to the financial statements, respectively.

Key audit procedures included:

- Understood the revenue recognition brokerage fee process and related internal control procedures.
- Reviewed the design and implementation of the internal control procedures related to revenue recognition - brokerage fee.
- Performed the operating effectiveness testing over the internal control procedures including related information and technology system around revenue recognition - brokerage fee process.
- Performed substantive testing as follows:
  - Examined the trading volume information of securities and derivatives of the customers and brokerage fee rates, recalculated the brokerage fees and examined the related supporting documents of those revenues whether the brokerage fees are occurrence and have been accurately and completely recognized.
  - Performed substantive analytical procedures relating to the brokerage fees.

## Impairment of goodwill

The consideration of impairment of goodwill is depended on the management's judgments and key assumptions. Therefore, the key audit matter is whether the valuation of goodwill and impairment of goodwill have been recognized in accordance with TFRSs.

Accounting policies of goodwill and impairment and details of goodwill were disclosed in Note 3.10 and Note 12 to the financial statements, respectively.

Key audit procedures included:

- Understood the impairment consideration process and related internal control procedures
- Tested the design and implementation of the internal control procedures
- Performed the operating effectiveness testing over the internal control procedures around impairment consideration process, and
- Performed substantive testing as follows:
  - · Involved our internal specialists in assessing and testing the appropriateness of valuation model and key assumptions the management used in the estimation of the impairment provision for goodwill.
  - Examined the correctness of the data used in the estimation of the impairment provision for goodwill with supporting documents and relative report.
  - Examined the correctness of the calculation of the impairment provision for goodwill.

#### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

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

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

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

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and
whether the financial statements represent the underlying transactions and events in a manner that achieves fair
presentation.

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

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

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

BANGKOK February 21, 2020 Chavala Tienpasertkij
Certified Public Accountant (Thailand)

· limposek

Registration No. 4301

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

# STATEMENT OF FINANCIAL POSITION

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AS AT DECEMBER 31, 2019

	Notes	2019	2018
ASSETS			
Cash and cash equivalents	5	666,662,826	946,858,950
Receivables from Clearing House and broker - dealers	7	12,951,666	722,245,403
Securities business receivables and			
Derivatives business receivables	8	3,028,410,395	2,947,977,366
Investments	10	385,595,497	273,335,549
Premises improvement and equipment	11	128,112,052	128,322,142
Goodwill	12	324,074,672	352,345,895
Intangible assets	13	29,527,189	33,374,643
Deferred tax assets	14	6,550,290	2,700,620
Other assets	15 _	141,430,038	136,974,606
TOTAL ASSETS	_	4,723,314,625	5,544,135,174

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AS AT DECEMBER 31, 2019

	Notes	2019	2018
LIABILITIES AND OWNERS' EQUITY			
LIABILITIES			
Payables to Clearing House and broker - dealers	17	304,104,279	412,435,515
Securities business payables and			
Derivatives business payables	18	757,544,477	1,501,140,461
Current tax liabilities		6,506,677	3,763,089
Employee benefit obligations	19	122,396,151	87,140,029
Other liabilities	20	85,524,038	73,171,591
TOTAL LIABILITIES		1,276,075,622	2,077,650,685
OWNERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
502,448,570 ordinary shares of Baht 1 each	_	502,448,570	502,448,570
Issued and paid-up share capital			
502,448,570 ordinary shares of Baht 1 each,			
fully paid		502,448,570	502,448,570
ADDITIONAL PAID-IN CAPITAL		455,750,395	455,750,395
RETAINED EARNINGS			
Appropriated			
Legal reserve	21	50,244,857	50,244,857
Unappropriated	_	2,438,795,181	2,458,040,667
TOTAL OWNERS' EQUITY		3,447,239,003	3,466,484,489
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# STATEMENT OF COMPREHENSIVE INCOME

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019	2018
REVENUES			
Brokerage fees	24	775,957,900	780,855,931
Fees and service income	25	42,086,406	44,617,419
Interest on margin loans		89,797,228	106,644,084
Gains and return on financial instruments	26	115,273,134	95,550,620
Other income	_	25,046,697	16,068,259
Total revenues	_	1,048,161,365	1,043,736,313
EXPENSES			
Employee benefits expenses		562,599,818	474,597,637
Fees and service expenses		116,801,973	85,989,722
Finance costs		26,364,578	16,328,511
Doubtful accounts		81,359	24,000
Reversal of provisions for litigation	32.1	-	(45,463,298)
Other expenses	30	320,591,834	301,612,211
Total expenses	_	1,026,439,562	833,088,783
PROFIT BEFORE INCOME TAX		21,721,803	210,647,530
INCOME TAX	31 _	5,795,889	39,916,811
PROFIT FOR THE YEAR	_	15,925,914	170,730,719

# STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019	2018
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently			
to profit or loss			
Gains on remeasurements of defined			
benefit plans	19	-	12,014,972
Income tax relating to components of other			
comprehensive gain	14		(2,402,994)
NET OTHER COMPREHENSIVE INCOME			9,611,978
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	_	15,925,914	180,342,697
BASIC EARNINGS PER SHARE	BAHT	0.03	0.34
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	502,448,570	502,448,570

# STATEMENT OF CHANGES IN OWNERS' EQUITY

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

		Issued and	Additional	Retained Earnings		
	Notes	paid-up	paid-in	Appropriated	Unappropriated	Total
		share capital	capital	Legal reserve		owners' equity
Balance as at January 1, 2018		502,448,570	455,750,395	50,244,857	2,322,918,341	3,331,362,163
Dividends paid	22	-	-	-	(45,220,371)	(45,220,371)
Total comprehensive income for the year			-	-	180,342,697	180,342,697
Balance as at December 31, 2018		502,448,570	455,750,395	50,244,857	2,458,040,667	3,466,484,489
Balance as at January 1, 2019		502,448,570	455,750,395	50,244,857	2,458,040,667	3,466,484,489
Dividends paid	22	-	-	-	(35,171,400)	(35,171,400)
Total comprehensive income for the year			-	-	15,925,914	15,925,914
Balance as at December 31, 2019		502,448,570	455,750,395	50,244,857	2,438,795,181	3,447,239,003

# STATEMENT OF CASH FLOWS

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT: BAHT

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expenses		21,721,803	210,647,530
Adjustments to reconcile profit before income tax to			
net cash provided by (used in) operating activities			
Depreciation and amortization	11, 13	53,566,602	42,345,565
Employee benefit expenses	19	38,940,056	14,548,806
Doubtful accounts	9	81,359	24,000
Reversal of provisions for litigation	32.1	-	(45,463,298)
Gain on disposal of equipment		(1,592,404)	(259,100)
Loss on write-off equipment		749,737	223,022
Loss on impairment of goodwill	12	28,271,223	25,116,325
Finance costs		26,364,578	16,328,511
Interest and dividend income	26	(81,186,000)	(53,898,711)
Interest on margin loans	-	(89,797,228)	(106,644,084)
Operating profit (loss) before changes in			
operating assets and liabilities		(2,880,274)	102,968,566
(Increase) decrease in operating assets			
Receivables from Clearing House and			
broker - dealers		709,293,737	(720,725,538)
Securities business receivables and			
Derivatives business receivables		(79,485,186)	2,506,569,862
Trading securities		(111,849,068)	(114,152,934)
Other assets		(3,182,037)	(9,019,567)
Increase (decrease) in operating liabilities			
Payables to Clearing House and broker - dealers		(108,331,236)	(263,112,880)
Securities business payables and			
Derivatives business payables		(743,595,984)	(599,443,423)
Other liabilities	_	13,325,905	(18,238,291)
Cash received (paid) from operation	-	(323,823,869)	781,877,229

Notes to the financial statements form an integral part of these financial statements

# STATEMENT OF CASH FLOWS (CONTINUED)

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT: BAHT

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
(Continued)			
Employee benefit paid	19	(3,683,934)	(5,948,100)
Interest paid		(27,338,035)	(15,461,313)
Interest and dividend received		168,680,631	163,256,471
Income tax paid	_	(6,901,972)	(47,069,838)
Net cash provided by (used in) operating activities	-	(195,947,453)	979,623,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received (paid) from investing activities			
Cash payment for purchases of investment		(410,880)	(256,800)
Cash payment for purchases of equipment	4.1	(45,233,132)	(27,766,857)
Cash payment for purchases of intangible assets	4.2	(5,468,549)	(6,884,879)
Cash payment for business transferred	1	-	(172,508,633)
Proceeds from disposal of equipment	_	2,035,290	263,374
Net cash used in investing activities	-	(49,077,271)	(207,153,795)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid from financing activity			
Dividend paid	22	(35,171,400)	(45,220,371)
Net cash used in financing activities	-	(35,171,400)	(45,220,371)
Net increase (decrease) in cash and cash equivalents		(280,196,124)	727,248,849
Cash and cash equivalents as at January 1,	_	946,858,950	219,610,101
Cash and cash equivalents as at December 31,	5	666,662,826	946,858,950

Notes to the financial statements form an integral part of these financial statements

# CONDENSED NOTES TO THE FINANCIAL STATEMENTS

UOB KAY HIAN SECURITIES (THAILAND) PUBLIC COMPANY LIMITED FOR THE YEAR ENDED DECEMBER 31, 2019

#### BUSINESS OPERATIONS AND OTHER INFORMATION OF THE COMPANY

UOB Kay Hian Securities (Thailand) Public Company Limited (the "Company") was incorporated as a limited company under Thai laws on July 2, 1998. Subsequently, the Company converted the status to be a public limited company in accordance with the Public Limited Companies Act on February 21, 2005 and was listed on the Stock Exchange of Thailand on November 22, 2005. The Company's head office is located at 130-132, Sindhorn Building Tower I, 2nd and 3rd floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330. As at December 31, 2019 and 2018, the Company has 44 and 46 branches, respectively.

UOB-Kay Hian Holdings Limited, incorporated in Singapore, is the major shareholder and the ultimate parent company, holding 70.65% of the Company's issued and paid-up share capital.

The Company operates its business in Thailand and its principle activities are securities brokerage and derivatives agent. The Company was granted licenses from the Ministry of Finance and the Office of the Securities and Exchange Commission to operate the following securities businesses:

- 1. Securities Brokerage
- 2. Securities Trading
- 3. Securities Underwriting
- 4. Investment Advisory Service
- 5. Derivatives Agent

On November 13, 2018, the Board of Directors (Meeting No. 5/2018) approved the Company's proposal to expand its retail securities business by acquiring the retail stockbroking business of AEC Securities Public Company Limited ("AEC"). The acquisition would result in the transfer of the employment of certain marketing officers and related fixed assets, contracts and leases relevant to the business transferred.

In December 2018, certain assets in relation to the retail securities business, and certain liabilities associated with those assets were transferred from AEC for a consideration of Baht 172,508,633 in accordance with the conditions specified in the agreement.

Fair value of certain assets and liabilities transferred from AEC are as follow:

	Baht
Assets	
Securities business receivables and derivatives business receivables	118,817,130
Premises improvement and equipment	26,355,810
Intangible assets	177,519
Total assets	145,350,459
Liabilities	
Employee benefit obligations	(7,661,825)
Total liabilities	(7,661,825)
Net assets value	137,688,634
<u>Less</u> Purchase price	(172,508,633)
Goodwill	34,819,999

The rights and benefits that the Company expects to obtain from marketing officers including customer accounts of such officers transferred from AEC is treated as goodwill and computed to be Baht 34,819,999.

# 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission. No. SorTor. 22/2559, dated June 2, 2016, regarding "The Form of Financial Statements for Securities Companies (No.2)", which is effective for the financial statements for the accounting periods beginning on or after January 1, 2017 onwards.
- 2.2 An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.3 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follows:

# Group of Financial Instructions Standards

Thai Accounting Standards ("TAS")

**TAS 32** Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company's management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

Thai Financial Reporting Standard No. 16 "Leases" ("TFRS 16")

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether on Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company's management is in the process to assess the impact of this TFRS on the financial statements of the Company in the period of initial application.

## SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies below:

Significant accounting policies adopted by the Company are summarized as follows:

- 3.1 Revenue and expense recognition
  - 3.1.1 Brokerage fee, fees and services income

For the year ended December 31, 2019, the Company changed the basis according to the adoption of TFRS No. 15 "Revenue from Contracts with Customers". Therefore, the accounting policy for brokerage fee, fees and services income for the year ended December 31, 2019 and 2018 were contrast as below.

# For the year ended December 31, 2019

Brokerage fee

Brokerage fees on securities and derivatives trading are recognized at a point in time on execution date of the trades at a certain percentage of the transaction value of the trades executed

## 2) Fees and services income

#### Underwriting fee income

Revenue from underwriting is recognized when the relevant placing, underwriting, sub-underwriting activities are completed. Accordingly, the revenue is recognized at a point in time.

# Investment and financial advisory fee income

Investment and financial advisory fee income is recognized when the Company has satisfied its performance obligation in providing the promised service to the customer, and recognized based on contractual rate agreed with customers. Accordingly, the revenue is recognized at point in time.

## For the year ended December 31, 2018

## Brokerage fee

Brokerage fees on securities and derivatives trading are recognized as income on transaction date

#### 2) Fee and service income

Fee and service income are recognized as income on an accrual basis.

## 3.1.2 Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognized as income or expenses on the transaction date.

## 3.1.3 Dividend on investments in securities

Dividend on investments in securities is recognized as income when the dividend is declared.

#### 3.1.4 Interest on margin loans

Interest is recognized on an accrual basis. However, when there is an uncertainty as to the collectability of loans and interest, the Company ceases accrual.

The following conditions are regarded as having uncertainty in collectability of loans and interest based on the guidelines stipulated by the Office of Securities and Exchange Commission:

- 1) Loans which are not fully collateralized.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
- Installment loans with repayments scheduled no less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- 4) Other receivables from which interest payment is overdue for 3 months or more.

### 3.1.5 Expenses

Expenses are recognized on an accrual basis.

## 3.2 Recognition and amortization of customer deposits

Money which customers have placed with the Company in cash accounts for securities and derivatives trading and credit balance for securities trading is recorded as the assets and liabilities of the Company for internal control purposes. As at the statement of financial position date, the Company writes these amounts off from both assets and liabilities.

## 3.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, all bank deposit accounts with an original maturity of three months or less, call notes receivable and term notes receivable with an original maturity of three months or less and not subject to withdrawal restrictions.

## 3.4 Deposits at financial institutions

Deposits at financial institutions include fixed deposit, investments in promissory notes issued by financial institutions with an original maturity more than three months and deposits used as collateral.

- 3.5 Receivables and payables from/to Clearing House and broker-dealers
  - Net balances of receivables or payables incurred from settlement of securities and derivatives trading each day through the Clearing House, are presented as net balance receivable or payable from/to Clearing House and broker-dealers including cash paid as collateral at the Clearing House for derivatives business.
- 3.6 Securities business receivables and Derivatives business receivables and allowance for doubtful accounts Securities business receivables and Derivatives business receivables comprise 3 categories as follows:
  - 3.6.1 Receivables from securities business and derivatives business of cash accounts Receivables from securities business and derivatives business of cash accounts are receivables which require cash settlements within 1 - 2 working days after the securities and derivatives' purchasing date.
  - 3.6.2 Loans for securities purchasing

Loans for securities purchasing are accounts that debtors are granted loans for securities purchasing with collaterals placed not lower than the rate required by the Stock Exchange of Thailand.

## 3.6.3 Other receivables

Other receivables include overdue receivables from securities business of cash accounts and restructured or installment receivables.

The allowance for doubtful accounts on securities business receivables is based on management's review and assessment of the status of individual debtor and overall debtors as well as the requirements as stated in the Office of the Securities and Exchange Commission's Notifications No. Kor Thor. 33/2543 and Kor Thor. 5/2544 dated August 25, 2000 and February 15, 2001, respectively. Such assessment takes into consideration various factors including the risks involved and the value of collateral. Allowance is made for the estimated losses that might be incurred where the debts are not fully secured and/or there exists a possibility that principal and interest cannot be recovered in full.

# 3.7 Investments

Investments in trading securities are stated at fair value. Changes in fair value of these securities are recorded as gains or losses in the statement of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in fair value of these securities are recorded as a separate item in owners' equity, and will be recorded as gains or losses in the statement of comprehensive income when the securities are sold.

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded

at amortized cost. The premium/discount on debt securities is amortized/accreted by the effective interest rate method with the amortized/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities classified as other investments are stated at cost net of allowance for loss on impairment (if any).

Fair value of marketable securities is based on the latest bid price of the last working day of the period. Fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

The Company treats available-for-sale securities, held-to-maturity debt securities and other investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists.

The Company accounts for loss on impairment (if any) of investments in available-for-sale securities, held-to-maturity debt securities and other investments in the statement of comprehensive income.

The Company uses the weighted average method for computation of the cost of investments.

#### 3.8 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2018), leasing transactions that are within the scope of TAS 17 (Revised 2018), and measurements that have some similarities to fair value but are not fair value, such as value in use in TAS 36 (Revised 2018).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the
  entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

# 3.9 Premises improvement and equipment

Premises improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

The Company calculates depreciation using the straight-line method based on the estimated useful lives of the assets as follows:

Leasehold improvement 5 years
Furniture, fixtures and office equipment 5 years
Vehicles 5 years

Repairs and maintenance are charged as expenses to the statement of comprehensive income during the accounting period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the useful life of the related asset.

The Company will review for impairment of assets whenever events of changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Whenever the carrying amounts of an asset exceed its recoverable amount, an impairment loss is recognized in the statement of comprehensive income immediately.

#### 3.10 Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs.

For goodwill in a business acquisition, it is a benefit which the Company expects to receive from being transferred of the marketing officers including customer accounts resulting from business transfer from Merchant Partners Securities Public Company Limited, Country Group Securities Public Company Limited and AEC Securities Public Company Limited.

Goodwill is stated at cost less allowance for impairment. The Company will perform impairment reviews of the goodwill by considering from transferred marketing officers' performance annually and recognize its loss on impairment when the recoverable amount of the goodwill is less than its carrying amount.

## 3.11 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for impairment (if any).

# Amortization

Amortization is charged to the statement of comprehensive income on a straight-line method from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software 5 years

The Company's TFEX membership fee is stated at cost.

The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

# 3.12 Securities business payables and Derivatives business payables

Securities business payables and Derivatives business payables are the obligations of the Company in respect of its securities business and derivatives business with outside parties.

## 3.13 Long-term lease

#### Operating Lease

Leases in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

## 3.14 Employee benefit obligations

Employee benefit obligations are calculated under the Thai Labor Protection Act by an independent actuary at the end of reporting period using the Projected Unit Credit Method, which is estimate of the present value of expected cash flows of benefits to be paid in the future, taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

The expenses for the unfunded defined benefit plan are recognized as personnel expenses in the statement of comprehensive income.

#### 3.15 Provisions

The Company recognizes provision as liabilities in the financial statements when the amount of the liability can be reliably estimated and are commitments when it is likely that losses of resources which are of economic benefit to the Company will result from settlement of such commitments.

The Company reverses the provision when it is no longer probable that losses of resources which are of economic benefit to the Company will result from settlement of commitments presented in the statement of comprehensive income.

# 3.16 Provident fund

The contribution for employee provident fund is recorded as expense when incurred.

# 3.17 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are converted into Baht at the rates of exchange at transaction dates and monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains or losses on foreign exchange arising on settlements and conversion are recognized as income or expense in statement of comprehensive income.

# 3.18 Income tax expense

Income tax expense (income) represents the sum of the tax currently payable and deferred tax.

## Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted at the financial statements date.

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed by the end of each reporting period. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expense or income related to profit or loss are presented in the statement of comprehensive income and net presented with items recognized directly in shareholders' equity in other comprehensive income.

# 3.19 Basic earnings per share

Basic earnings per share are determined by dividing net earnings for the period by the weighted average number of ordinary shares held by outside parties outstanding during the period. In case of a capital increase, the number of shares is weighted according to time of subscription received.

## 3.20 Financial instruments

The Company entered into forward foreign exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rate.

Gains (losses) on forward foreign exchange contracts designated as hedges of existing assets and liabilities are recognized as income or expense in the statement of comprehensive income.

Financial instruments carried in the statement of financial position include cash and cash equivalents, receivables from Clearing House and broker - dealers, Securities business receivables and Derivative business receivables, investments, payables to Clearing House and broker - dealer, Securities business payables and Derivative business payables. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

3.21 Use of management's judgments and key sources of estimation uncertainty

## 3.21.1 Use of management's judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise various judgments in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgments in applying accounting policies are as follows:

#### Deferred tax assets (1)

The Company recognizes deferred tax assets for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. The Company's management uses judgements based upon the likely timing and level of estimate future taxable profits to determine the amount of deferred tax assets that can be recognized.

#### (2)Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Company's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 19.

Past service cost related to the plan amendment is recognized as an expense in the statement of comprehensive income when the plan amendment is effective.

# 3.21.2 Key sources of estimation uncertainty

The Company have estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### Impairment of goodwill (1)

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The Company will perform impairment reviews of the goodwill by considering from transferred marketing officers' performance annually and recognize its loss on impairment when the recoverable amount of the goodwill is less than its carrying amount.

The carrying amount of goodwill at December 31, 2019 was Baht 324.07 million (2018: Baht 352.35 million) after an impairment loss of Baht 28.27 million was recognized during 2019 (2018: Baht 25.12 million). Details of the impairment loss calculation are set out in Note 12.

(2)Fair value measurements and valuation processes

> In estimating the fair value of an asset or liability, the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engage third party qualified valuers to perform the valuation.

> Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 36.

# SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

Non-cash items are as follows:

4.1 Equipment payables are as follows:

			As at December 31,	
			2019	2018
			Baht	Baht
	Beginn	ing balances of equipment payables	-	-
	Add	Purchase of equipment	45,233,132	27,766,857
	<u>Less</u>	Cash payment for purchase of equipment	(45,233,132)	(27,766,857)
	Ending	balances of equipment payables		
4.2	Intangil	ple asset payables are as follows:		
			As at Decer	mber 31,
			2019	2018
			Baht	Baht
	Beginn	ing balances of intangible asset payables	-	-
	Add	Purchase of intangible assets	5,468,549	6,884,879
	Less	Cash payment for purchase of intangible assets	(5,468,549)	(6,884,879)
	Ending	balances of intangible asset payables		_

# 4.3 Transactions increased from the business transferred (see Note 1) are as follows:

As at December 31, 2018

	Baht	
Securities business receivables and derivatives business receivables	118,817,130	
Premises improvement and equipment	26,355,810	
Intangible assets	177,519	
Goodwill	34,819,999	
Employee benefit obligations	7,661,825	

# 5. CASH AND CASH EQUIVALENTS

As at December 31,

	2019 Baht	2018 Baht
Cash, current and savings deposits accounts and		
promissory notes with maturities not over 3 months	2,838,066,968	3,670,385,692
Less Deposits for customers' account*	(2,171,404,142)	(2,723,526,742)
Total cash and cash equivalents	666,662,826	946,858,950

<sup>\*</sup> Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Securities and Exchange Commission.

# 6. DEPOSITS AT FINANCIAL INSTITUTIONS

As at December 31,

	no at Boombor or,	
	2019	2018
	Baht	Baht
Deposits at financial institutions over 3 months		
but less than 1 year	1,100,000,000	800,000,000
Less Deposits for customers' account*	(1,100,000,000)	(800,000,000)
Total deposits at financial institutions		_

<sup>\*</sup> Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Securities and Exchange Commission.

# 7. RECEIVABLES FROM CLEARING HOUSE AND BROKER - DEALERS

As at December 31,

	2019 Baht	2018 Baht
Receivables from Thailand Clearing House	154,405,079	759,980,827
Receivables from foreign securities company (see Note 33)	12,951,666	8,574,615
<u>Less</u> Receivables from Clearing House for the customers*	(154,405,079)	(46,310,039)
Total receivables from Clearing House and broker - dealers	12,951,666	722,245,403

<sup>\*</sup> Receivables from Clearing House for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Securities and Exchange Commission.

# 8. SECURITIES BUSINESS RECEIVABLES AND DERIVATIVES BUSINESS RECEIVABLES

As at December 31,

	2019 Baht	2018 Baht
Securities business receivables		
Customer accounts - cash	997,128,651	1,211,810,148
Customer accounts - credit balance	2,022,101,973	1,728,016,649
Other receivables	6,919,195	6,837,836
Total securities business receivables	3,026,149,819	2,946,664,633
Add Accrued interest receivables	9,179,771	8,150,569
<u>Less</u> Allowance for doubtful accounts (see Note 9)	(6,919,195)	(6,837,836)
Total securities business receivables and		
Derivatives business receivables	3,028,410,395	2,947,977,366

As at December 31, 2019 and 2018, the Company has ceased to recognize interest income from securities business receivables amounting to Baht 6.92 million and Baht 6.84 million, respectively.

The Company has classified Securities business receivables and Derivatives business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission as follows:

# As at December 31, 2019

Classification	Receivable Balance (including accrued interest) Baht	Allowance for doubtful accounts set up by the Company Baht	Receivable balance - net Baht
Normal debts	3,028,410,395	-	3,028,410,395
Doubtful debts	6,919,195	(6,919,195)	-
Total	3,035,329,590	(6,919,195)	3,028,410,395

# As at December 31, 2018

	Receivable Allowance for Balance doubtful accounts (including set up by accrued interest) the Company		Receivable balance - net
Classification	Baht	Baht	Baht
Normal debts	2,947,977,366	-	2,947,977,366
Doubtful debts	6,837,836	(6,837,836)	
Total	2,954,815,202	(6,837,836)	2,947,977,366

# 9. ALLOWANCE FOR DOUBTFUL ACCOUNTS

# As at December 31,

	2019	2018
	Baht	Baht
At beginning of the year	6,837,836	6,813,836
Add Doubtful accounts	130,516	88,463
<u>Less</u> Reversal of doubtful accounts	(49,157)	(64,463)
At end of the year (see Note 8)	6,919,195	6,837,836

# 10. INVESTMENTS

	As at Decembe	er 31, 2019	As at December 31, 2018		
	Cost/	Fair value	Cost/	Fair value	
	amortized cost		amortized cost		
	Baht	Baht	Baht	Baht	
Trading securities					
Debt securities					
Debt securities of private sector	387,258,336	380,894,745	271,601,178	269,045,677	
Less Valuation adjustment	(6,363,591)		(2,555,501)		
Net trading securities	380,894,745	380,894,745	269,045,677	269,045,677	
Held to maturity investments					
Held to maturity securities					
Government bond	689,000,000		470,000,000		
Less Accumulated amortization	(945,469)		(2,358,482)		
<u>Less</u> Held to maturity					
investments for customers'					
account*	(688,054,531)		(467,641,518)		
Net held to maturity investments					
General investments					
Equity securities					
Ordinary shares	4,700,752		4,289,872		
Net general investments	4,700,752		4,289,872		
Total investments	385,595,497		273,335,549		

<sup>\*</sup> Held to maturity investments accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Securities and Exchange Commission.

# 11. PREMISES IMPROVEMENT AND EQUIPMENT

For	the	year	ended	December	31,	2019
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	Balances as at January 1, 2019	Increase	Decrease	Transfer in/ (Transfer out)	Balances as at December 31, 2019
	Baht	Baht	Baht	Baht	Baht
Cost					
Leasehold improvement	116,621,931	4,738,588	(21,146,826)	8,503,398	108,717,091
Furniture, fixtures and					
office equipment	211,991,421	3,562,682	(14,556,633)	21,796,059	222,793,529
Vehicles	31,563,795	7,837,940	(7,506,700)		31,895,035
Total cost	360,177,147	16,139,210	(43,210,159)	30,299,457	363,405,655
Accumulated depreciation					
Leasehold improvement	(71,902,646)	(13,489,573)	20,150,271	-	(65,241,948
Furniture, fixtures and					
office equipment	(136,922,531)	(27,290,500)	14,390,846	-	(149,822,185
Vehicles	(24,444,764)	(3,470,527)	7,476,420		(20,438,871
Total accumulated depreciation	(233,269,941)	(44,250,600)	42,017,537	-	(235,503,004
Leasehold improvement and					
office equipment under installation	1,414,936	29,093,922		(30,299,457)	209,401
Total premises improvement and equipment	128,322,142				128,112,052

For the	vear	ended	December	31.	2018

	Balances as at January 1, 2018	Increase from business transferred (see Note 1)	Increase	Decrease	Transfer in/ (Transfer out)	Balances as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht	Baht
Cost						
Leasehold improvement	89,900,852	23,305,646	296,859	(408,260)	3,526,834	116,621,931
Furniture, fixtures						
and office equipment	187,726,191	3,050,164	5,733,205	(4,257,890)	19,739,751	211,991,421
Vehicles	31,453,796		839,000	(729,001)		31,563,795
Total cost	309,080,839	26,355,810	6,869,064	(5,395,151)	23,266,585	360,177,147
Accumulated depreciation						
Leasehold improvement	(62,907,730)	-	(9,180,201)	185,285	-	(71,902,646)
Furniture, fixtures						
and office equipment	(119,524,305)	-	(21,651,797)	4,253,571		(136,922,531)
Vehicles	(21,444,478)		(3,729,285)	728,999		(24,444,764)
Total accumulated depreciation	(203,876,513)	-	(34,561,283)	5,167,855	-	(233,269,941)
Leasehold improvement and office equipment						
under installation	3,783,728		20,897,793		(23,266,585)	1,414,936
Total premises improvement and						
equipment	108,988,054					128,322,142
Depreciation for the years ended December 3	31,					
2019					Baht	44,250,600
2018					Baht	34,561,283

#### **GOODWILL** 12.

Total

For the year	ended	December	31,	2019
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		Balances as at January 1, 2019	Increase	Decrease	Balances as at December 31, 2019
		Baht	Baht	Baht	Baht
Goodwill		442,717,451	-	-	442,717,451
Less Allowance for impairment		(90,371,556)	(28,271,223)	-	(118,642,779)
Total		352,345,895	(28,271,223)	-	324,074,672
		For the year	ended December 3	1, 2018	
	Balances as at January 1, 2018	Increase from business transferred (see Note 1)	Increase	Decrease	Balances as at December 31, 2018
	Baht	Baht	Baht	Baht	Baht
Goodwill	407,897,452	34,819,999	-	-	442,717,451
Less Allowance for impairment	(65,255,231)		(25,116,325)	-	(90,371,556)

During the year of 2019 and 2018, the management of the Company considered to record loss on impairment of goodwill and recognized as expense into the statement of comprehensive income for the year ended December 31, 2019 and 2018 of Baht 28.27 million and Bath 25.12 million, respectively, because some marketing officers who were transferred from Merchant Partners Securities Public Company Limited, Country Group Securities Public Company Limited, and AEC Securities Public Company Limited resigned from being employee of the Company.

34,819,999

342,642,221

# 13. INTANGIBLE ASSETS

For the y	ear December	er 31, 2019
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	Remaining useful lives	Balances as at January 1, 2019	Increase	Decrease	Transfer in/ Transfer (out)	Amortization increase	Amortization (decrease)	Balances as at December 31, 2019
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	1 - 5 years	25,699,774	1,761,750	(102,762)	5,322,644	(9,316,002)	102,761	23,468,165
TFEX membership fee		5,000,000	-	-	-	-	-	5,000,000
Computer software								
under installation		2,674,869	3,706,799	-	(5,322,644)			1,059,024
Total		33,374,643	5,468,549	(102,762)	_	(9,316,002)	102,761	29,527,189

## For the year ended December 31, 2018

	Remaining useful lives	Balances as at January 1, 2018	Increase from business transferred (see Note 1)	Increase	Decrease	Transfer in/ Transfer (out)	Amortization	Balances as at December 31, 2018
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
Computer software	1 - 5 years	25,332,827	177,519	798,432	-	7,175,278	(7,784,282)	25,699,774
TFEX membership fee		5,000,000	-	-	-	-	-	5,000,000
Computer software								
under installation		3,763,700	-	6,086,447	-	(7,175,278)	-	2,674,869
Total		34,096,527	177,519	6,884,879	-	-	(7,784,282)	33,374,643

# Amortization for the years ended December 31,

2019	Baht	9,316,002
2018	Baht	7,784,282

# 14. DEFERRED TAX ASSETS

	As at January 1, 2019	Items as recognized in profit or loss revenue (expense)	Items as recognized in other comprehensive income	As at December 31, 2019
_	Baht	Baht	Baht	Baht
Deferred tax assets	17,428,006	7,051,224		24,479,230
Employee benefit obligations	17,428,006	7,051,224		24,479,230
Deferred tax liabilities				
Amortized goodwill	(13,727,386)	(3,201,554)	-	(16,928,940)
Amortized TFEX membership fee	(1,000,000)	-	-	(1,000,000)
	(14,727,386)	(3,201,554)	-	(17,928,940)
Deferred tax assets	2,700,620	3,849,670	-	6,550,290
-				
	As at January 1, 2018	Items as recognized in profit or loss revenue (expense)	Items as recognized in other comprehensive income	As at December 31, 2018
	January 1,	recognized in profit or loss revenue	recognized in other comprehensive	December 31,
Deferred tax assets	January 1, 2018	recognized in profit or loss revenue (expense)	recognized in other comprehensive income	December 31, 2018
Deferred tax assets Employee benefit obligations	January 1, 2018	recognized in profit or loss revenue (expense)	recognized in other comprehensive income	December 31, 2018
	January 1, 2018 Baht	recognized in profit or loss revenue (expense) Baht	recognized in other comprehensive income	December 31, 2018 Baht
Employee benefit obligations	January 1, 2018  Baht  16,578,494	recognized in profit or loss revenue (expense) Baht 3,252,506	recognized in other comprehensive income	December 31, 2018 Baht
Employee benefit obligations	January 1, 2018  Baht  16,578,494 9,092,660	recognized in profit or loss revenue (expense)  Baht  3,252,506 (9,092,660)	recognized in other comprehensive income  Baht  (2,402,994)	December 31, 2018 Baht 17,428,006
Employee benefit obligations  Provision for litigation	January 1, 2018  Baht  16,578,494 9,092,660	recognized in profit or loss revenue (expense)  Baht  3,252,506 (9,092,660)	recognized in other comprehensive income  Baht  (2,402,994)	December 31, 2018 Baht 17,428,006
Employee benefit obligations  Provision for litigation  Deferred tax liabilities	January 1, 2018 Baht 16,578,494 9,092,660 25,671,154	recognized in profit or loss revenue (expense)  Baht  3,252,506 (9,092,660) (5,840,154)	recognized in other comprehensive income  Baht  (2,402,994)	December 31, 2018 Baht 17,428,006 - 17,428,006
Employee benefit obligations Provision for litigation  Deferred tax liabilities  Amortized goodwill	January 1, 2018 Baht 16,578,494 9,092,660 25,671,154 (10,551,186)	recognized in profit or loss revenue (expense)  Baht  3,252,506 (9,092,660) (5,840,154)  (3,176,200)	recognized in other comprehensive income  Baht  (2,402,994)	December 31, 2018 Baht 17,428,006 - 17,428,006 (13,727,386)

The Company used tax rate of 20% for income tax calculation for the years ended December 31, 2019 and 2018. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exemption under the Revenue Code.

#### 15. OTHER ASSETS

	As at December 31,	
	2019	2018
	Baht	Baht
Indemnity compensation fund in net settlement system	91,780,925	81,577,031
Deposits	29,167,043	29,890,054
Account receivables of financial advisory	6,211,203	12,080,168
Prepaid expenses	4,598,998	6,978,161
Accrued income	9,269,433	6,052,506
Others	402,436	396,686
Total	141,430,038	136,974,606

# 16. BORROWING FROM FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, the Company had no borrowing from financial institutions. However, the Company had bank overdrafts facility and loans which have no collateral from local banks as follows:

		As at Dece	ember 31,
	Interest rate	2019	2018
	_	Baht	Baht
Credit line of bank overdrafts	MOR*	110,000,000	110,000,000
Credit line of loans	Based on market condition	1,950,000,000	1,950,000,000
Credit lines of Effect Not Clear**	0.5% per annum	280,000,000	530,000,000
	-	2,340,000,000	2,590,000,000

MOR is interest rate of Overdraft Facilities for Corporate Customer in Good Standing.

<sup>\*\*</sup> Effect not clear means the service that the bank would pass the account owner's cheque before knowing the clearing result of the cheque which the account owner had deposited.

# 17. PAYABLES TO CLEARING HOUSE AND BROKER - DEALERS

As at December 31,

	2019	2018
	Baht	Baht
Payables to Thailand Clearing House	304,104,279	412,435,515
Total Payables to Clearing House and broker-dealers	304,104,279	412,435,515

# 18. SECURITIES BUSINESS PAYABLES AND DERIVATIVES BUSINESS PAYABLES

As at December 31,

		,
	2019	2018
	Baht	Baht
Securities business payables		
Customer account - cash	757,544,477	1,501,140,461
Total Securities business payables and		
Derivatives business payables	757,544,477	1,501,140,461

# 19. EMPLOYEE BENEFIT OBLIGATIONS

The Company operates post-employment benefit plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Expenditures recognized in the statement of comprehensive income in respect of the defined benefit plans are as follows:

> For the years ended December 31,

	2019 Baht	2018 Baht
Past service cost	20,469,153	-
Current service costs	15,936,071	12,747,270
Interest costs	2,534,832	1,801,536
Gains on remeasurements of defined benefit plans		(12,014,972)
Total	38,940,056	2,533,834

Movements in the present value of the defined benefit obligation are as follows:

For the years ended December 31,

	2019	2018
	Baht	Baht
Beginning balances of defined benefit obligation of the year	87,140,029	82,892,470
Past service cost	20,469,153	-
Current service cost	15,936,071	12,747,270
Interest cost	2,534,832	1,801,536
Employee benefit obligations transferred		
from AEC (see Note 1)	-	7,661,825
Benefit paid during the year	(3,683,934)	(5,948,100)
Gains on remeasurements of defined benefit plans from:		
- Experience adjustment	-	(8,064,153)
- Demographic assumption changes	-	6,425,760
- Financial assumption changes		(10,376,579)
Ending balance of defined benefit obligation of the year	122,396,151	87,140,029
Benefit paid during the year  Gains on remeasurements of defined benefit plans from:  - Experience adjustment  - Demographic assumption changes  - Financial assumption changes	- - -	(5,948,100) (8,064,153) 6,425,760 (10,376,579)

The principle actuarial assumptions used to calculate the obligation under the defined post-employment benefit plans are as follows:

# As at December 31,

	2019	2018
Financial assumptions		
Discount rates	2.47%	2.47%
Expected rates of salary increase	3.00%	3.00%
Retirement ages	60 years	60 years
Turnover rates	0% - 21%	0% - 21%
	Subject to range	Subject to range
	of employee	of employee

Significant Actuarial Assumptions - Impact on increase / (decrease) in Defined Benefit Obligation are as follows:

	Increase in assumption	Amount change in liability Baht	Decrease in assumption	Amount change in liability Baht	
Discount rate	+ 1%	(9,365,107)	- 1%	10,617,942	
Salary growth rate	+ 1%	11,522,306	- 1%	(10,306,045)	
Turnover rate	+ 1%	(9,915,305)	- 1%	5,854,817	
Life expectancy	+ 1 Year	560,455	- 1 Year	(557,369)	
		As at December 31, 2018			
		As at Decem	ber 31, 2018		
	Increase in assumption	As at Decem  Amount change  in liability  Baht	ber 31, 2018  Decrease in assumption	Amount change in liability Baht	
Discount rate		Amount change in liability	Decrease in	in liability	
Discount rate Salary growth rate	assumption	Amount change in liability Baht	Decrease in assumption	in liability  Baht	
	assumption + 1%	Amount change in liability Baht (6,848,378)	Decrease in assumption - 1%	in liability Baht 7,767,604	

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which effected after 30 days from the date announced in Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits. The Company reflected the effect of such change by recognizing gain or loss from change in estimate as an expense in the statements of comprehensive income for the year ended December 31, 2019 in the amount of Baht 20.47 million.

# 20. OTHER LIABILITIES

As at December 31,

	2019	2018
	Baht	Baht
Accrued remuneration of employees	42,331,431	31,126,682
Other payable - related companies (see Note 33)	6,781,655	3,593,572
Accrued withholding tax and specific business tax payable	5,005,220	5,804,245
Value-added tax payable	3,126,626	1,344,650
Accrued expenses	14,688,415	16,665,296
Others	13,590,691	14,637,146
Total	85,524,038	73,171,591

## 21. LEGAL RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. The legal reserve could not be used for dividend payment.

As at December 31, 2019 and 2018, the Company's statutory equals to 10% of registered share capital.

#### 22. **DIVIDENDS PAID**

On February 22, 2019, the Board of Directors' Meeting No. 1/2019 and on April 23, 2019, the Annual General Meeting for Shareholders No. 1/2019 approved dividend payment for fiscal year 2018 from operating results for the year ended December 31, 2018 of Baht 0.07 per share, totaling Baht 35.17 million to the shareholders whose names were listed on the book closing date for the right to receive the dividend on March 11, 2019. The Company paid such dividend to the shareholders on May 22, 2019.

On April 27, 2018, the Annual General Meeting for Shareholders No. 1/2018 approved dividend payment for fiscal year 2017 from operating results for the year ended December 31, 2017 of Baht 0.09 per share, totaling Baht 45.22 million to the shareholders whose names were listed on the book closing date for the right to receive the dividend on March 12, 2018. The Company paid such dividend to the shareholders on May 25, 2018.

#### 23. **CAPITAL MANAGEMENT**

The objective of the Company in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company has a policy to pay dividend at least 20% of net profit after deducting legal reserve. The payment is subject to the resolution of the shareholders' meeting.

#### 24. BROKERAGE FEES

For the	years	ended
Dec	ember	31,

	2019	2018
_	Baht	Baht
Brokerage fees from securities business	682,707,724	733,193,330
Brokerage fees from derivatives business	90,659,089	45,012,527
Brokerage fees from selling agent of unit trust	2,591,087	2,650,074
Total	775,957,900	780,855,931

### 25. FEES AND SERVICE INCOME

# For the years ended December 31,

	2019	2018
	Baht	Baht
Underwriting fee	1,543,961	378,500
Investment advisory	8,631,759	2,378,959
Financial advisory	31,910,686	41,859,960
Total	42,086,406	44,617,419

#### GAINS AND RETURN ON FINANCIAL INSTRUMENTS

# For the years ended December 31,

	2019	2018
	Baht	Baht
Gains on securities	33,239,401	41,576,043
Gains on derivatives	847,733	75,866
Interest and dividend income	81,186,000	53,898,711
Total	115,273,134	95,550,620

## 27. PROVIDENT FUND

The Company have established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, the employees of the Company must contribute 3% or 5% or 10% or 15% of their basic salaries, and the Company must contribute 5%. The Company have appointed a registered provident fund manager to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2019 and 2018, the Company and contributed to the provident fund and recorded as expenses amounting to Baht 15,878,375 and Baht 13,754,179, respectively.

#### 28. COMPENSATIONS PAID TO KEY MANAGEMENT PERSONNEL

Compensations paid to key management personnel expenses represent cash remuneration as salaries, bonus and provident fund paid to the managements of the Company, presented as a part of "Employee benefits expenses".

For the years ended December 31, compensations paid to key management personnel are as follows:

	2019	2018
	Baht	Baht
Compensations paid to key management personnel		
Short-term employee benefits	160,449,174	135,600,967
Post-employment benefits	9,854,847	7,602,670
Post-employment benefits - past service cost	9,529,269	
Total	179,833,290	143,203,637

### 29. DIRECTOR FEE

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

For the years ended December 31, director's remuneration are as follows:

	2019	2018
	Baht	Baht
Director's remuneration	465,000	455,000

## 30. OTHER EXPENSES

# For the years ended December 31,

	2019 Baht	2018 Baht
Premises and equipment expenses	194,808,748	178,961,168
Fee expenses under service agreement	13,856,320	14,021,280
Loss on impairment of goodwill	28,271,223	25,116,325
Other expenses	83,655,543	83,513,438
Total	320,591,834	301,612,211

### 31. INCOME TAX

Income tax expenses consisted of the following:

# For the years ended December 31,

	2019	2018
	Baht	Baht
Current income taxes:		
Income taxes for the years	11,412,026	30,821,223
Adjustment of prior year income tax	(1,766,467)	-
Deferred income taxes:		
Deferred income taxes relating to origination and		
reversal of temporary differences	(3,849,670)	9,095,588
Income tax expenses	5,795,889	39,916,811

Reconciliation between income tax expenses and the product of accounting profits for the years ended December 31, 2019 and 2018 and applicable tax rates can be shown as follows:

# For the years ended December 31,

	2019 Baht	2018 Baht	
Accounting profit before income tax	21,721,803	210,647,530	
Applicable tax rates	20.00%	20.00%	
Accounting profits before income tax multiplied by			
Accounting profits before income tax multiplied by	4,344,360	42,129,506	
Deferred tax relating to origination and reversal			
of temporary differences	(3,849,670)	9,095,588	
Effects of income exempt from tax and			
non-deductible expenses for tax purpose	5,301,199	(11,308,283)	
Income tax expenses presented in the	5,795,889	39,916,811	
statement of comprehensive income			
Effective tax rates	26.68%	18.95%	

The Company used a tax rate of 20% for calculation of income tax expense for the years ended December 31, 2019 and 2018. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exemption under the Revenue Code.

#### 32. COMMITMENT AND CONTINGENT LIABILITIES

32.1 On March 26, 2013, the Company entered into the Share Purchase Agreement to sell United Securities Public Company Limited ("United"). The Company, as a seller, had agreed to indemnify the purchaser for any legal proceedings initiated against United before the Share Purchase Agreement date. Pursuant to this indemnity, the Company had made a provision of Baht 45.46 million for a litigation brought against United by a client. Although the First Instance Court had judged that United was liable for the claim by the plaintiff, this was on United's appeal dismissed by the Appeal Court. The plaintiff then brought the case up to the Supreme Court. In 2018, the Supreme Court overthrew the plaintiff's appeal. Following the decision of the Supreme Court and the written confirmation from AEC Securities Public Company Limited (formerly known as United Securities Public Company Limited), the legal case is considered close with no liability to the Company. As a result, the Company has reversed provisions for litigation of Baht 45.46 million in the statement of comprehensive income for the year ended December 31, 2018 (For the year ended December 31, 2019: nil).

#### 32.2 Forward foreign exchange contracts

As at December 31, 2019 and 2018, the Company entered into forward foreign exchange contracts consisted of the following:

#### As at December 31, 2019

Forward foreign exchange contracts - Buy

Currency	Amount	Maturity date	Principal	Gain (loss) on
			contract amount	fair value
			Baht	Baht
HKD	460,795	January 2, 2020	1,793,874	(9,064)

#### As at December 31, 2018

Forward foreign exchange contracts - Sell

Currency	Amount	Maturity date	Principal	Gain (loss) on
			contract amount	fair value
			Baht	Baht
USD	120,121	January 2, 2019	3,885,921	(11,984)
USD	655,850	January 3, 2019	21,282,339	131
USD	655,333	January 3, 2019	21,298,334	-

32.3 The Company has non-cancellable lease agreements for office premises and vehicles for period of 1 - 3 years. The agreements shall be renewable every 1 - 3 years with the rental fee rates as specified in such agreements. The Company does not have options to purchase the leased assets at the expiry of lease period. These agreements will be expired during January 2020 to December 2022.

As at December 31, 2019 and 2018, the Company is required to pay the rental and related service fees under lease agreements for the rental building and vehicles as follows:

Unit: Baht

#### Remaining rental expenses

	As at Decei	mber 31, 2019	As at Decer	mber 31, 2018
Туре	Within 1 year	Within 2 - 5 years	Within 1 year	Within 2 - 5 years
Building	50,590,978	65,749,165	53,626,457	20,313,386
Vehicle	1,230,000	2,700,000	-	-

For the years ended December 31, 2019 and 2018, the Company recorded expense according to the long-term operating lease agreements in the statements of comprehensive income of Baht 77.50 million and Baht 75.36 million, respectively.

- 32.4 As at December 31, 2019 and 2018, the Company is required to pay a membership fee to the Stock Exchange of Thailand on a monthly basis of Baht 50,000 and at the rate of 0.005 percent of the trading value.
- 32.5 As at December 31, 2019 and 2018, the Company has a commitment under an on-line trading service agreement to pay Settrade.com Co., Ltd. whereby the Company is charged a fee at the rate of 0.002% - 0.040% of its trading volume and at rate of Baht 0.20 - 45.00 per derivative contract with the minimum payment being Baht 80,000 per month.
- 32.6 As at December 31, 2019 and 2018, the Company is required to pay annual membership fee to the Thailand Futures Exchange Public Limited Company ("TFEX") of Baht 500,000 and an annual fee to Thailand Clearing House Co., Ltd. ("TCH") of Baht 300,000 and has obligations to pay fees for derivative trading and settlement transactions based on specific rates by the TFEX and TCH, respectively.
- 32.7 As at December 31, 2019 and 2018, the Company is required to pay fees to the Office of the Securities and Exchange Commission ("SEC") for its business operations as licensed whereby the fees are charged based on its trading volume and its revenue from fee and service income, with a minimum fee for each business type as in Notification of SEC No. Kor Thor/Khor/Dor/Nor. 16/2553 dated December 1, 2010.

- 32.8 As at December 31, 2019 and 2018, the Company is required to pay contributions to the Compensation Fund for Clearing and Settlement, which is overseen by Thailand Securities Depository Company Limited and the Compensation Fund for derivatives clearing and settlement, which is overseen by the Thailand Clearing House Company Limited, at certain rates of its net settlements each month.
- 32.9 As at December 31, 2019 and 2018, the Company is required to pay a clearing fee to Thailand Clearing House Company Limited at the rate of Baht 15,000 per month and 0.001 percent of the trading value.
- 32.10 As at December 31, 2019 and 2018, the Company is required to pay fee expenses under the service agreement to a related company to assist the Company in business development to support the Company's operation. The fee will be paid as specified in such agreement.
- 32.11 As at December 31, 2019 and 2018, the Company is required to pay service fee to the Thailand Securities Depository Company Limited for rendering securities depository system services at the rates according to each type of services.

#### 33. RELATED PARTY TRANSACTIONS

Related persons or entities of the Company are defined as persons or entities that control the Company or are controlled by the Company, whether directly or indirectly or are under the same control as the Company including holding companies. In addition, related parties also include individuals owning, directly or indirectly, and interest in the voting shares of the Company, and have significant influence over the Company, key management personnel, directors or officers of the Company. This also applies to the close members of the family of such individuals and companies associated with these individuals.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Company has a major shareholder namely UOB-Kay Hian Holdings Limited incorporated in Singapore.

The names of the related companies are as follows:

Name	Relationship	Business type
UOB-Kay Hian Holdings Limited	Major shareholder	Investment holding
UOB Kay Hian Private Limited	Same group company	Securities
UOB Kay Hian (Hong Kong) Limited	Same group company	Securities
United Overseas Bank (Thai) Public Company Limited	The related company with the major shareholder	Banking
UOB Asset Management (Thailand) Company Limited	The related company with the major shareholder	Asset management

Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Brokerage income	At price according to an agreement on rates of fees made with the customers but not exceeding 1 percent of trading value
Fee and service income	At price according to an agreement on rates of fees made with the customers
Interest income	At agreed price which approximates market value
Other income	At agreed price which approximates market value
Fee expenses	Under service agreement which is in normal business operations
Commission fees	At agreed price which approximates market value
Fee expenses under service agreement	Under service agreement which is in normal business operation
Other expenses	At the actual amount payments

Significant balances with related parties were as follows:

As	at D	ecem	ber	31.

	2019 Baht	2018 Baht
Cash and cash equivalents*		
United Overseas Bank (Thai) Public Company Limited	1,311,384,160	842,136,437
Company's deposits on behalf of customers	164,021,466	187,417,919
UOB Kay Hian Private Limited	1,215,108,416	711,937,239
UOB Kay Hian (Hong Kong) Limited	1,379,129,882	899,355,158
Receivables from foreign securities company		
UOB Kay Hian Private Limited	12,951,666	8,574,615
Securities business receivables and Derivatives business receivables		
UOB Kay Hian Private Limited	-	43,294,903
UOB Kay Hian (Hong Kong) Limited	3,779,673	4,295,825
	3,779,673	47,590,728
•		

<sup>\*</sup> Cash and cash equivalents also include deposits for customers' accounts

As	at	De	cer	nbe	r 31	1
$\Delta$	aı		CCI	IIDE		٠.

	2019	2018
	Baht	Baht
Interest receivables		
United Overseas Bank (Thai) Public Company Limited	-	69,050
Securities business receivables and Derivatives business receivables		
UOB Kay Hian Private Limited	1,814,514	-
UOB Kay Hian (Hong Kong) Limited	26,142,606	559,470
	27,957,120	559,470
Other payables		
UOB Kay Hian Private Limited	6,606,055	3,510,412
UOB Kay Hian (Hong Kong) Limited	175,600	83,160
	6,781,655	3,593,572

UOB-Kay Hian Holdings Limited agreed to provide in the limit of USD 20 million or approximately Baht 652 million. The repayment period is due within 1 year and no interest will be charged in the event of credit facility from UOB-Kay Hian Holdings Limited's internal source of fund. The interest will be charged at cost of fund of UOB-Kay Hian Holdings Limited in the event that UOB-Kay Hian Holdings Limited has to borrow from external sources to fund the needs of the Company. However, during the years ended December 31, 2019 and 2018, the Company did not have any drawdown from such credit facility.

	For the ye	ars ended
	Decem	ber 31,
	2019	2018
	Baht	Baht
Brokerage income		
UOB Kay Hian Private Limited	3,173,338	4,436,281
UOB Kay Hian (Hong Kong) Limited	4,640,576	5,661,269
UOB Asset Management (Thailand) Company Limited	21,954,263	18,258,126
	29,768,177	28,355,676
Fee and service income		
UOB Kay Hian Private Limited	2,942,603	-
Interest income		
United Overseas Bank (Thai) Public Company Limited	17,526,552	123,893
Other income		
UOB Asset Management (Thailand) Company Limited	140,461	123,893
Fee expense		
United Overseas Bank (Thai) Public Company Limited	349,608	360,613
Commission fees		
UOB Kay Hian Private Limited	294,109	22,499
Personnel expenses - Insurance premium		
UOB-Kay Hian Holdings Limited	5,636,951	5,133,524
Fee expenses under service agreement		
UOB Kay Hian Private Limited	13,856,320	14,021,280
Dividend payment		
UOB-Kay Hian Holdings Limited	24,850,000	31,950,000
UOB Kay Hian Private Limited	5,631,201	6,790,116
UOB Kay Hian (Hong Kong) Limited	223,650	287,550
	30,704,851	39,027,666
Other expenses		
UOB Kay Hian Private Limited	6,157,536	
UOB Kay Hian (Hong Kong) Limited	1,734,872	1,135,077

#### 34. RISKS MANAGEMENT

#### 34.1 Liquidity risk

Under the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 32/2560 and Kor Thor. 33/2560 regarding "Principle for Maintaining Capital Adequacy", the Company shall have adequate capital at the end of the day at least Baht 15 million and at least 7% of general liability.

The Company has been granted a securities business license in the form of derivatives agent in accordance with the law of derivatives agent. The Company has to maintain net liquid capital at the end of the day at least Baht 25 million and at least 7% of general liability and assets which will be placed as collateral except in case the Company discontinues operation of derivatives agent and informs the Securities and Exchange Commission, after which the Company has to maintain net liquid capital following the requirement in the first paragraph above.

The Company has been granted a securities business license in the form of derivatives agent in accordance with the law of derivatives agent. The Company has to maintain net liquid capital at the end of the day at least Baht 25 million and at least 7% of general liability and assets which will be placed as collateral except in case the Company discontinues operation of derivatives agent and informs the Securities and Exchange Commission, after which the Company has to maintain net liquid capital following the requirement in the first paragraph above.

Additionally, in accordance with the Regulation of Thailand Clearing House Co., Ltd. ("TCH") Chapter 300 "Ordinary Members" regarding the "Qualification of Membership", the Ordinary Membership is required to have shareholders' equity at least Baht 100 million for membership operating only derivative business.

As at December 31, 2019 and 2018, the Company has net liquid capital ratio higher than the requirement of the Office of the Securities and Exchange Commission and has shareholders' equity higher than the requirement of TCH.

The periods of time from the statements of financial position dates to the maturity dates of financial instruments as at December 31, 2019 and 2018, are as follows:

Unit: Million Baht

## Outstanding balances of financial instruments

## As at December 31, 2019

	At call	Within	1-5 years	Over	No	Non	Total
		1 years		5 years	maturity	performing receivables	
Financial assets							
Cash and cash equivalents	666.7	-	-	-	-	-	666.7
Receivables from Clearing House and							
broker - dealers	-	13.0	-	-	-	-	13.0
Securities business receivables and							
Derivatives business receivables	-	997.1	-	-	2,031.3	-	3,028.4
Investments	-	380.9	-	-	4.7	-	385.6
Financial liabilities							
Payables to Clearing House and							
broker - dealer	-	304.1	-	-	-	-	304.1
Securities business payables and							
Derivatives business payables	-	757.5	-	-	-	-	757.5

Unit: Million Baht

## Outstanding balances of financial instruments

### As at December 31, 2018

			٨٥ ۵١	December 3	11, 2010		
	At call	Within	1-5 years	Over	No	Non	Total
		1 years		5 years	maturity	performing receivables	
Financial assets							
Cash and cash equivalents	946.9	-	-	-	-	-	946.9
Receivables from Clearing House							
and broker - dealers	-	722.2	-	-	-	-	722.2
Securities business receivables and							
Derivatives business receivables	-	1,211.8	-	-	1,736.2	-	2,948.0
Investments	-	269.0	-	-	4.3	-	273.3
Financial liabilities							
Payables to Clearing House							
and broker - dealer	-	412.4	-	-	-	-	412.4
Securities business payables and							
Derivatives business payables	-	1,501.1	-	-	-	-	1,501.1

### 34.2 Financial instruments risk

The Company has no policy for speculation in or engaging in the trading of any derivative financial instruments

#### 34.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

Outstanding significant financial assets and liabilities as at December 31, 2019 and 2018 which may be affected by fluctuation of market interest rates are as follows:

Unit: Million Baht

s a	t December	31, 2019

## Outstanding balances of net financial instruments Reprising or maturity dates

	Floating	Within	1-5 years	Over	Non-	No	Total	Interest	rate (%)
	rate	1 year	5 ye		years performing receivables		interest		Fixed rate
Financial assets									
Cash and cash equivalents	641.2	-	-	-	-	25.5	666.7	0.10 - 1.90	-
Receivables from Clearing House									
and broker - dealers	-	-	-	-	-	13.0	13.0	-	-
Securities business receivables and									
Derivatives business receivables	-	2,031.3	-	-		997.1	3,028.4	-	4.95 - 15.00
Investments	-	380.9	-	-	-	4.7	385.6	-	2.00 - 2.85
Financial liabilities									
Payable to Clearing House									
and broker - dealer	-	-	-	-	-	304.1	304.1	-	-
Securities business payables and									
Derivatives business payables	-	-	-	-	-	757.5	757.5	-	-

Unit: Million Baht

As at December 31, 2018

#### Outstanding balances of net financial instruments

#### Reprising or maturity dates

	Floating	Within	1-5 years	Over	Non-	No interest	Total	Interest rate (%)	
	rate 1 year 5 years performing receivables		performing receivables	interest		Floating rate	Fixed rate		
Financial assets									
Cash and cash equivalents	893.9	-	-	-	-	53.0	946.9	0.10 - 1.80	-
Receivables from Clearing House									
and broker - dealers	-	-	-	-	-	722.2	722.2	-	-
Securities business receivables and									
Derivatives business receivables	-	1,736.2	-	-	-	1,211.8	2,948.0	-	5.40 - 15.00
Investments	-	269.0	-	-	-	4.3	273.3	-	2.15 - 2.90
Financial liabilities									
Payable to Clearing House									
and broker - dealer	-	-	-	-	-	412.4	412.4	-	-
Securities business payables and									
Derivatives business payables	_	_	-	_	_	1,501.1	1,501.1	_	-

### 34.2.2 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfil an obligation causing the Company to incur a financial loss. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statement of financial position

#### 34.2.3 Foreign Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates.

As at December 31, 2019 and 2018, the Company has not entered into forward foreign exchange contracts to hedge foreign exchange risk associated with certain securities business receivables and payables (see Note 32.2).

#### 34.2.4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Considerable judgment of the Company's management is necessarily required in the estimation of fair value disclosed in Notes to the financial statements. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in the current market exchange. The use of different market assumptions and/ or estimation methods may have a material effect on the estimated fair value. The following methods and assumptions are used by the Company in estimating fair value of financial instruments.

The approximate fair values of most financial assets and financial liabilities are based on the amounts recognized in the statement of financial position as they are short-term and non-interest sensitive except for the approximate fair values of investments. For investments in trading and available-for-sale securities, fair values are based on quoted market price. For general investments in non-listed equity securities, fair values are estimated from net cost after allowance for impairment (if any).

As at December 31, 2019 and 2018, the fair values of financial assets and financial liabilities are not significant different from carrying amount.

#### 35. FINANCIAL INFORMATION BY SEGMENT

The Company operates in 3 major segments consisting of 1) Securities and derivatives business 2) Financial advisory business and 3) Investing business and the major geographic area is in Thailand. Financial information by segment of the Company for years ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31,							
	Securities and derivatives business			l advisory ness	Investing business		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Brokerage fees								
- At a point in time	773,650,563	778,205,857	-	-	2,287,337	2,650,074	775,957,900	780,855,931
Fee and service income								
- At a point in time	-	-	22,237,720	23,139,815	19,848,686	21,477,604	42,086,406	44,617,419
Interest on margin loans	89,797,228	106,644,084	-	-	-	-	89,797,228	106,644,084
Gains (losses) and return on								
financial instruments	(1,885,730)	(948,480)	-	-	41,879,903	49,570,890	39,994,173	48,622,410
Other income	17,530,278	10,810,382	75	83,757	35	58	17,530,388	10,894,197
Profit from operations by segment	185,278,613	304,966,610	7,857,910	13,017,937	26,875,139	29,676,281	220,011,662	347,660,828
Unallocated income and expenses								
Gain and return on financial								
instruments							75,278,961	46,928,210
Other income							7,516,309	5,174,062
Reversal of provisions for litigation							-	45,463,298
Other operating expenses							(281,085,129)	(234,578,868)
Profit before income tax							21,721,803	210,647,530
Income tax expenses							(5,795,889)	(39,916,811)
Profit for the year							15,925,914	170,730,719

	As at December 31,										
	Securities and derivatives business	Financial advisory business	Investing business	Unallocated assets	Total						
	Baht	Baht	Baht	Baht	Baht						
Assets by segment											
2019	3,160,360,056	8,302,896	383,513,213	1,171,138,460	4,723,314,625						
2018	3,792,669,750	11,754,476	270,086,210	1,469,624,738	5,544,135,174						

#### FAIR VALUE MEASUREMENTS 36.

#### 36.1 Financial instruments measured at fair values:

Certain financial assets and financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	Fair value As at December 31,		Fair value hierarchy	Valuation techniques and key inputs	
	2019 Baht	2018 Baht			
Financial assets					
Investments					
Debt securities of private sector	380,894,745	269,045,677	Level 2	Discounted cash flow. Future cash flows are estimated based on contractual terms, discounted at rates based upon market-related rates for similar financial instruments as at the end of reporting period.	

#### 36.2 Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their

	As at December 31, 2019			
	Carrying Fair Value Amount		Fair value	
	Baht	Baht		
Financial assets				
Receivables from Clearing House and broker - dealers	12,951,666	12,951,666	Level 3	
Securities business receivables and Derivatives business receivables	3,028,410,395	3,028,410,395	Level 3	
Investments - General investments	4,700,752	4,700,752	Level 3	
Financial liabilities				
Payable to Clearing House and broker - dealer	304,104,279	304,104,279	Level 3	
Securities business payables and Derivatives business payables	757,544,477	757,544,477	Level 3	
	As at December 31, 2018		Fair value	
	Carrying Amount	Fair Value	hierarchy	
	Baht	Baht		
<u>Financial assets</u>				
Receivables from Clearing House and broker - dealers	722,245,403	722,245,403	Level 3	
Securities business receivables and Derivatives business receivables	2,947,977,366	2,947,977,366	Level 3	
Investments - General investments	4,289,872	4,289,872	Level 3	
Financial liabilities				
Payable to Clearing House and broker - dealer	412,435,515	412,435,515	Level 3	
Payable to Clearing House and broker - dealer  Securities business payables and Derivatives business payables	412,435,515 1,501,140,461	412,435,515 1,501,140,461	Level 3	

Fair values of the financial assets and financial liabilities above are considered to approximate their respective carrying value since the fair value are predominantly subject to market interest rate and mature in the short-term except general investments which use net asset value of invested company.

#### 37. EVENT AFTER THE REPORTING PERIOD

On February 21, 2020, the Board of Directors' Meeting No. 1/2020 passed resolution to approve the dividend payment of Baht 0.007 per share totaling Baht 3.52 million from the operating results for the year ended December 31, 2019 and to propose to the 2020 Annual General meeting of shareholders for further approval.

#### 38. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors of the Company on February 21, 2020.

# INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tan Chek Teck Name - Last name

Authorised Director, Chairman of the Board of Director and Chairman of Executive Committee Position

Age (Years) 65

% of shareholding -None-

Bachelor of Business and Accounting (Honours), University of Edinburgh Education

Thai Institute of Directors Association (IOD) **Training** 

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 10th, 2015

Last 5 years experience

Apr 2016 - Present Chairman of the Board of Director,

> Chairman of Executive Committee and Authorised Director UOB Kay Hian Securities (Thailand) Public Company Limited

2005 - Mar 2016 Director, Executive Director and Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Apr 2002 - present **Executive Director** 

UOB Kay Hian Private Limited, Singapore

Name - Last name Mr. Viroj Tangjetanaporn

Position Independent Director, Chairman of Audit Committee and Chairman of Risk Management Committee

59 Age (Years)

0.0002 % of shareholding

Bachelor Degree of Finance, University of New South Wales, Australia Education

Thai Institute of Directors Association (IOD) **Training** 

Certificate of Director Accreditation Program (DAP) Class of 30<sup>th</sup>, 2004

Certificate of Audit Committee Program (ACP) Class of 4<sup>th</sup>, 2005

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 1st, 2014

Last 5 years experience

Nov 2016 - present Chairman of Risk Management Committee

Mar 2007 - present Chairman of Audit Committee and Independent Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Nov 2018 - present Director

Nation International Edutainment Public Company Limited

Nov 2011 - present Director

PropMaxx Co.,Ltd

Name - Last name Mr. Somchat Chinthammit

Position Independent Director, Audit Committee Member,

Risk Management Committee Member and Nomination and Corporate Governance Committee

Age (Years) 62

% of shareholding 0.04

Education Master Degree of Business Administration (Marketing), Thammasat University

Master Degree of Business Administration (Marketing), Chulalongkorn University

Training Thai Institute of Directors Association (IOD)

Certificate of Director Accreditation Program (DAP) Class of 17th, 2004

Certificate of Director Certification Program (DCP) Class of 55<sup>th</sup>, 2005

Certificate of Audit Committee Program (ACP) Class of 8th, 2005

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of Exclusive, 2014

## Last 5 years experience

2016 - present Risk Management Committee Member and

Nomination Remuneration and Corporate Governance Committee Member

2005 - present Audit Committee Member and Independent Director

UOB Kay Hian Securities (Thailand) Public Company Limited

2018 - present Director

Chinpongsawat Company Limited

2005 - present Director

Boathouse Huahin Company Limited

• 2004 - present Director

Khon Kaen Sugar Industry Public Company Limited

• 2003 - present Managing Director

Top Blend International Company Limited

Bangkok Inter Food Company Limited

• 1988 - present Managing Director

Thai Flour Industry Company Limited

Name - Last name Mr. Loh Poh Weng

Independent Director, Audit Committee Member, Position

Risk Management Committee Member and Chairman of Nomination Remuneration

and Corporate Governance Committee

79 Age (Years)

% of shareholding -None-

Master Degree of Business Administration, University of Dubuque Education

Thai Institute of Directors Association (IOD) **Training** 

Certificate of Director Certification Program (DCP) Class of 57<sup>th</sup>, 2005

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 10th, 2015

Last 5 years experience

Nov 2016 - Aug 2019 Risk Management Committee Member and

Chairman of Nomination Remuneration and Corporate Governance Committee

Mar 2007 - Aug 2019 Audit Committee Member and Independent Director

UOB Kay Hian Securities (Thailand) Public Company Limited

UOB Kay Hian Private Limited, Singapore

Name - Last name Mr. Paiboon Julasaksrisakul

Independent Director, Audit Committee Member, Risk Management Committee Member and Position

Nomination Remuneration and Corporate Governance Committee Member

37 Age (Years)

% of shareholding -None-

Education Master Degree of Arts in International Business Economics University of East Anglia

Certificate of Director Certification Program (DCP) Class of Year 2016 **Training** 

Last 5 years experience

Aug 2019 - present Independent Director, Audit Committee Member, Risk Management Committee Member and

Nomination Remuneration and Corporate Governance Committee Member

UOB Kay Hian Securities (Thailand) Public Company Limited

Jan 2008 - present Vice-President

King Pac Industrial Co., LTD

Jan 2011 - present Vice-President

King Energy & Waste Solutions Co., LTD.

Vice-President Jan 2011 - present

Beyond Packaging Company Co., LTD.

Mar 2012 - present Vice-President

King Telecom Co., LTD.

Mr. Kasemsit Pathomsak Name - Last name

Director Position

Master of Science in Finance Bentley College, Massachusetts, USA

50 Age (Years)

% of shareholding -None-

Master of Science in Finance Bentley College, Massachusetts, USA Education

**Training** Thai Institute of Directors Association (IOD)

Certificate of Director Accreditation Program (DAP) Class of 48th, 2005

Last 5 years experience

Apr 2010 - present Non-Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Jul 2005 - present

Merchant Partners Securities Public Company Limited

May 2018 - present Director

W.P. Energy Public Company Limited

2016 - present Director

National Power Supplier Public Company Limited

2014 - present **Executive Chairman** 

Merchant Partners Asset Management Company Limited

Feb 2013 - present Independent Director

Christiani & Nielsen (Thai) Public Company Limited

2016 - Feb 2018 Director

Asia Aviation Public Company Limited

Name - Last name Ms. Oh Whee Mian

Position Authorised Director, Executive Committee Member and Nomination Remuneration and

Corporate Governance Committee Member

Age (Years) 46

% of shareholding -None-

Bachelor of Accounting, Nanyang Technological University Education

Thai Institute of Directors Association (IOD) Training

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 10th, 2015

Last 5 years experience

Nov 2016 - present Nomination Remuneration and Corporate Governance Committee Member,

May 2015 - present Executive Director and Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Apr 2013 - Present **Executive Director** 

UOB Kay Hian Private Limited

Name - Last name Mr. Chaipat Nakmontanakum

Authorised Director, Executive Committee Member, Position

Chief Executive Officer and Risk Management Committee Member

57 Age (Years)

% of shareholding -None-

Master Degree of Business Administration, University of Laverne Education

Thai Institute of Directors Association (IOD) **Training** 

Certificate of Director Accreditation Program (DAP) Class of 21th, 2004

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 6th, 2015

Capital Market Academy

Certificate of senior executive officer program Class of 14th, 2012

#### Last 5 years experience

Nov 2016 - Aug 2019 Risk Management Committee Member

Sep 2004 - present Director, Executive Director, Chief Executive Officer and Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Name - Last name Mr. Yothin Viriyenawat

Position Authorised Director, Executive Committee Member and Senior Managing Director of Retail 3

Nomination Remuneration and Corporate Governance Committee Member

53 Age (Years)

-None-% of shareholding

Bachelor Degree of Business Administration, Dhurakij Pundit University Education

Training Thai Institute of Directors Association (IOD)

Certificate of Corporate Governance for Capital Market Intermediaries (CGI) Class of 7<sup>th</sup>, 2015

## Last 5 years experience

Dec 2018 - present Director, Executive Director, Senior Managing Director of Retail 3 and Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Oct 2011 - Nov 2018 Director, Executive Director, Managing Director of Retail C and Authorised Director

UOB Kay Hian Securities (Thailand) Public Company Limited

Miss Srisunan Kongtragoolpitug Name - Last name

Chief Operating Officer **Position** 

Age (Years) 45

% of shareholding -None-

Master Degree of Business Administration, Thammasart University Education

Thai Institute of Directors Association (IOD) Training

Certificate of Ethical Leadership Program (ELP) Class of 5<sup>th</sup>, 2016

Capital Market Academy

Certificate of senior executive officer program Class of 14th, 2012

Last 5 years experience

Apr 2016 - present Chief Operating Officer

UOB Kay Hian Securities (Thailand) Public Company Limited

Oct 2014 - Mar 2016 Acting Chief Operating Officer

UOB Kay Hian Securities (Thailand) Public Company Limited

Name - Last name Mr. Jaratpong Pornprinya

Senior Managing Director of Institutional Sales 1 Position

Age (Years) 53

% of shareholding -None-

Education Bachelor Degree of Business Administration, University of Miami

Last 5 years experience

Dec 2018 - Present Senior Managing Director of Institutional Sales 1

UOB Kay Hian Securities (Thailand) Public Company Limited

Jan 2013 - Nov 2018 Managing Director of Institutional Sales 1

UOB Kay Hian Securities (Thailand) Public Company Limited

Name - Last name Miss Usa Sangcham

Senior Managing Director — Retail 8 **Position** 

54 Age (Years)

% of shareholding -None-

Education Master Degree of Business Administration, Krirk University

Last 5 years experience

Dec 2018 - present Senior Managing Director - Retail 8

UOB Kay Hian Securities (Thailand) Public Company Limited

Sep 2014 - Dec 2018 Senior Managing Director - BU 8

AEC Securities Public Company Limited

Name - Last name Mr. Chatthapat Suttitak

Senior Managing Director - Retail 9 Position

58 Age (Years)

% of shareholding

Master Degree of Business Administration, Ramkhamhaeng University Education

Last 5 years experience

Dec 2018 - Apr 2019 Senior Managing Director - Retail 9

UOB Kay Hian Securities (Thailand) Public Company Limited

Sep 2014 - Dec 2018 Chief Marketing Officer

AEC Securities Public Company Limited

# Information of Head of Internal Audit Department and Head of **Compliance Department**

## **Head of Internal Audit Department**

Associate Director - Operations & IT Audit; UOB Kay Hian Private Limited Position

Risk Management Committee Member and Nomination and Corporate Governance Committee

Age (Years)

Education BSc (Hons) in IT Computing with University of Portsmouth.

The Chartered Institute of Bankers - Graduate Diploma (CIB, UK) **Training** 

ISACA - Certified Informations Systems Auditor (CISA)

IIA-UK - Graduate Diploma in Computer Auditing (QICA)

NCC Diploma in Computer Studies - UK

BF Diploma (Institute of Banking and Finance - Singapore)

Attend talks and seminars organized by the regulators (MAS & SGX), IIA Singapore,

ISACA Singapore

Relationship among -None-

**Executives** 

% of shareholding

### Last 5 years experience

Feb 2002 - Present Associate Director - Operations & IT Audit;

UOB Kay Hian Private Limited

## **Duties and responsibilities**

Oversees the following functions within the Internal Audit Department

(Operations & IT Audits - Local and Regional Offices)

- Provide an independent objective and on-going review of procedures and policies.
- Conduct regular audit reviews (both operations and IT) for the Group.
- Review the adequacy and effectiveness of internal control policies and procedures.
- Conduct special assignments and investigations.
- Update Chairman & Managing Director and Audit Committee on internal audit findings.

## **Head of Compliance Department**

## Name - Last name Mr. Somdech Ruksomboon

Senior Vice President of Compliance Department Position

Age (Years)

Master Degree of Business Administration Education

Ramkhumheng University

Relationship among -None-

**Executives** 

% of shareholding

## Last 5 years experience

Apr 2016 - present Senior Vice President of Compliance Department

UOB Kay Hian Securities (Thailand) Public Company Limited

Oct 2010 - Mar 2016 Vice President of Legal & Compliance

KGI Securities (Thailand) Public Company Limited

### **Duties and responsibilities**

Supervise and reviews all business of the company to ensure that operating in accordance with the regulations and company policies.

Development and training

- Comments on procedures as have been discussed to appropriate and comply with regulatory requirement.
- Training to educate about the rules, regulations to employees. Co-operation with relevant regulatory when there is a request for co-operation.

